

# Vote 2

## Provincial Legislature

	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>R thousand</b>				
Operational budget	379 465	394 096		14 631
Remuneration of the Speaker and Deputy Speaker	3 253	3 253		
Statutory amount (Members' Remuneration)	108 468	86 241	( 22 227)	
<b>Total budget</b>	<b>491 186</b>	<b>483 590</b>	<b>( 7 596)</b>	
<b>Total appropriated (excl. Members' Remuneration)</b>	<b>382 718</b>	<b>397 349</b>		<b>14 631</b>
<i>of which:</i>				
Current payments	280 672	292 305		11 633
Transfers and subsidies	83 464	86 462		2 998
Payments for capital assets	18 582	18 582		
Payments for financial assets	-	-		
Responsible MEC	Speaker of the Provincial Legislature, Mrs L. Johnson			
Administering department	Provincial Legislature			
Accounting Officer	Secretary: Provincial Legislature			

### 1. Vision and mission

#### Vision

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

#### Mission

The Legislature's mission statement is: *To deepen democracy and activism in KwaZulu-Natal through robust oversight, effective public participation and efficient law-making.*

### 2. Strategic objectives

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

#### *Law-making*

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

- Improved capacity of the Legislature to initiate legislation.
- Improved processing of subordinate legislation.
- Enhanced enactment of quality, legally compliant legislation.

#### *Oversight*

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

- Improved oversight over governance within departments and agencies (organs of state).

- Improved oversight over the implementation and impact of passed legislation and conventions.
- Improved oversight over service delivery by provincial organs of state.
- Improved mechanisms and capacity for oversight.

***Public participation***

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

- Improved public participation and involvement in the law-making and oversight processes.
- Improved mechanisms of engagement with the public.
- Improved public education.

***Leadership and governance***

To ensure improved leadership and governance of the Legislature through:

- Enhanced performance of the Legislature.
- Increasing efficiency and effectiveness of administrative services.
- Improved internal and external stakeholder services and relations of the Legislature.

***Co-operative governance and inter-governmental relations***

To ensure improved international and inter-governmental relations through:

- Improved inter-governmental liaison and protocol management.
- Enhanced processing of correspondence and petitions from communities.

### **3. Summary of adjusted estimates for the 2014/15 financial year**

The 2014/15 main appropriation of the Legislature was R491.186 million, including the statutory Members' Remuneration (Direct Charge on the Provincial Revenue Fund) of R108.468 million. The total amount appropriated for 2014/15 (i.e. the Legislature's operational budget, excluding the statutory Members' Remuneration) was R382.718 million.

During the year, the statutory Members' Remuneration was reduced by an amount of R22.227 million. The operational budget was increased by an additional R14.631 million, which is the additional amount that is to be appropriated in the 2014/15 Adjustments Estimate. This amount was allocated to fund operational spending pressures including, among others, outstanding commitments from 2013/14, ongoing support and training required in respect of the SAP system, the higher than budgeted for 2014 wage adjustment for Legislature staff, as well as the filling of critical posts in terms of the Legislature's revised organisational structure. In terms of this revised structure, which was adopted in 2012, additional human resource capacity is needed to cater for the change in operations brought about by the sector oversight model, the SAP system and the envisaged financial management arrangements of provincial legislatures. Although additional funding was requested for implementing the revised structure, the Legislature was told to reprioritise its existing budget to fill only critical posts in a phased-in process.

The main adjustments to the 2014/15 main appropriation of the Legislature are summarised below, and are explained in more detail in Section 4. It is noted that the adjustments made to the statutory Members' Remuneration are not reflected at economic classification level in the tables, but detail is provided in the narrative:

- *Virement between programmes*: The Legislature undertook no virements between programmes or across economic classifications, and only a few virements within programmes affecting sub-programmes, as explained in Sections 4.1 and 4.2 below.

All virements undertaken are permissible in terms of the PFMA and Treasury Regulations. However, it is noted that Treasury support in principle was given for savings of R4.034 million in respect of unspent funds allocated for observing and monitoring of the 2014 elections to be used to further offset in-year operational spending pressures. As these funds were specifically and exclusively

allocated in terms of the KZN Main Appropriation Act, 2014, Legislature approval is required for the change in purpose of these funds. This virement is not evident in the tables below, as these funds remain within Programme 2: Parliamentary Business and *Goods and services*. The intention is to utilise the bulk of these funds for the Legacy project, which is explained under Programme 2 below.

- *Other adjustments:* Several adjustments were made to the statutory Members' Remuneration, as well as the Legislature's operational budget in respect of Programme 1: Administration and Programme 2. These adjustments resulted in a decrease of R22.227 million in the Members' Remuneration, and an increase of R14.631 million in the Legislature's operational budget. These adjustments are summarised below, and further details are provided in Sections 4.1 and 4.2.
  - The statutory Members' Remuneration (affecting *Transfers and subsidies to: Households*) was reduced by R19.227 million, being savings relating to the once-off amount of R27.855 million allocated in 2014/15 to provide for the special allowance to Members whose tenure of office was affected by the 2014 general elections. Of this amount, only R8.628 million was paid out in respect of these special allowances. With Treasury support in principle, the unspent balance of R19.227 million was reallocated as follows:
    - R974 000 was suspended from Vote 2 to Vote 6: Provincial Treasury for the payment of the former MEC for Finance's exit package after the 2014 general elections.
    - R9.500 million was suspended from 2014/15 and will be reallocated back to Vote 2 in 2015/16 for strengthening oversight and IT infrastructure, being additional funding requests submitted by the Legislature during the 2015/16 MTEC process.
    - R8.753 million was redirected to the operational budget to offset the above-mentioned in-year spending pressures. Of this amount, R4.515 million was allocated to Programme 1 and R4.238 million was allocated to Programme 2, as explained in Sections 4.1 and 4.2 below.
  - The statutory Members' Remuneration (affecting *Compensation of employees*) was reduced by R3 million, relating to an over-provision in the Members' Remuneration baseline, continued from previous years. With Treasury support in principle, the R3 million reduction was redirected toward offsetting in-year spending pressures in the Legislature's operational budget for *Compensation of employees* relating to the revised organisational structure, with R1 million allocated to Programme 1 and R2 million allocated to Programme 2.
  - An amount of R4.955 million, being Members' Remuneration funding that was unspent in 2013/14, was allocated back to increase the operational budget in 2014/15, as follows:
    - R2.998 million was allocated to *Transfers and subsidies to: Non-profit institutions* in Programme 2, to be specifically and exclusively appropriated to increase the transfer to the Political Parties Fund (PPF) in 2014/15. It is noted that this amount, which relates to interest earned on the PPF in prior years, was appropriated back to the Legislature in the 2013/14 Adjustments Estimate to increase the 2013/14 transfer to the PPF. However, this amount was inadvertently not transferred to the PPF, and this adjustment now corrects that oversight.
    - R1.957 million was allocated to *Goods and services* in Programme 2 to offset the above-mentioned in-year spending pressures.
  - R263 000, being the surplus revenue collected by the Legislature in 2013/14, was allocated back in terms of Section 22(1) of the PFMA, which permits provincial legislatures to retain own revenue collected. Again, this amount was allocated to *Goods and services* in Programme 2 to offset the above-mentioned in-year spending pressures, including commitments from 2013/14.
  - R2.430 million was deducted from the Legislature's operational budget relating to previous years' irregular expenditure. Cabinet approved that, where departments were unable to provide sufficient justification for the irregular expenditure, it becomes a first charge against the vote. This amount was deducted from *Goods and services* in Programme 1.
- In effect, although the Legislature's operational budget increases by R14.631 million, which is the additional amount to be appropriated in the 2014/15 Adjustments Estimate, if the redirecting of the

amount that was specifically and exclusively allocated for observing and monitoring the 2014 elections is taken into account, then the Legislature has an additional R18.665 million to allocate toward offsetting in-year spending pressures in terms of its operational budget.

Tables 2.1 and 2.2 below reflect a summary of the 2014/15 adjusted appropriation of the Legislature, summarised according to programme and economic classification.

**Table 2.1: Summary by programmes**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	152 395	-	-	-	-	3 175	3 175	155 570
2. Parliamentary Business	230 323	-	-	-	-	11 456	11 456	241 779
<b>Total</b>	<b>382 718</b>	-	-	-	-	<b>14 631</b>	<b>14 631</b>	<b>397 349</b>
Direct Charge on the Provincial Revenue Fund	108 468	-	-	-	-	(22 227)	(22 227)	86 241
Members' Remuneration	108 468	-	-	-	-	(22 227)	(22 227)	86 241
<b>Total expenditure</b>	<b>491 186</b>	-	-	-	-	<b>(7 596)</b>	<b>14 631</b>	<b>483 590</b>
<b>Amount to be voted</b>								<b>14 631</b>

**Table 2.2: Summary by economic classification**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>280 672</b>	-	-	-	-	<b>11 633</b>	<b>11 633</b>	<b>292 305</b>
Compensation of employees	144 280	-	-	-	-	8 345	8 345	152 625
Goods and services	136 392	-	-	-	-	3 288	3 288	139 680
Interest and rent on land	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>83 464</b>	-	-	-	-	<b>2 998</b>	<b>2 998</b>	<b>86 462</b>
Provinces and municipalities	34	-	-	-	-	-	-	34
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	198	-	-	-	-	-	-	198
Public corporations and private enterprises	25	-	-	-	-	-	-	25
Non-profit institutions	82 920	-	-	-	-	2 998	2 998	85 918
Households	287	-	-	-	-	-	-	287
<b>Payments for capital assets</b>	<b>18 582</b>	-	-	-	-	-	-	<b>18 582</b>
Buildings and other fixed structures	813	-	-	-	-	-	-	813
Machinery and equipment	15 391	-	-	-	-	-	-	15 391
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	2 378	-	-	-	-	-	-	2 378
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>382 718</b>	-	-	-	-	<b>14 631</b>	<b>14 631</b>	<b>397 349</b>
Direct Charge on the Provincial Revenue Fund	108 468	-	-	-	-	(22 227)	(22 227)	86 241
Members Remuneration	108 468	-	-	-	-	(22 227)	(22 227)	86 241
<b>Total expenditure</b>	<b>491 186</b>	-	-	-	-	<b>(7 596)</b>	<b>(7 596)</b>	<b>483 590</b>
<b>Amount to be voted</b>								<b>14 631</b>

## 4. Changes to programme purposes and service delivery measures

The Legislature has not changed the purpose of its two programmes, which conform to the customised programme and budget structure for the Legislature sector for 2014/15. Also, the non financial information currently reflected in the 2014/15 EPRE largely correctly corresponds to the Legislature's 2014/15 APP, apart from a few minor corrections, which are explained in the narrative accompanying Tables 2.5 and 2.8 below.

### 4.1 Programme 1: Administration

The purpose of Programme 1 is to support the line function components of the Legislature in achieving their goals. The Office of the Speaker provides political and administrative leadership. The Office of the Secretary co-ordinates planning, performance monitoring and evaluation, as well as internal control and risk management. Financial Management aims to provide efficient and effective financial management,

and includes the CFO's office, financial management services, as well as SCM services. Corporate Services renders services such as ICT, communication, human resources management, and also includes capital procurement costs.

Tables 2.3 and 2.4 reflect the 2014/15 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main movements, which resulted in an overall increase of R3.175 million, are provided in the paragraphs following the tables.

**Table 2.3: Programme 1: Administration**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/			Other adjustments			
		Roll-overs	unavoidable	Virement				
Office of the Speaker	23 500			943			943	24 443
Office of the Secretary	13 564			3 056			3 056	16 620
Financial Management	52 650			(1 932)		472	(1 460)	51 190
Corporate Services	62 681			(2 067)		2 703	636	63 317
<b>Total</b>	<b>152 395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 175</b>	<b>3 175</b>	<b>155 570</b>
<b>Amount to be voted</b>								<b>3 175</b>

**Table 2.4: Summary by economic classification**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/			Other adjustments			
		Roll-overs	unavoidable	Virement				
<b>Current payments</b>	<b>133 269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 175</b>	<b>3 175</b>	<b>136 444</b>
Compensation of employees	69 999					4 387	4 387	74 386
Goods and services	63 270					(1 212)	(1 212)	62 058
Interest and rent on land								-
<b>Transfers and subsidies to:</b>	<b>544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>544</b>
Provinces and municipalities	34							34
Departmental agencies and accounts								-
Higher education institutions								-
Foreign governments and international organisations	198							198
Public corporations and private enterprises	25							25
Non-profit institutions								-
Households	287							287
<b>Payments for capital assets</b>	<b>18 582</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 582</b>
Buildings and other fixed structures	813							813
Machinery and equipment	15 391							15 391
Heritage assets								-
Specialised military assets								-
Biological assets								-
Land and subsoil assets								-
Software and other intangible assets	2 378							2 378
<b>Payments for financial assets</b>								<b>-</b>
<b>Total</b>	<b>152 395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 175</b>	<b>3 175</b>	<b>155 570</b>
<b>Amount to be voted</b>								<b>3 175</b>

### Virement – Programme 1: Administration

Savings of R1.932 million and R2.067 million were identified against the sub-programmes: Financial Management and Corporate Services, respectively, in respect of *Compensation of employees* and *Goods and services* relating to delays in the filling of certain non-critical posts and associated costs, as well as enforced savings (cost containment) in respect of *Goods and services*. These savings were moved to the sub-programmes: Office of the Speaker (R943 000) and Office of the Secretary (R3.056 million), to offset spending pressures relating to the filling of critical posts and associated costs in terms of the Legislature's revised organisational structure, as explained above. It is noted that the virements undertaken across these sub-programmes do not affect the budget of Programme 1 at economic classification level, and are permissible in terms of the PFMA and Treasury Regulations.

### Other adjustments – Programme 1: Administration: R3.175 million

The main appropriation of Programme 1 was increased by R3.175 million, as follows:

- The statutory Members' Remuneration (*Transfers and subsidies to: Households*) was reduced by R19.227 million, being savings relating to the once-off amount of R27.855 million allocated for the

special allowance to Members following the 2014 general elections. However, only R8.628 million was paid out in this regard. With Treasury support in principle, R4.515 million of this was reallocated to Programme 1 to offset in-year operational spending pressures as follows:

- o R3.387 million was allocated to *Compensation of employees* to provide for the higher than budgeted for 2014 wage adjustment for Legislature staff, as well as the filling of critical posts in terms of the Legislature's revised organisational structure, particularly relating to the SAP system and the envisaged financial management arrangements of provincial legislatures.
- o R1.128 million was allocated to *Goods and services* for outstanding commitments from 2013/14 relating to operating payments, as well as to fund higher than budgeted support and training required from the service provider in respect of the SAP system (focussing on the accrual based nature of SAP).
- The statutory Members' Remuneration (*Compensation of employees*) was reduced by R3 million, relating to an over-provision in the baseline, continued from previous years. With Treasury support in principle, R1 million of these savings was redirected toward offsetting in-year spending pressures in respect of *Compensation of employees* under Programme 1 to provide for the higher than budgeted for 2014 wage adjustment for Legislature staff, as well as the filling of critical posts in terms of the Legislature's revised organisational structure, as mentioned above.
- R2.430 million was deducted from the Legislature's operational budget relating to previous years' irregular expenditure. Cabinet approved that, where departments were unable to provide sufficient justification for the irregular expenditure, it becomes a first charge against the vote. Accordingly, this amount was deducted from *Goods and services* in the Financial Management sub-programme.

These above-mentioned adjustments account for the increases reflected against the Financial Management and Corporate Services sub-programmes of Programme 1.

### Service delivery measures – Programme 1: Administration

Table 2.5 below shows the service delivery information for Programme 1, including the actual achievement for the first six months of the year.

The information reflected is largely aligned to the Legislature's APP and EPRE, with slight differences due to the APP being tabled far later than the EPRE. To ensure full alignment, one change has been made to the original target as reflected in the "2014/15 Revised target" column in the table below. In addition, there are minor changes to the wording of outputs 4 and 7, as reflected in bold italics.

**Table 2.5: Service delivery measures – Programme 1: Administration**

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
1. Improved performance monitoring and reporting	• No. of performance targets against AOP and APP targets	9	5	
2. Improved monitoring of institutional performance as reflected in Annual Oversight Plans (AOPs) and APPs	• No. of reports on performance against AOPs and APPs	4	1	
3. Improved functioning of the Legislature Executive Committee (LexCo)	• No. of reports detailing levels of implementation of LexCo decisions	4	-	
4. Sustained clean audit <i>opinion</i> by 2014	• Quarterly review reports on key controls, audits and risk issues	4	1	
5. Improved risk management function and compliance	• No. of reports on all risk management matters including findings, risk positions and recommendations to relevant stakeholders	4	1	
6. Developed and implemented Employment Equity (EE) Plan	• No. of progress reports on the development and implementation of the EE plan	4	1	
7. Developed <i>and implemented</i> transformation plan/ policy	• No. of reports on the development of the transformation plan/policy	4	-	
8. Improved public image and profile of the Legislature	• Approved and implemented marketing plan to promote and popularise the new logo	1 plan and 10 roadshows by March 2015	-	1 marketing plan and 11 roadshows by March 2015

**Table 2.5: Service delivery measures – Programme 1: Administration**

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
9. Improved operational efficiency (SAP implementation)	• No. of reports on SAP implementation	4	1	
10. Improved human resources management and development	• No. of reports on implementation of performance management and development system	4	-	

## 4.2 Programme 2: Parliamentary Business

This programme consists of six sub-programmes which are responsible for the provision of operational and institutional support services to the Legislature, such as law-making (which includes Hansard and focuses on passing effective and relevant laws in the province) and NCOP liaison services. Also included are the execution of effective oversight (including the provision of research and legal services), promotion of public participation through public education and the promotion of public involvement, the provision of benefits and facilities in respect of Members, as well as co-operative governance.

Tables 2.6 and 2.7 below reflect a summary of the 2014/15 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification.

Details of the main movements, which resulted in a net increase of R11.456 million, are provided in the paragraphs following the tables.

**Table 2.6: Programme 2: Parliamentary Business**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Law Making	28 207			6 362		3 819	10 181	38 388
NCOP	1 700						-	1 700
Oversight	66 768			138		3 818	3 956	70 724
Public Participation	36 080			(3 700)			(3 700)	32 380
Members' Facilities	92 640					3 819	3 819	96 459
Co-operative Governance	4 928			(2 800)			(2 800)	2 128
<b>Total</b>	<b>230 323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 456</b>	<b>11 456</b>	<b>241 779</b>
<b>Amount to be voted</b>								<b>11 456</b>

**Table 2.7: Summary by economic classification**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>147 403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 458</b>	<b>8 458</b>	<b>155 861</b>
Compensation of employees	74 281					3 958	3 958	78 239
Goods and services	73 122					4 500	4 500	77 622
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>82 920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 998</b>	<b>2 998</b>	<b>85 918</b>
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	82 920					2 998	2 998	85 918
Households							-	-
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings and other fixed structures							-	-
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>230 323</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 456</b>	<b>11 456</b>	<b>241 779</b>
<b>Amount to be voted</b>								<b>11 456</b>

### Virement – Programme 2: Parliamentary Business

- Savings of R6.500 million were identified under *Compensation of employees* and *Goods and services*. Of the savings, R3.700 million emanated from the sub-programme: Public Participation, largely because one of the planned public participation events did not take place as budgeted for. There were also substantial savings of R2.800 million relating to the Co-operative Governance sub-programme, largely due to this new unit not being fully established yet, due to delays in the filling of posts. These savings were moved to offset spending pressures under the same categories in the sub-programmes: Law Making and, to a lesser extent, Oversight, to provide for the filling of critical posts in terms of the revised organisational structure and associated costs, which were under-budgeted for in the main appropriation.
- In addition to the above virements, Treasury support in principle was given for savings of R4.034 million in respect of unspent funds allocated for observing and monitoring of the 2014 general elections to be used to further offset in-year operational spending pressures. As mentioned, Legislature approval is required in this regard, as these funds were specifically and exclusively allocated in terms of the KZN Appropriation Act, 2014. This virement is not evident in the tables, as these funds remain within Programme 2 and *Goods and services*. The intention is to utilise the bulk of these funds for the Legacy project, which was not fully budgeted for. This project relates to the compilation of an end-of-term handover project, entitled Twenty Years of Democracy: A Legacy Report. The focus is on ensuring a smooth transition between the fourth and fifth Legislatures.

### Other adjustments – Programme 2: Parliamentary Business: R11.456 million

The main appropriation of Programme 2 was increased by R11.456 million as follows:

- The statutory Members' Remuneration (*Transfers and subsidies to: Households*) was reduced by R19.227 million, being savings relating to the once-off amount of R27.855 million allocated for the special allowance to Members following the 2014 general elections. However, only R8.628 million was paid out in this regard. With Treasury support in principle, R4.238 million of this was reallocated to Programme 2 to offset in-year spending pressures as follows:
  - R1.958 million was allocated to *Compensation of employees* to provide for the higher than budgeted for 2014 wage adjustment for Legislature staff, as well as the filling of critical posts in terms of the Legislature's revised organisational structure, as mentioned previously.
  - R2.280 million was allocated to *Goods and services* to provide for costs associated with the filling of critical posts, as well as outstanding commitments from 2013/14 relating to public participation events.
- The statutory Members' Remuneration (*Compensation of employees*) was reduced by R3 million, relating to an over-provision in the baseline, continued from previous years. With Treasury support in principle, R2 million of this was redirected toward offsetting in-year spending pressures in respect of *Compensation of employees* under Programme 2 to provide for the higher than budgeted for 2014 wage adjustment for Legislature staff, as well as the filling of critical posts in terms of the Legislature's revised organisational structure, as mentioned above.
- An amount of R4.955 million, being statutory Members' Remuneration funding that was unspent in 2013/14, was allocated back in 2014/15 to increase Programme 2's operational budget as follows:
  - R2.998 million was allocated to *Transfers and subsidies to: Non-profit institutions*, to be specifically and exclusively allocated to increase the transfer to PPF in 2014/15. As mentioned, this amount relates to interest earned on the PPF in prior years, which was appropriated back to the Legislature in the 2013/14 Adjustments Estimate to increase the 2013/14 transfer to the PPF. However, this amount was inadvertently not transferred to the PPF, and this adjustment now corrects that oversight.
  - R1.957 million was allocated to *Goods and services* in Programme 2 to provide for outstanding commitments from 2013/14 relating to public participation events.

- R263 000, being the surplus revenue collected by the Legislature in 2013/14, was allocated back in terms of Section 22(1) of the PFMA, which permits provincial legislatures to retain own revenue collected. This was allocated to *Goods and services* for outstanding commitments from 2013/14.

These above-mentioned adjustments account for the increases reflected against the Law Making, Oversight and Members' Facilities sub-programmes of Programme 2.

### Service delivery measures – Programme 2: Parliamentary Business

Table 2.8 shows service delivery information for Programme 2, including the actual achievements for the first six months of the year. The information is largely aligned to the APP and *EPRE*. To ensure full alignment, there are minor changes to the wording of performance indicator 7, as shown in bold italics.

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

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
1. Increased level of awareness and knowledge of the Legislature and its core business	• No. of public education campaigns/workshops	20	19	
2. Enhanced oversight, law-making and accountability	• No. of sittings facilitated	26	11	
3. Improved oversight over departmental planning	• Final draft AOPs adopted by target date	19 by Feb 2015	-	
4. Improved input into the departmental APPs and budgets	• No. of analysis reports on 2015/16 APPs and budgets tabled at Committee meetings	16	Annual	
5. Improved oversight over the departmental performance against their APPs and budgets	• No. of analysis reports on quarterly and annual reports	5 per Committee	10	
6. Improved tracking of resolutions	• Quarterly reports on resolutions	4	1	
7. Improved oversight over financial management and performance of departments and public entities	• <b><i>No. of reports on hearings conducted by the Portfolio Committee on Finance</i></b>	3	2	
8. Improved oversight over departments and public entities in respect of the attainment of clean audit reports	• No. of SCOPA hearings conducted	2	-	
9. Enhanced oversight through focused intervention studies and oversight visits	• No. of focused intervention studies conducted • No. of oversight visits conducted	8 48	1 29	
10. Empowerment of committees to perform oversight	• No. of study tours	1	-	
11. Improved processing of legislation before committees	• Percentage of Bills processed	100%	100% (3 Bills)	

## 5. Gifts, donations and sponsorships

The Legislature is not envisaging granting any gifts, donation or sponsorships exceeding R100 000 during 2014/15.

## 6. Infrastructure

Table 2.9 below provides a summary of infrastructure payments per main category. The infrastructure budget relates to the maintenance and upgrading of the Legislature buildings. In 2014/15, these projects include the completion of the upgrading of the Speaker's cottage and the Legislature's toilet facilities, as well as the improvement of the sound system in the main chamber. Progress is largely dependent on the implementing agent, the Department of Public Works.

Although there were carry-through costs from 2013/14 in respect of certain projects, such as outstanding payments for the Tatham Art Gallery parking for Members, these have been accommodated in the infrastructure budget. As such, the Legislature's infrastructure budget remains unchanged at this stage.

Table 2.9: Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Existing infrastructure assets</b>	<b>4 685</b>	-	-	-	-	-	-	<b>4 685</b>
Maintenance and repair: Current	3 872						-	3 872
Upgrades and additions: Capital	813						-	813
Refurbishment and rehabilitation: Capital							-	-
<b>New infrastructure assets: Capital</b>							-	-
<b>Infrastructure transfers</b>	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
<b>Infrastructure: Payments for fin assets</b>							-	-
<b>Infrastructure: Leases</b>							-	-
Capital infrastructure	813	-	-	-	-	-	-	813
Current infrastructure	3 872	-	-	-	-	-	-	3 872
<b>Total</b>	<b>4 685</b>	-	-	-	-	-	-	<b>4 685</b>
<b>Amount to be voted</b>								<b>-</b>

## 7. Conditional grants

The Legislature has no national conditional grants.

## 8. Transfers and subsidies

Table 2.10 below provides a summary of transfers and subsidies per programme relating to the Legislature. Details of the main movements, which resulted in a net increase of R2.998 million in the Legislature's transfers and subsidies budget, are provided in the paragraphs following the table.

Table 2.10: 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		
<b>1. Administration</b>	<b>544</b>	-	-	-	-	-	-	<b>544</b>
Provinces and municipalities	34	-	-	-	-	-	-	34
Motor vehicle licences	34						-	34
Foreign govts and international organisations	198	-	-	-	-	-	-	198
Commonwealth Parliamentary Association	198						-	198
Public corporations and private enterprises	25	-	-	-	-	-	-	25
Insurance companies	25						-	25
Households	287	-	-	-	-	-	-	287
Social benefits	287						-	287
<b>2. Parliamentary Business</b>	<b>82 920</b>	-	-	-	-	2 998	2 998	<b>85 918</b>
Non-profit institutions	82 920	-	-	-	-	2 998	2 998	85 918
Constituency and secretarial allowances	52 920						-	52 920
Political Parties' Fund	30 000					2 998	2 998	32 998
<b>Total</b>	<b>83 464</b>	-	-	-	-	2 998	2 998	<b>86 462</b>
<b>Amount to be voted</b>								<b>2 998</b>

- *Other adjustments:* The category *Non-profit institutions* in Programme 2 was increased by R2.998 million as follows:
  - o In 2013/14, it was agreed that the Legislature should pay the interest earned on the PPF since its inception into the Provincial Revenue Fund, so that this amount could be formally appropriated back to the Legislature. As such, interest of R2.998 million was allocated back to *Non-profit institutions* in the 2013/14 Adjustments Estimate to increase the PPF allocation in 2013/14. This amount was specifically and exclusively allocated for this purpose.
  - o This amount was inadvertently not transferred to the PPF in 2013/14. As these funds were specifically and exclusively allocated for this purpose, a decision was taken that this oversight needs to be corrected, hence this adjustment. As mentioned previously, these funds were made available from the statutory Members' Remuneration funding that was unspent in 2013/14, which was allocated back in 2014/15 to offset in-year spending pressures.

## 9. Transfers to local government

The Legislature makes no transfer payments to local government. It is noted that an amount of R34 000 is reflected against *Transfers and subsidies to: Provinces and municipalities* in Table 2.10 above. This relates to the payment of motor vehicle licences. As this amount will not be transferred to any municipality, the table reflecting transfers to local government is excluded.

## 10. Actual payments and revised spending projections for the rest of 2014/15

Tables 2.11 and 2.12 below reflect actual payments as at the end of September 2014, projected payments for the rest of the year in rand value and as a percentage of the adjusted appropriation per programme and economic classification, and revised projected spending. The tables also show the 2013/14 audited outcome.

**Table 2.11: Actual payments and revised spending projections by programme**

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
1. Administration	168 686	155 570	76 165	49.0	79 405	51.0	155 570
2. Parliamentary Services	221 148	241 779	98 164	40.6	143 615	59.4	241 779
Direct Charge on the Provincial Revenue Fund							
Members' Remuneration	71 095	86 241	43 767	50.7	42 474	49.3	86 241
<b>Total</b>	<b>460 929</b>	<b>483 590</b>	<b>218 096</b>	<b>45.1</b>	<b>265 494</b>	<b>54.9</b>	<b>483 590</b>

**Table 2.12: Actual payments and revised spending projections by economic classification**

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
<b>Current payments</b>	<b>361 497</b>	<b>369 918</b>	<b>179 281</b>	<b>48.5</b>	<b>190 637</b>	<b>51.5</b>	<b>369 918</b>
Compensation of employees	224 110	230 238	109 957	47.8	120 281	52.2	230 238
Goods and services	137 387	139 680	69 324	49.6	70 356	50.4	139 680
Interest and rent on land		-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>82 436</b>	<b>95 090</b>	<b>36 684</b>	<b>38.6</b>	<b>58 406</b>	<b>61.4</b>	<b>95 090</b>
Provinces and municipalities	16	34	5	14.7	29	85.3	34
Departmental agencies and accounts		-	-	-	-	-	-
Higher education institutions		-	-	-	-	-	-
Foreign governments and international organisations	221	198	4	2.0	194	98.0	198
Public corporations and private enterprises		25	-	-	25	100.0	25
Non-profit institutions	82 199	85 918	28 047	32.6	57 871	67.4	85 918
Households		8 915	8 628	96.8	287	3.2	8 915
<b>Payments for capital assets</b>	<b>16 996</b>	<b>18 582</b>	<b>2 131</b>	<b>11.5</b>	<b>16 451</b>	<b>88.5</b>	<b>18 582</b>
Buildings and other fixed structures	4 181	813	724	89.1	89	10.9	813
Machinery and equipment	6 332	15 391	1 407	9.1	13 984	90.9	15 391
Heritage assets		-	-	-	-	-	-
Specialised military assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
Land and subsoil assets		-	-	-	-	-	-
Software and other intangible assets	6 483	2 378	-	-	2 378	100.0	2 378
<b>Payments for financial assets</b>		-	-	-	-	-	-
<b>Total</b>	<b>460 929</b>	<b>483 590</b>	<b>218 096</b>	<b>45.1</b>	<b>265 494</b>	<b>54.9</b>	<b>483 590</b>

The Legislature spent 45.1 per cent of its adjusted appropriation in the first six months of the year. This is slightly low when compared to the straight-line benchmark of 50 per cent. However, the adjusted appropriation includes several once-off additional allocations, as well as funds reprioritised from the statutory Members' Remuneration, which will only be spent in the second half of the year.

At mid-year, spending on Programme 1 was, at 49 per cent, marginally lower than the straight-line benchmark. The slightly low spending relates to the fact that the projected payments for the second half of the year include once-off amounts which are anticipated to be paid at the end of the year, including the Legislature complex feasibility study and portion of the improved Hansard production project.

With regard to Programme 2, 40.6 per cent of the adjusted appropriation was spent by mid-year, which is fairly low, again due to once-off amounts projected to be paid in the second half of the year. The

projections for the second half of the year make provision for the balance of the improved Hansard production project, as well as the bulk of the PPF transfers.

Following extensive adjustments undertaken to the Members' Remuneration, mid-year spending in this regard marginally exceeded the straight-line benchmark of 50 per cent. The spending is slightly high as it includes the once-off amount of R8.628 million relating to the special allowance to Members following the 2014 general elections. If this is excluded, then spending is fairly low. This is because the projections for the second half of the year include provision for the annual increase in the Members' Remuneration, which will only be effected in November, backdated to 1 April 2014.

The economic category *Compensation of employees* was slightly low at mid-year, with spending at 47.8 per cent of the adjusted appropriation. Again, this is because the projections for the second half of the year include provision for the annual increase in the Members' Remuneration, as mentioned above.

After the above-mentioned adjustments, mid-year spending on *Goods and services* was largely on track, at 49.6 per cent. The projections for the second half of the year are slightly higher than mid-year spending because they include several once-off amounts which are anticipated to be paid at the end of the year for the Legislature complex feasibility study and portion of the improved Hansard production project.

Mid-year spending on *Transfers and subsidies* was low, with 38.6 per cent of the adjusted appropriation spent. *Provinces and municipalities, Foreign governments and international organisations and Non-profit institutions* showed very low spending at mid-year, largely due to incorrect projections or because of the late submission of claims in respect of the PPF and Commonwealth Parliamentary Association. On the other hand, spending on *Households* was extremely high, at 96.8 per cent, with mid-year spending relating to the once-off special allowance paid to Members affected by the 2014 elections. The payments projected for the second half of the year for *Households* relate to staff exit costs.

Spending on *Payments for capital assets* was extremely low, at 11.5 per cent of the Adjusted Budget. *Machinery and equipment* was low because the purchase of tools of trade for Members following the 2014 general elections was not finalised by mid-year, and spending in respect of the improved Hansard production project is only anticipated in the second half of the year. *Software and other intangible assets* showed no mid-year spending, because some SAP modules have not been implemented yet. This low spending was partly offset by high spending on *Buildings and other fixed structures*, due to an outstanding payment relating to the Legislature building revamping project.