

Vote 1

Department of the Premier

Adjusted budget summary

R thousand	2016/17				
	Main appropriation	Special appropriation	Adjusted appropriation	Decrease	Increase
Total amount to be appropriated	309 644		340 958		31 314
<i>of which economic classification:</i>					
Current payments	305 772		333 707		27 935
Transfers and subsidies	860		1 235		375
Payments for capital assets	3 012		6 016		3 004
Payments for financial assets					
<i>of which source of funding:</i>					
Equitable Share	183 660		212 974		29 314
Conditional Grants					
Earmarked funds	88 920		90 920		2 000
Provincial Receipts	37 064		37 064		
Direct charge against the Provincial Revenue Fund	309 644		340 958		31 314
Amount not to be appropriated - Aid Assistance					
Executive Authority	Premier				
Accounting Officer	Director General :The Department of the the Premier				
Website address	www.premier.fs.gov.za				

Aim

To provide strategic direction and coordinate integrated service delivery within government in the Free State.

Changes to programme purposes, objectives and measures

Programme 3: Provincial monitoring and evaluation unit

The Department took over the full oversight function of provincial monitoring and evaluation in the current financial year. The intention is to create a fourth programme for this function in the upcoming MTEF.

Changed objectives and measures: To strategically manage, coordinate and facilitate the monitoring, evaluation and review of provincial policies, strategies and programmes and to manage strategic infrastructure projects, coordinate and accelerate implementation of infrastructure projects in the Free State Province.

Adjusted Estimates of Provincial Revenue & Expenditure 2016/17

Table 1.1(a): Adjusted Estimates per programme

		2016/17					
Programme	Main appropriation	Special appropriation	Adjustment appropriation			Total adjustment appropriation	Adjusted appropriation
			Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds		
R'thousand			Roll-overs				
1. Administration	156 560			(11 633)		(11 633)	144 927
2. Institutional Development	103 702			8 008	6 000	14 008	117 710
3. Policy and Governance	49 382			3 625	25 314	28 939	78 321
Subtotal	309 644				31 314	31 314	340 958
Direct charge against the Provincial Revenue Fund							
Item							
Total	309 644				31 314	31 314	340 958

Table 1.1(b): Adjusted Estimates by economic classification

		Adjustments Appropriation					
Economic classification	Main appropriation	Special appropriation	Adjustments Appropriation			Total adjustment appropriation	Adjusted appropriation
			Unforeseeable/ unavoidable	Virements and shifts	Declared unspent funds		
R'thousand			Roll-overs				
Current payments	305 772			(3 379)	31 314	27 935	333 707
Compensation of employees	239 161			(26 333)		(26 333)	212 828
Goods and Services	66 611			22 954	31 314	54 268	120 879
Interest and rent on land							
Transfers and subsidies to	860			375		375	1 235
Provinces and municipalities							
Departmental agencies and accounts							
Universities and technikons							
Public corporations and private enterprises							
Foreign governments and international organisations							
Non-profit institutions							
Households	860			375		375	1 235
Payments for capital assets	3 012			3 004		3 004	6 016
Buildings and other fixed structures							
Machinery and equipment	2138			3004		3 004	5 142
Cultivated assets							
Software and other intangible assets	874						874
Land and subsoil assets							
Heritage assets							
Payments for financial assets							
Total	309 644				31 314	31 314	340 958

Programme 1: Administration

Table 1.1.1: Adjusted Estimates

		2016/17							
Subprogramme	R'thousand	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
				Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
1. Premier support		12 494							12 494
2. Executive Council support		3 846							3 846
3. Director General		99 488			(5 300)			(5 300)	94 188
4. Financial Management		40 732			(6 333)			(6 333)	34 399
Total		156 560			(11 633)			(11 633)	144 927
Economic classification									
Current payments		155 746			(13 404)			(13 404)	142 342
Compensation of employees		132 330			(16 333)			(16 333)	115 997
Goods and Services		23 416			2 929			2 929	26 345
Interest and rent on land									
Transfers and subsidies to		315			14			14	329
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households		315			14			14	329
Payments for capital assets		499			1 757			1 757	2 256
Buildings and other fixed structures									
Machinery and equipment		499			1 757			1 757	2 256
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Heritage assets									
Payments for financial assets									
Total		156 560			(11 633)			(11 633)	144 927

Programme 2: Institutional Development

Table 1.1.2: Adjusted Estimates

		2016/17							
Subprogramme	R'thousand	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
				Roll-overs	Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds		
1. Strategic Human Resources		37 157				(3 000)		(3 000)	34 157
2. Information Communication Technology		22 846				(10 000)		(10 000)	12 846
3. Legal Services		7 910					5 000	5 000	12 910
4. Communication Services		35 789				21 008	1 000	22 008	57 797
Total		103 702				8 008	6 000	14 008	117 710
Economic classification									
Current payments		101 218				6 833	6 000	12 833	114 051
Compensation of employees		67 092				(8 000)		(8 000)	59 092
Goods and Services		34 126				14 833	6 000	20 833	54 959
Interest and rent on land									
Transfers and subsidies to		150				361		361	511
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households		150				361		361	511
Payments for capital assets		2 334				814		814	3 148
Buildings and other fixed structures									
Machinery and equipment		1 460				814		814	2 274
Cultivated assets									
Software and other intangible assets		874							874
Land and subsoil assets									
Heritage assets									
Payments for financial assets									
Total		103 702				8 008	6 000	14 008	117 710

Programme 3: Policy and Governance

Table 1.1.3: Adjusted Estimates

		2016/17						
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds		
R'thousand								
1. Special Programmes	13 556				2 625	23 314	25 939	39 495
2. Intergovernmental relations	9 127				2 000		2 000	11 127
3. Provincial Policy Management	26 699				(1 000)	2 000	1 000	27 699
Total	49 382				3 625	25 314	28 939	78 321
Economic classification								
Current payments	48 808				3 192	25 314	28 506	77 314
Compensation of employees	39 739				(2 000)		(2 000)	37 739
Goods and Services	9 069				5 192	25314	30 506	39 575
Interest and rent on land								
Transfers and subsidies to	395							395
Provinces and municipalities								
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households	395							395
Payments for capital assets	179				433		433	612
Buildings and other fixed structures								
Machinery and equipment	179				433		433	612
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Payments for financial assets								
Total	49 382				3 625	25 314	28 939	78 321

Special appropriation

Not applicable

Roll-overs

Not applicable

Unforeseeable and unavoidable expenditure-

Not applicable

Virements and shifts

An amount of R6.333 million was shifted from compensation of employees in programme 1 to programme 2 to address the pressure of goods and services in the current financial year.

An amount of R10.000 million from earmarked funds for Community Development Workers' compensation of employees was reprioritized to goods and services, of which R1.675 million was shifted to programme 2 goods and services, R3.625 million to programme 3 goods and services and R4.700 million was shifted to programme 1 goods and services.

A total amount of R10.000 million from earmarked funds for ICT Training Centre was reprioritized to programme 2 goods and services to address department pressures. The ICT Training Centre is suspended for the current financial year.

A total amount of R0.710 million is shifted from household other transfer cash item to household employee social benefits item in the same economic classification.

Programme 1 transfer and subsidies increased by R0.014 million, and Programme 2 transfers and subsidies increased by R0.361 million as result of a shift from goods and services within the programmes.

Programme 1, 2 and 3 capital assets increased by R1.757 million, R0.814 million and R0.433 million respectively due to a shift from goods and services within the programmes.

Details on virements and shifts within a department

Table 1.2: Details on virements and shifts

Programmes					
1. Administration					
2. Institutional Development					
3. Policy and Governance					
FROM:			TO:		
Programme by Economic classification	Motivation	R' thousand	Programme by Economic classification	Motivation	R' thousand
Programme 1		(6 333)	Programme 2		6 333
Compensation of employees	Personnel costs reprioritized	(6 333)	Goods and services	Virement For shortfall to address the pressure of Goods and services in Prog 2	6 333
Programme 1		(10 000)	Programme 2		1 675
Compensation of employees	CWD's Earmarked Personnel costs reprioritized	(10 000)	Goods and services	For shortfall	1 675
			Programme 3		3 625
			Goods and services	For shortfall	3 625
			Programme 1		4 700
			Goods and services	For shortfall	4 700
Programme 1		(1 757)	Programme 1		1 757
Goods and Services	To finance a shortfall of capital assets	(1 757)	Capital Assets	For shortfall	1 757
Programme 1		(14)	Programme 1		14
Goods and Services	To finance a shortfall of transfer and subsidies	(14)	Transfers and Subsidies	For shortfall	14
Percentage of programme budget		%			
Programme 2		(8 000)	Programme 2		8 000
Compensation of employees	Personnel costs reprioritized in prog 2	(8 000)	Goods and services	For shortfall	8 000
Programme 2		(361)	Programme 2		361
Goods and Services	To finance a shortfall of transfer and subsidies	(361)	Transfers and Subsidies	For shortfall	361
Programme 2		(814)	Programme 2		814
Goods and Services	To finance a shortfall of capital assets	(814)	Capital Assets	For shortfall	814
Programme 2		(10 000)	Programme 2		10 000
Goods and Services	ICT training centre earmarked was reprioritized	(10 000)	Good and services	For shortfall	10 000
Percentage of programme budget		%			
Programme 3		(2 000)	Programme 3		2 000
Compensation of	Personnel costs reprioritized in prog 3	(2 000)	Goods and services	For shortfall	2 000
Programme 3		(433)	Programme 3		433
Goods and Services	To finance a shortfall of capital assets	(433)	Capital Assets	For shortfall	433
Percentage of programme budget		%			
Total		(39 712)			39 712

Declared unspent funds

Not applicable

Other adjustments – [R29.314 million]

The department received an additional amount of R12.514 million in relation to suspended funds from other provincial departments as well as R10.800 million towards Global Trade Bridge.

Furthermore the Department received an amount of R6 million in respect of funding required for its corporate services function.

Funds shifted between votes following a transfer of a function

Transfer of function for the Harrismith Logistic Hub; an amount of R2.000 million has been received from the Department of Police, Roads and Transport following the transfer of the function.

Funds shifted within a vote following a function shift

An amount of R2.000 million which was allocated for the Harrismith Logistics Hub in the Department of Police, roads and Transport has been shifted to the Department of the Premier following the function shift (Transport Economist) which was indicated at the beginning of the current financial year.

Appropriation of expenditure earmarked in the 2016 Budget speech for future allocation

Adjustment due to significant and unforeseeable economic and financial events

Not applicable.

Use of funds in emergency situations

Not applicable.

Self-financing expenditure

Not applicable.

Gifts, donations and sponsorship

Not applicable.

Direct charges against the Provincial Revenue Fund

Not applicable.

Expenditure outcome for 2015/16 and actual expenditure for 2016/17**Expenditure trends**

Table 1.3: Expenditure trends

R thousand	2015/16					2016/17			
	Audited outcome					Actual expenditure			
	Adjusted appropriation	Apr 2015 - Sep 2015	Apr 2015 - Sep 2015 (% of adjusted appropriation)	Apr 2015 - Mar 2016	Apr 2015 - Mar 2016 (% of adjusted appropriation)	Adjusted appropriation	Adjusted appropriation /Total (%)	Apr 2016 - Sep 2016	Apr 2016 - Sep 2016 (% of adjusted appropriation)
Programmes									
1. Administration	139 627	72 697	52.1%	140 431	100.6%	144 927	42.5%	81 130	56.0%
2. Institutional Development	126 867	59 905	47.2%	118 940	93.8%	117 710	34.5%	70 043	59.5%
3. Policy and Governance	50 507	25 437	50.4%	50 690	100.4%	78 321	23.0%	47 447	60.6%
Subtotal	317 001	158 039	49.9%	310 061	97.8%	340 958	100.0%	198 620	58.25%
Direct charge against the Provincial Revenue Fund									
Total	317 001	158 039	49.9%	310 061	97.8%	340 958	100%	198 620	58.25%
Economic Classification									
Current payments	312 535	156 047	49.9%	305 552	97.8%	333 704	97.9%	195 477	58.58%
Compensation of employees	222 494	110 385	49.6%	221 243	99.4%	212 828	62.4%	121 889	57.27%
Goods and services	90 041	45 662	50.7%	84 309	93.6%	120 876	35.5%	73 588	60.88%
Interest and rent on land									
Transfers and subsidies	1 250	475	38.0%	1 262	101.0%	1 235	0.4%	619	50.12%
Provinces and municipalities									
Departmental agencies and accounts				10					
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households	1 250	475	38.0%	1 252	100.2%	1 235	0.4%	619	50.12%
Payments for capital assets	3 216	1 488	46.3%	3 218	100.1%	6 016	1.8%	2 524	41.95%
Buildings and other fixed structures									
Machinery and equipment	3 205	1 488	46.4%	3 218	100.4%	5 142	1.5%	2 162	42.05%
Cultivated assets									
Software and other intangible assets	11					874	0.3%	362	41.42%
Land and subsoil assets									
Heritage assets									
Payments for financial assets		29		29					
Total	317 001	158 039	49.9%	310 061	97.8%	340 955	100.0%	198 620	58.25%

Expenditure trends for the first half of the 2016/17

Expenditure in the first six months of 2016/17 amounted to **R198.620 million** or **58.30 percent** of the adjusted appropriation of **R340.958 million**.

Programme 1: Administration

The expenditure trend in the first six months of the 2016/17 financial year amounts to R81.130 million or 56.0 percent of the adjusted appropriation of R144.927 million. In comparison with the 2015/16 financial year, the expenditure is higher by 3.9 percent. This is due to accruals from the previous financial year which was paid in the first two months of the current financial year.

Programme 2: Institutional Development

The expenditure trend in the first six months of the 2016/17 financial year is at 59.5 percent, which is 12.3 percent higher compared to the expenditure of the same period in 2015/16 financial year. This is due to accruals from the previous financial year which was paid in the first two months of the current financial year.

Programme 3: Policy and Governance

The expenditure trend in the first six months of 2016/17 financial year is at 60.6 percent which is 10.5 percent higher in comparison with the same period in 2015/16. Once again, this is due to accruals from the previous financial year which was paid in the first two months of the current financial year.

Economic classification:**Current payments**

The expenditure trend in the first six months of the 2016/17 financial year is 8.68 percent higher in comparison with the same period of the 2015/16 financial year, due to the previous year commitments.

Transfers and subsidies

The transfer payments of 50.12 percent in the 2016/17 financial year is 12.1 percent higher in comparison with the same period for 2015/16 financial year, mainly due to unanticipated resignations and death of personnel in the Department.

Payments for capital assets

The expenditure on capital assets is at 41.95 percent in 2016/17 financial year in comparison with 46.3 percent in the same period in 2015/16.

Departmental receipts

Table 1.4: Departmental receipts

	2015/16 Audited outcome					2016/17 Actual receipts				
	Adjusted estimate	Apr 2015 - Sep 2015	Apr 2015 - Sep 2015 (% of adjusted appropriation)	Apr 2014 - Mar 2015	Apr 2015 - Mar 2015 (% of adjusted estimate)	Budget estimate	Adjusted estimate	Adjusted receipts estimate / Total (%)	Apr 2016 - Sep 2016	Apr 2016 - Sep 2016 (% of adjusted appropriation)
R thousand										
Departmental receipts	4 949	2 912	58.84%	6 330	127.90%	4 931	5 854	100.00%	3 386	57.84%
Tax receipts										
Sales of goods and services other than capital receipts	4 599	2 855	62.08%	5 979	130.01%	4 862	5 827	99.54%	3 372	57.87%
Transfers received										
Fines, penalties and forfeits										
Interest, dividends and rent on land	3	8	266.67%	7	233.33%	3				
Sales of capital assets										
Financial transactions in assets and liabilities	347	49	14.12%	344	99.14%	66	27	0.46%	14	51.85%
Provincial Revenue Fund receipts (non-departmental receipts)										
Restructuring proceeds from SASRIA										
Structured levy account from SARB										
Total departmental receipts	4 949	2 912	58.84%	6 330	127.90%	4 931	5 854	100.00%	3 386	57.84%

Revenue trends for the first half of 2016/17

Since the implementation of the Q-Link system, which centralises the management and collection of garnishee orders, the collection of commission has decreased slightly. The effect of the centralization is being monitored, as the effect has not been as significant as expected.

There has been an increase in the number of private companies publishing Provincial Notices since the introduction of the SPLUMA By-Laws. (Spatial Planning and Land Use Management Act, 2015). Municipalities have also been reviewing and publishing numerous amended and draft By-Laws.

The introduction and use of the e-Tender Portal has impacted the revenue collection from advertisement and subscription fees. No new subscriptions are being accepted, as the documents are available online for no charge. The tender advertisements received from provincial departments have decreased drastically, and it is expected that this trend will continue until the hard-copy publications of the Tender Bulletin are phased out with an Amendment to the Treasury Regulations.

No collection of revenue is projected for the Item "Interest Received" for the 2016/2017, as there is currently no interest-bearing debt being recovered by the department.

A number of long-outstanding debts are being paid off in instalments, but even so, it is not expected that the budgeted amount will be collected.

Table 1.5: Summary of changes to transfers and subsidies per programme

R thousand	2016/17									
	Main appropriation	Special appropriation	Adjustment appropriation						Total adjustments appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable /unavoidable	Virement and shifts	Declared unspent funds	Other adjustments			
1. Administration	315						14		14	329
Economic sphere										
Current										
HOUSEHOLDS										
H/H EMPL SOCIAL BENEFITS	150					179			179	329
H/H OTHER TRANSFER CASH	165					(165)			(165)	
2. Institutional Development	150						361		361	511
Economic sphere										
Current										
HOUSEHOLDS										
H/H EMPL SOCIAL BENEFITS						511			511	511
H/H OTHER TRANSFER CASH	150					(150)			(150)	
3. Policy and Governance	395									395
Economic sphere										
Current										
HOUSEHOLDS										
H/H EMPL SOCIAL BENEFITS						395			395	395
H/H OTHER TRANSFER CASH	395					(395)			(395)	
Total transfers and subsidies	860						375		375	1 235

2016 Adjusted Estimates of Provincial Revenue & Expenditure

Table 1.6(b): Summary of changes to provincial earmarked funds

R thousand	2016/17							Adjusted appropriation
	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustments appropriation	
			Roll-overs	Unforeseeable /unavoidable	Virement and shifts	Declared unspent funds		
1. Administration	71 375				(10 000)		(10 000)	61 375
Economic sphere								
Current								
Earmarked fund CDW								
Compensation of employees	70 222				(10 000)		(10 000)	60 222
Households	1 089							1 089
Goods and Services	64							64
2. Institutional Development	10 000				(10 000)		(10 000)	
Economic sphere								
Current								
Earmarked fund ICT Training Centre								
Goods and Services	10 000				(10 000)		(10 000)	
3. Policy and Governance	7 545					2 000	2 000	9 545
Economic sphere								
Current/Capital								
Earmarked fund Economists Function								
Compensation of employees	4 288							4 288
Earmarked fund HR Capacity								
Compensation of employees	2 200							2 200
Earmarked fund HIV Function								
Compensation of employees	1 057							1 057
Harrismith Logistics Hub								
Goods and Services						2 000	2 000	2 000
Total earmarked funds	88 920				(20 000)	2 000	(18 000)	70 920

Changes to transfers and subsidies, including conditional grants

Not applicable.

Revised Infrastructure project list

Not applicable.