

Vote 10

Royal Household

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	54 211	61 337		7 126
MEC remuneration	-	-		
Total amount to be appropriated	54 211	61 337		7 126
<i>of which:</i>				
Current payments	26 760	34 091		7 331
Transfers and subsidies	22 548	15 498	(7 050)	
Payments for capital assets	2 403	9 248		6 845
Payments for financial assets	2 500	2 500		
Responsible Executive Authority	The Premier, Mr. E.S. Mchunu ¹			
Administering department	The Royal Household			
Accounting Officer	Head: The Royal Household			

1. Vision and mission

Vision

The vision of the Department of the Royal Household is: *To enhance and promote the status of the Zulu Monarch and to establish the necessary institutional arrangement in support of the Zulu Monarchy and members of the Royal Family.*

Mission

The mission of the Department of the Royal Household is: *To create a sustainable, conducive environment for the Zulu Monarch in which to lead, develop and protect the Zulu Nation.*

2. Strategic objectives

Strategic policy direction: The Royal Household seeks to align its operations and strategic position with the overall direction of government and to serve His Majesty, the King in the following areas: to create decent employment through inclusive economic growth, and to protect and enhance environmental assets and natural resources.

The main strategic objectives of the department are as follows:

- To monitor progress in establishing and running the Royal Household Trust.
- To identify potential challenges in the implementation of Executive Council directives.
- To identify His Majesty, the King's mandatory responsibilities in terms of legislation.
- To establish His Majesty, the King's mandatory responsibilities in terms of custom/tradition.
- To determine Inter-Governmental Relations (IGR) and other protocol requirements.
- To investigate sustainability strengths and opportunities in respect of each palace.
- To collaborate with other government departments and/or agencies with a view to identifying a role for palaces in income-generating tourism activity.
- To investigate potential twinning opportunities that are likely to yield long-term benefits for palaces.

¹ The salary of the Executive Authority for the Royal Household is budgeted for under Vote 1: Office of the Premier.

- To position the palaces as critical heritage sites without compromising traditional/customary protocols.
- To identify Royal Household assets that can play a major role toward the enhancement of the Zulu brand.
- To develop an operational business plan for each farm that belongs to His Majesty, the King.
- To develop and implement a business strategy for the protection and promotion of Nguni cattle.

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

The main appropriation of the Royal Household was R54.211 million in 2014/15. During the year, the department received an additional allocation totalling R7.800 million, which was offset by a reduction of R674 000 relating to previous years' irregular expenditure, resulting in a net increase of R7.126 million, which is the amount to be appropriated.

In addition to the increase, there were several budget adjustments within the vote which are summarised below, and further details are given in Section 4:

- *Virement between programmes:* The following virements were undertaken across programmes:
 - Amounts of R95 000 and R120 000 were identified as enforced savings under Programme 2: Royal Household Planning and Development and Programme 3: His Majesty, the King's Farms respectively, against *Machinery and equipment*, due to the implementation of financial controls on the purchase of office furniture and equipment.
 - These savings of R215 000 were moved to Programme 1: Support Services – His Majesty, the King against *Goods and services* toward funding spending pressures resulting from higher than anticipated audit fees (due to the audit taking longer than anticipated), as well as higher than anticipated entertainment and travel and subsistence costs (partly relating to the non-transfer of staff to the Royal Household Trust).
 - In addition to the above virements, the department undertook further virements across economic categories, within Programme 1.

The virements undertaken are permissible in terms of the PFMA and Treasury Regulations, although the reduction in *Machinery and equipment* requires Legislature approval.

- *Shifts:* The department undertook the following shifts:
 - R1.200 million was shifted from *Compensation of employees* under Programme 3 to the same category under Programme 2, as a result of the department continuing to pay salaries for staff who are performing functions on behalf of the Royal Household Trust, pending the finalisation of negotiations with organised labour being co-ordinated by the Office of the Premier (OTP). The original purpose of the funding remains unchanged.
 - R7.050 million was shifted from Programme 1, in respect of the Royal Household Trust allocation, from *Transfers and subsidies to: Departmental agencies and accounts to Compensation of employees* under Programmes 1 and 2. This shift relates to the fact that the department continues to pay salaries for staff who are performing functions on behalf of the Royal Household Trust, pending the finalisation of negotiations with organised labour being co-ordinated by the OTP. The original purpose of the funding remains unchanged.
- *Other adjustments:* The department's budget allocation was increased by a net amount of R7.126 million, as explained below:
 - R674 000 was deducted from the department's 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.
 - R7.800 million was allocated to Programme 2, against *Buildings and other fixed structures*. In this regard, the OTP undertook an extensive budget review and identified this amount to be

shifted from Vote 1: Office of the Premier to Vote 10 to assist the department to offset spending pressures related to its infrastructure projects, such as the refurbishment and additions at Ingwavuma Palace, office renovations, and paving at Khetha Palace that were not adequately budgeted for. These projects were carried over from the previous financial year.

Tables 10.1 and 10.2 below reflect a summary of the 2014/15 adjusted appropriation of the department, summarised according to programme and economic classification.

Table 10.1: Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Support Services - His Majesty, the King	42 226	-	-	215	(2 000)	(674)	(2 459)	39 767
2. Royal Household Planning and Development	9 047	-	-	(95)	3 200	7 800	10 905	19 952
3. His Majesty, the King's Farms	2 938	-	-	(120)	(1 200)	-	(1 320)	1 618
Total	54 211	-	-	-	-	7 126	7 126	61 337
Amount (voted) to be voted	54 211							7 126
of which: Unauth. (1st charge) not avail for spending	(2 500)							(2 500)
Baseline available for spending after 1st charge	51 711							58 837
Additional amount available for spending								7 126

Table 10.2: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	26 760	-	-	955	7 050	(674)	7 331	34 091
Compensation of employees	13 815	-	-	-	7 050	-	7 050	20 865
Goods and services	12 945	-	-	955	-	(674)	281	13 226
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	22 548	-	-	-	(7 050)	-	(7 050)	15 498
Provinces and municipalities	10	-	-	-	-	-	-	10
Departmental agencies and accounts	22 393	-	-	-	(7 050)	-	(7 050)	15 343
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	145	-	-	-	-	-	-	145
Payments for capital assets	2 403	-	-	(955)	-	7 800	6 845	9 248
Buildings and other fixed structures	1 063	-	-	-	-	7 800	7 800	8 863
Machinery and equipment	1 340	-	-	(955)	-	-	(955)	385
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	2 500	-	-	-	-	-	-	2 500
Total	54 211	-	-	-	-	7 126	7 126	61 337
Amount (voted) to be voted	54 211							7 126
of which: Unauth. (1st charge) not avail for spending	(2 500)							(2 500)
Baseline available for spending after 1st charge	51 711							58 837
Additional amount available for spending								7 126

4. Changes to programme purposes and service delivery measures

There are no changes in the programme structure of the department. It is noted, however, that the service delivery measures reflected in the 2014/15 EPRE have now been aligned to those in the department's 2014/15 APP in respect of Programme 3, as detailed in Section 4.3 below.

4.1 Programme 1: Support Services – His Majesty, the King

The purpose of this programme is to provide administrative and auxiliary services to His Majesty, the King and the Royal Family. It is charged with the responsibility of ensuring that His Majesty, the King and the Royal Family execute the mandate as provided in the legislation. It is also responsible for the development and protection of the Monarchy as a provincial brand.

The sub-programme: King's Office Support Services caters for all costs in respect of His Majesty, the King, such as the salary of His Majesty, the King and all administrative costs. The sub-programme: Royal Trust caters for the operational costs of the Royal Household Trust, the running costs of the Royal Household, in respect of His Majesty's Queens and the rest of the Royal Family.

Tables 10.3 and 10.4 below reflect a summary of the 2014/15 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R2.459 million, are provided in the paragraphs following the tables.

Table 10.3: Programme 1: Support Services - His Majesty, the King

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
King's Office Support Services	19 833			215	5 050	(674)	4 591	24 424
Royal Trust	22 393				(7 050)		(7 050)	15 343
Total	42 226	-	-	215	(2 000)	(674)	(2 459)	39 767
Amount (voted) to be voted	42 226							(2 459)
of which: Unauth. (1st charge) not avail for spending	(2 500)							(2 500)
Baseline available for spending after 1st charge	39 726							37 267
Additional amount available for spending								(2 459)

Table 10.4: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	16 198	-	-	955	5 050	(674)	5 331	21 529
Compensation of employees	5 064				5 050		5 050	10 114
Goods and services	11 134			955		(674)	281	11 415
Interest and rent on land							-	-
Transfers and subsidies to:	22 403	-	-	-	(7 050)	-	(7 050)	15 353
Provinces and municipalities	10						-	10
Departmental agencies and accounts	22 393				(7 050)		(7 050)	15 343
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	1 125	-	-	(740)	-	-	(740)	385
Buildings and other fixed structures							-	-
Machinery and equipment	1 125			(740)			(740)	385
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	2 500						-	2 500
Total	42 226	-	-	215	(2 000)	(674)	(2 459)	39 767
Amount (voted) to be voted	42 226							(2 459)
of which: Unauth. (1st charge) not avail for spending	(2 500)							(2 500)
Baseline available for spending after 1st charge	39 726							37 267
Additional amount available for spending								(2 459)

Virement – Programme 1: Support Services – His Majesty, the King: R215 000

- The main appropriation of Programme 1 was increased by a net amount of R215 000 as follows:
 - R740 000 was identified as enforced savings in *Machinery and equipment* within Programme 1, as the department implemented financial controls on the purchase of office furniture and equipment.
 - R95 000 was identified as enforced savings in *Machinery and equipment* under Programme 2 due to the non-purchase of furniture and office equipment in line with implementation of financial controls.

- o R120 000 was identified as enforced savings in *Machinery and equipment* under Programme 3 due to the implementation of financial controls on the purchase of office furniture and equipment.
- The total savings of R955 000 were moved to *Goods and services* in Programme 1 due to spending pressures resulting from higher than anticipated audit fees (due to the audit taking longer than anticipated), as well as higher than anticipated entertainment and travel and subsistence costs (partly relating to the non-transfer of staff to the Royal Household Trust).

In terms of the PFMA and Treasury Regulations, the reduction in *Machinery and equipment* requires Legislature approval.

Shifts – Programme 1: Support Services – His Majesty, the King: (R2 million)

The department shifted funds of R7.050 million in respect of the Royal Household Trust allocation from the Royal Trust sub-programme against *Transfers and subsidies to: Departmental agencies and accounts*, of which R5.050 million was to the King's Office Support sub-programme against *Compensation of employees* and the remaining R2 million was shifted to Programme 2, against *Compensation of employees*. This shift relates to the fact that the department continues to pay salaries for staff who are performing functions on behalf of the Royal Household Trust, pending the negotiations with organised labour, which are being co-ordinated by OTP. The purpose for which the funds were appropriated remains unchanged.

Other adjustments – Programme 1: Support Services – His Majesty, the King: (R674 000)

An amount of R674 000 was deducted from the department's 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. The reduction was made against the King's Office Support Services sub-programme, and *Goods and services*.

Service delivery measures – Programme 1: Support Services – His Majesty, the King

Table 10.5 below shows service delivery information for Programme 1, which is fully aligned to the department's 2014/15 APP (to be tabled) and the 2014/15 EPRE. The table also shows the actual achievements in the first half of the year. The service delivery targets and measures of the department remain unchanged from the original targets.

Table 10.5: Service delivery measures – Programme 1: Support Services – His Majesty the King

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
1. To support His Majesty, the King in fulfilling his legislative mandate	• No. of <i>Amakhosi</i> installed statutorily	5	5	
	• No. of <i>Amakhosi</i> installed in terms of custom	5	5	
	• No. of King's events	10	10	

4.2 Programme 2: Royal Household Planning and Development

This programme is responsible for the overall infrastructure design and maintenance of the Royal residences, with its core activity being refurbishment of palaces.

Tables 10.6 and 10.7 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 adjustments, which resulted in an overall increase of R10.905 million in respect of this programme, are provided in the paragraphs below the tables.

Table 10.6: Programme 2: Royal Household Planning and Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Support Services - His Majesty, the King	9 047			(95)	3 200	7 800	10 905	19 952
Total	9 047	-	-	(95)	3 200	7 800	10 905	19 952
Amount to be voted							10 905	

Table 10.7: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	7 744	-	-	-	3 200	-	3 200	10 944
Compensation of employees	6 864				3 200		3 200	10 064
Goods and services	880						-	880
Interest and rent on land							-	-
Transfers and subsidies to:	145	-	-	-	-	-	-	145
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	145						-	145
Payments for capital assets	1 158	-	-	(95)	-	7 800	7 705	8 863
Buildings and other fixed structures	1 063					7 800	7 800	8 863
Machinery and equipment	95			(95)			(95)	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	9 047	-	-	(95)	3 200	7 800	10 905	19 952
Amount to be voted							10 905	

Virement – Programme 2: Royal Household Planning and Development: (R95 000)

The department realised savings of R95 000 from *Machinery and equipment* due to the non-purchase of furniture and office equipment in line with implementation of financial controls. These funds were moved to Programme 1, against *Goods and services* to offset spending pressures resulting from higher than anticipated audit fees, as well as entertainment and travel and subsistence costs, as mentioned.

In terms of the PFMA and Treasury Regulations, the reduction in *Machinery and equipment* requires Legislature approval.

Shifts – Programme 2: Royal Household Planning and Development: R3.200 million

An amount of R3.200 million was shifted to Programme 2 as follows:

- o R2 million was shifted from Programme 1, in respect of Royal Household Trust allocation against *Transfers and subsidies to: Departmental agencies and accounts* to *Compensation of employees* in Programme 2.
- o R1.200 million was shifted from Programme 3 to Programme 2 within *Compensation of employees*. This shift relates to the fact that the department continues to pay salaries for staff who are performing functions on behalf of the Royal Household Trust, as mentioned previously. The purpose for which the funds were appropriated remains unchanged.

Other adjustments – Programme 2: Royal Household Planning and Development: R7.800 million

An amount of R7.800 million was allocated to Programme 2, against *Buildings and other fixed structures*. In this regard, the OTP undertook an extensive budget review and identified this amount to be shifted from Vote 1 to Vote 10 to assist the department to offset spending pressures related to

infrastructure projects, such as the refurbishment and additions at Ingwavuma Palace, office renovations, and paving at Khetha Palace that were not adequately budgeted for. These projects were carried over from the previous financial year.

Service delivery measures – Programme 2: Royal Household Planning and Development

Table 10.8 below shows the service delivery for Programme 2, which is fully aligned with the department's 2014/15 APP (to be tabled) and the 2014/15 EPRE. The table also shows the actual achievement in the first half of the year. The service delivery target and measure of the department remains unchanged from the original target.

Table 10.8: Service delivery measures – Programme 2: Royal Household Planning and Development

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
Maintenance of the Royal Residences	No. of maintenance projects	4	4	

4.3 Programme 3: His Majesty, the King's Farms

This programme is responsible for the operation and maintenance of His Majesty, the King's farms. It ensures subsistent and customary relevance in terms of the farms being able to contribute to poverty alleviation and other responsibilities of His Majesty, the King, in his role as guardian and protector of the vulnerable.

Tables 10.9 and 10.10 below reflect a summary of the 2014/15 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 R1.320 million in respect of this programme, are provided in the paragraphs below the tables.

Table 10.9: Programme 3: His Majesty, the King's Farms

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
His Majesty, the King's Farms	2 938			(120)	(1 200)		(1 320)	1 618
Total	2 938	-	-	(120)	(1 200)	-	(1 320)	1 618
Amount to be voted								(1 320)

Table 10.10: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	2 818	-	-	-	(1 200)	-	(1 200)	1 618
Compensation of employees	1 887				(1 200)		(1 200)	687
Goods and services	931						-	931
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	120	-	-	(120)	-	-	(120)	-
Buildings and other fixed structures							-	-
Machinery and equipment	120			(120)			(120)	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	2 938	-	-	(120)	(1 200)	-	(1 320)	1 618
Amount to be voted								(1 320)

Virement – Programme 3: His Majesty, the King’s Farms: (R120 000)

Enforced savings of R120 000 were identified from *Machinery and equipment* due to the implementation of financial controls on the purchase of office furniture and equipment. These funds were moved to Programme 1, against *Goods and services* due to spending pressures resulting from higher than anticipated audit fees, as well as entertainment and travel and subsistence costs, as mentioned above.

In terms of the PFMA and Treasury Regulations, the reduction in *Machinery and equipment* requires Legislature approval.

Shifts – Programme 3: His Majesty, the King’s Farms: (R1.200 million)

The department undertook a shift of R1.200 million in respect of the sub-programme: His Majesty, the King’s Farms, from *Compensation of employees* to Programme 2 against *Compensation of employees*. This shift relates to the fact that the department continues to pay salaries for staff who are performing functions on behalf of the Royal Household Trust. The purpose for which the funds were appropriated remains unchanged.

Service delivery measures – Programme 3: His Majesty, the King’s Farms

Table 10.11 below shows the service delivery targets for Programme 3, which are now fully aligned with the department’s 2014/15 APP (to be tabled) in terms of which the functions listed have been transferred to the Royal Household Trust.

Table 10.11: Service delivery measures – Programme 3: His Majesty, the King’s Farms

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
To facilitate and manage the sustainability of His Majesty, the King’s farms	• No. of animals vaccinated	1 300	n/a	Transferred to Royal Household Trust
Crop production	• No. of hectares planted	120	n/a	Transferred to Royal Household Trust

5. Gifts, donations and sponsorships

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

6. Infrastructure

Table 10.12 below shows the summary of infrastructure payments per main category.

Table 10.12: Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	1 063	-	-	-	-	7 800	7 800	8 863
Maintenance and repair: Current							-	-
Upgrades and additions: Capital	1 063					7 800	7 800	8 863
Refurbishment and rehabilitation: Capital							-	-
New infrastructure assets: Capital								
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	1 063	-	-	-	-	7 800	7 800	8 863
Current infrastructure	-	-	-	-	-	-	-	-
Total	1 063	-	-	-	-	7 800	7 800	8 863
Amount to be voted								7 800

Details of the main adjustments, which resulted in an increase of R7.800 million, are provided in the paragraph below.

- *Other adjustments:* R7.800 million was allocated to Programme 2, against *Buildings and other fixed structures*. In this regard, the OTP undertook an extensive budget review and identified this amount to be shifted from Vote 1 to Vote 10 to assist the department in order to offset spending pressures related to infrastructure projects such as the refurbishment and additions at Ingwavuma Palace, office renovations, and paving at Khetha Palace that were not adequately budgeted for. These projects were carried over from the previous financial year.

7. Conditional grants

The department has no national conditional grants.

8. Transfers and subsidies

Table 10.13 below shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall decrease of R7.050 million, are provided in the paragraph following the tables.

Table 10.13: 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		
1. Support Services - His Majesty, the King	22 548	-	-	-	(7 050)	-	15 498
Provinces and municipalities	10	-	-	-	-	-	10
Motor vehicle licences	10	-	-	-	-	-	10
Departmental agencies and accounts	22 393	-	-	-	(7 050)	-	15 343
Royal Household Trust	22 393	-	-	-	(7 050)	-	15 343
Households	145	-	-	-	-	-	145
Staff exit costs	145	-	-	-	-	-	145
Total	22 548	-	-	-	(7 050)	-	15 498
Amount to be voted							(7 050)

- *Shifts:* The department shifted R7.050 million from the Royal Trust sub-programme against *Departmental agencies and accounts* to the King's Office Support Services sub-programme against *Compensation of employees*. This shift relates to the fact that the department continues to pay salaries for staff performing functions on behalf of the Royal Household Trust, as mentioned above.

9. Transfers to local government

There were no transfers and subsidies to local government made by the department. It is noted that an amount of R10 000 is reflected against *Provinces and municipalities* in Table 10.12 above in respect of motor vehicle licences. These funds will not be transferred to any municipality and, therefore, the table for transfers to local government has not been included.

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

Tables 10.14 and 10.15 reflect actual payments as at the end of September 2014, 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 2013/14 audited outcome.

Table 10.14: 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. Support Services - His Majesty, the King	38 292	39 767	28 299	71.2	11 468	28.8	39 767
2. Royal Household Planning and Development	28 049	19 952	14 974	75.1	4 978	24.9	19 952
3. His Majesty, the King's Farms	1 555	1 618	392	24.2	1 226	75.8	1 618
Total	67 896	61 337	43 665	71.2	17 672	28.8	61 337

Table 10.15: 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	
Current payments	33 430	34 091	20 693	60.7	13 398	39.3	34 091
Compensation of employees	20 597	20 865	10 339	49.6	10 526	50.4	20 865
Goods and services	12 833	13 226	10 354	78.3	2 872	21.7	13 226
Interest and rent on land		-		-		-	-
Transfers and subsidies to:	15 874	15 498	11 554	74.6	3 944	25.4	15 498
Provinces and municipalities	3	10	3	30.0	7	70.0	10
Departmental agencies and accounts	15 300	15 343	11 393	74.3	3 950	25.7	15 343
Higher education institutions		-		-		-	-
Foreign governments and international organisations		-		-		-	-
Public corporations and private enterprises		-		-		-	-
Non-profit institutions		-		-		-	-
Households	571	145	158	109.0	(13)	(9.0)	145
Payments for capital assets	16 092	9 248	8 918	96.4	330	3.6	9 248
Buildings and other fixed structures	15 391	8 863	8 542	96.4	321	3.6	8 863
Machinery and equipment	701	385	376	97.7	9	2.3	385
Heritage assets		-		-		-	-
Specialised military assets		-		-		-	-
Biological assets		-		-		-	-
Land and subsoil assets		-		-		-	-
Software and other intangible assets		-		-		-	-
Payments for financial assets	2 500	2 500	2 500	100.0	-	-	2 500
Total	67 896	61 337	43 665	71.2	17 672	28.8	61 337

In the first six months of the year, expenditure for the department as whole was significantly higher than anticipated, with 71.2 per cent of the adjusted budget being spent. This is mainly due to the following:

- Spending on *Compensation of employees* was, at 49.6 per cent of adjusted budget, nearly on target, after the shift of R7.050 million was undertaken from the Royal Household Trust, as mentioned previously.
- Spending on *Goods and services* was fairly high, with spending at 78.3 per cent due to higher than anticipated audit fees, as well as entertainment and travel and subsistence costs, as mentioned above. The department will have to make a concerted effort to stay within budget by year-end.
- Transfers to the Royal Household Trust were, at 74.3 per cent of the adjusted budget, significantly high in the first half of the year. This relates to the fact that, although the department continued to pay salaries for staff who are performing functions on behalf of the Royal Household Trust, transfers were made to the Royal Household Trust as originally projected. The department has since reduced the allocation to the Royal Household Trust to cater for these payments under *Compensation of employees*.
- The rate of spending in respect of *Buildings and other fixed structures* was substantially higher than projected, with spending at 96.4 per cent of projections. The extremely high spending is due to commitments from 2013/14 for infrastructure projects such as refurbishment and additions at Ingwavuma Palace, office renovations, and paving at Khetha Palace that were not correctly budgeted for. According to the department, however, the bulk of these outstanding payments have been made, accounting for the low projections for the remaining six months.
- In the first six months, the department also paid the instalment of R2.500 million in respect of the first charge, reflected against *Payments for financial assets*, in line with SCOPA resolutions.

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