

Vote 1

Office of the Premier

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	656 562	688 145		31 583
Remuneration of the Premier ¹	2 082	2 173		91
Total amount to be appropriated	658 644	690 318		31 674
<i>of which:</i>				
Current payments	581 088	554 845	(26 243)	
Transfers and subsidies	56 488	102 630		46 142
Payments for capital assets	16 680	30 603		13 923
Payments for financial assets	4 388	2 240	(2 148)	
Responsible Executive Authority	The Premier			
Administering department	Office of the Premier			
Accounting Officer	Director-General: Office of the Premier			

1. Vision and mission

Vision

The vision of the Office of the Premier (OTP) is: *To be the centre of governance, providing leadership towards achieving KZN Vision 2030.*

Mission statement

The mission of the department is to support the Premier in carrying out his constitutional and statutory duties. The department fulfils this mission primarily by:

- Promoting an integrated service delivery model.
- Enhancing co-operative governance within the province.
- Effective stakeholder management and communication.
- Enhancing performance management and accountability through monitoring and evaluation.

2. Strategic objectives

The *strategic policy direction* of the OTP is directly linked to national government's 14 outcomes and also informs the department's strategic objectives, as listed below:

- Integrate, co-ordinate and facilitate transversal policies, programmes, strategies, plans and systems of the province.
- Lead in macro planning and policy management to achieve the electoral mandate.
- Monitoring and evaluation of provincial government's programmes.
- Provide strategic leadership and direction for provincial government.
- Oversee the development and implementation of legislation.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the Premier's salary to the 2015 salary level.

- Promote inter and intra-governmental relations and good governance.

Based on the mission and mandates, the department identified the following strategic objectives:

- To realise the existence of functional public policy and strategic planning management systems and processes for the provincial government.
- To achieve co-ordinated provincial policies, strategies and programmes.
- To ensure the existence of governance conditions conducive to respect for human rights, promotion of science and technology, and conservation and management of cultural heritage resources.
- To realise enhanced government communication and governance, human resources development, state law advisory services and service delivery in and by the provincial administration.
- To have in place co-ordinated and aligned policies and plans of the three spheres of government and foreign governments and agencies.
- To achieve effectively monitored and evaluated government policies and programmes.
- To enhance and promote the status of the Zulu Monarch and to establish the necessary institutional arrangements in support of the Zulu Monarchy and members of the Royal family.

3. Summary of adjusted estimates for the 2016/17 financial year

The 2016/17 Main Appropriation of the OTP was R658.644 million, as detailed in the *EPRE*. During the year, the department's allocation was increased by R31.674 million. The main adjustments that led to the overall increase of R31.674 million are summarised below, and are explained in more detail in Section 4 hereunder:

- *Roll-overs*: R8 million was approved as a roll-over from 2015/16 to 2016/17 and relates to the funding required for the continuation of the renovations of the King's palaces (eNyokeni, KwaKhangela, KwaDlamahlahla and Linduzulu), a project being jointly undertaken with Provincial Treasury's Infrastructure Crack Team. This roll-over was allocated to the Royal Household sub-programme in Programme 3: Policy and Governance, against *Buildings and other fixed structures*.
- *Virement between programmes*: The department undertook a reprioritisation exercise in order to fund various spending pressures faced by the department. This resulted in numerous virements which are detailed in Section 4, but are summarised between programmes as follows:
 - o Programme 1: Administration was decreased by a net amount of R2.990 million as follows:
 - Savings of R3.500 million within *Goods and services* were identified in the Director-General (R2.300 million) and Financial Management (R1.200 million) sub-programmes. These savings were due to cost-cutting and were moved to Programme 3 to cater for spending pressures such as the Crown Gospel Awards (R1 million), refurbishment of the Ministerial houses in Ulundi (R2.300 million), as well as support to military veterans (R200 000) that were not budgeted for. The department has undertaken to assist in the training and empowerment of military veterans at the Coastal College in respect of their skills development and to enhance their contribution towards reconciliation, nation building, as well as self-sustenance.
 - Off-setting the above was a movement of savings of R510 000, identified in Programme 2: Institutional Development against *Compensation of employees* due to posts such as the Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated. These savings were moved to the Premier Support sub-programme in Programme 1 against *Transfers and subsidies: Households* in respect of staff exit costs.
 - o Programme 2 was increased by a net amount of R1.136 million as a result of the following:
 - R8.746 million was moved within *Goods and services* against the Provincial Policy Management sub-programme (R3.746 million) and the Heritage sub-programme

(R5 million) in Programme 3 as a result of savings identified against the funding for the Nerve Centre, the PGDS reviews and the Citizens' Satisfaction Survey in terms of negotiated prices with the various service providers, which resulted in costs being lower than budgeted for, and Heritage events such as the unveiling of statues and monuments of Griffith Mxenge, Josiah Gumede, Pixley ka Seme, as well as Monti Naiker that are no longer taking place in 2016/17. These funds were moved to the Information Communication Technology (ICT) sub-programme in Programme 2 to cater for additional office accommodation for the Office Support and Auxiliary Services staff (R3.081 million), as well as for the ICT Government Strategy (R5.728 million), which seeks to guide departments in respect of ICT governance.

- This was offset by the following virements of R7.610 million out of Programme 2:
 - Savings of R7.100 million were identified across various sub-programmes against *Compensation of employees* (R4.610 million) and *Goods and services* (R3 million) in Programme 2 due to posts such as Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated, as well as the "I do right, even when nobody is watching" campaigns, that were postponed to next year as a result of the municipal elections, respectively. These savings were moved to *Goods and services* in Programme 3 to cover spending pressures in respect of various youth projects such as youth development camps for in- and out-of-school youth (R1.600 million) and support to military veterans (R1.400 million), and to *Transfers and subsidies to: Departmental agencies and accounts* to cover spending pressures in respect of the operational expenses for the Royal Household Trust (R3.100 million) as detailed later, and the litigation costs for Amafa aKwaZulu-Natali (hereafter referred to as Amafa) (R1 million). With regard to the latter, Amafa acquired nine farms in the Emakhosini area. Negotiations were undertaken with the affected families to relocate to alternate land or to take payment compensation. Some families declined the offer and lodged claims as labour tenants. It must be noted that the estimated cost of legal/litigation proceedings amounts to R3 million in total, and the balance of R2 million was reprioritised within Programme 3.
 - As mentioned, savings of R510 000 were identified in the Strategic Human Resources sub-programme in Programme 2 against *Compensation of employees* due to posts such as Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated. These savings were moved to the Premier Support sub-programme in Programme 1 against *Transfers and subsidies to: Households* for staff exit costs.
- o Programme 3 was increased by a net amount of R1.854 million as a result of the following:
 - R8.746 million was identified from *Goods and services* against the Provincial Policy Management sub-programme (R3.746 million) and the Heritage sub-programme (R5 million) in Programme 3 as a result of savings identified against the funding for the Nerve Centre, the PGDS reviews and the Citizens' Satisfaction Survey in terms of negotiated prices with the various service providers, which resulted in costs being lower than budgeted for, and Heritage events such as the unveiling of statues and monuments that are no longer taking place in 2016/17, as mentioned. These funds were moved to Programme 2 to cater for additional office accommodation for the Office Support and Auxiliary Services staff (R3.081 million), as well as for the ICT Government Strategy (R5.728 million), which seeks to guide departments in respect of ICT governance.
 - R10.600 million was moved from *Compensation of employees* and *Goods and services* from Programme 1 and Programme 2 to Programme 3 as follows:
 - R4 million was transferred to *Goods and services* to the Premier's Priority Programmes sub-programme to cover various youth projects such as youth development camps for in- and out-of-school youth (R1.600 million), Crown Gospel Awards (R1 million), as

well as support to military veterans (R1.400 million).

- R5.400 million was moved to the Royal Household sub-programme for the refurbishment of the Ministerial houses in Ulundi (R2.300 million) against *Goods and services*, and for the operational expenses of the Royal Household Trust (R3.100 million) against *Transfers and subsidies to: Departmental agencies and accounts*.
- R1 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* under the Heritage sub-programme for transfer to Amafa to cover litigation costs emanating from labour tenants, as mentioned earlier.
- The funds for the last instalment of the first charge for the former Department of the Royal Household was inadvertently incorrectly reflected in the *EPRE* as R4.388 million instead of R2.194 million against *Payments for financial assets* in Programme 3. An amount of R2.194 million was therefore moved to *Goods and services* within the Royal Household sub-programme in Programme 3 to correct the budget. These funds will be used for operational expenses of the Royal Household Chief Directorate, such as traveling and subsistence.

In addition to the above virements, the department undertook virements across sub-programmes and economic classifications within programmes, as detailed in Section 4 below.

All virements undertaken are permissible in terms of the PFMA and Treasury Regulations. Provincial Treasury approval for the increase in transfers relating to Amafa, the Royal Household Trust, as well as the KZN Law Society was obtained.

- *Other adjustments:* The budget was increased by a net amount of R23.674 million, as follows:
 - o R1.200 million was allocated to the department against *Compensation of employees* from the provincial fiscus for the 2016 above-budget wage adjustment that was determined at a 7.6 per cent increase as opposed to the 7.2 per cent provided for in the budget. These funds were allocated equally across all three programmes, and the department was fully compensated for this in 2016/17.
 - o R22.474 million was suspended from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier relating to the movement of both the public entity KwaZulu-Natal Gaming and Betting Board (KZNGBB) (R19.255 million) and the administration unit dealing with gaming and betting (R3.219 million) with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. This relates to the balance of funds to be moved to the KZNGBB and the administration unit dealing with gaming and betting in the remaining months of the 2016/17 financial year, as Provincial Treasury had already transferred the funds due to the KZNGBB in the first six months of the year. Similarly, the Gaming revenue budget calculated at R270.760 million is also moved between the two Votes, but this is not shown in these tables, as these relate to expenditure only.

Tables 1.1 and 1.2 reflect a summary of the 2016/17 Adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 1: Office of the Premier*.

Table 1.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	92 507	-	-	(2 990)	-	400	(2 590)	89 917
2. Institutional Development	273 866	-	-	1 136	-	22 874	24 010	297 876
3. Policy and Governance	292 271	8 000	-	1 854	-	400	10 254	302 525
Total	658 644	8 000	-	-	-	23 674	31 674	690 318
Amount to be voted								
of which: Unauth. Exp. (1st charge) not avail for spending								31 674
								(2 194)
Baseline available for spending after first charge								688 124

Table 1.2 : 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	581 088	-	-	(30 662)	-	4 419	(26 243)	554 845
Compensation of employees	275 611	-	-	(14 697)	-	3 524	(11 173)	264 438
Goods and services	305 477	-	-	(15 965)	-	895	(15 070)	290 407
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	56 488	-	-	26 887	-	19 255	46 142	102 630
Provinces and municipalities	54	-	-	26	-	-	26	80
Departmental agencies and accounts	45 195	-	-	10 810	-	19 255	30 065	75 260
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	27	-	-	27	27
Households	11 239	-	-	16 024	-	-	16 024	27 263
Payments for capital assets	16 680	8 000	-	5 923	-	-	13 923	30 603
Buildings and other fixed structures	1 937	8 000	-	-	-	-	8 000	9 937
Machinery and equipment	10 178	-	-	5 923	-	-	5 923	16 101
Heritage assets	4 500	-	-	-	-	-	-	4 500
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	65	-	-	-	-	-	-	65
Payments for financial assets	4 388	-	-	(2 148)	-	-	(2 148)	2 240
Total	658 644	8 000	-	-	-	23 674	31 674	690 318
Amount to be voted								31 674
of which: Unauth. Exp. (1st charge) not avail for spending	(2 194)							(2 194)
Baseline available for spending after first charge	656 450							688 124

4. Changes to programme purposes and service delivery measures

The only change to the programme structure was the inclusion of the Gaming and Betting sub-programme under Programme 2. The service delivery information for the department is as per the 2016/17 APP.

It is noted that the department introduced a few new measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised, and this is indicated as “new”. One performance measure is no longer valid and this is indicated by “n/a” in the Mid-year actual and Revised target columns.

It must also be noted that Programme 2 is affected by the function shift of Gaming and Betting to the Office of the Premier and, as a result, some of the non-financial targets also move between the Votes.

4.1 Programme 1: Administration

The purpose of this programme is to provide administrative support to the Premier, Executive Council and the Director-General in fulfilling their legislative and oversight functions and in promoting good governance.

Tables 1.3 and 1.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in a net decrease of R2.590 million, are given in the paragraphs following the tables.

Table 1.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Premier Support	29 874			6 510	1 900		8 410	38 284
2. Executive Council Support	7 537				2 100		2 100	9 637
3. Director-General	12 954			(1 300)	(1 600)		(2 900)	10 054
4. Financial Management	42 142			(8 200)	(2 400)	400	(10 200)	31 942
Total	92 507	-	-	(2 990)	-	400	(2 590)	89 917
Amount to be voted								(2 590)

Table 1.4 : 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	90 306	-	-	(4 585)	-	400	(4 185)
Compensation of employees	58 414			(1 000)		400	(600)
Goods and services	31 892			(3 585)			(3 585)
Interest and rent on land							-
Transfers and subsidies to:	1 064	-	-	1 510	-	-	1 510
Provinces and municipalities							-
Departmental agencies and accounts							-
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	1 064			1 510			1 510
Payments for capital assets	1 137	-	-	85	-	-	85
Buildings and other fixed structures							-
Machinery and equipment	1 137			85			85
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets							-
Total	92 507	-	-	(2 990)	-	400	(2 590)
Amount to be voted							(2 590)

Virement – Programme 1: Administration: (R2.990 million)

Programme 1 was decreased by a net amount of R2.990 million as a result of the following:

- Savings of R3.500 million within *Goods and services* as a result of cost-cutting were identified in the Director-General (R2.300 million) and Financial Management (R1.200 million) sub-programmes. These savings were moved to Programme 3 to cater for spending pressures such as the Crown Gospel Awards (R1 million), refurbishment of the Ministerial houses in Ulundi (R2.300 million), as well as support to military veterans (R200 000), as previously explained.
- Off-setting the above, was a movement of R510 000 from Programme 2 against *Compensation of employees* due to posts such as the Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated, to the Premier Support sub-programme in this programme against *Transfers and subsidies to: Households* for staff exit costs.
- The following virements were undertaken within Programme 1:
 - Savings of R1 million were identified under *Compensation of employees* in the Financial Management sub-programme due to budgeted vacant posts such as State Accountants and Assistant Directors that were filled later than anticipated. These funds were moved to *Transfers and subsidies to: Households* in the Premier Support sub-programme for staff exit costs.
 - Savings of R1 million emanating from cost-cutting within *Goods and services* was moved from the Director-General sub-programme to the Financial Management sub-programme to cater for internal control and risk management activities.
 - R85 000 identified as savings under *Goods and services* were moved to *Machinery and equipment* within the Director-General sub-programme for office furniture and equipment.
 - An amount of R5 million was transferred from the Financial Management sub-programme to the Premier Support sub-programme within *Goods and services* to cater for the establishment of a Commission of Inquiry into the underlying causes of political murders in the province.

All virements undertaken are permissible in terms of the PFMA and Treasury Regulations.

Shifts – Programme 1: Administration

Funds were moved across all sub-programmes within *Compensation of employees* in Programme 1 to align the department's Human Resources and the Budget structures. The purpose of the funds remains unchanged. The shifts are not evident in Table 1.4, as the shifts were within an economic category.

Other adjustments – Programme 1: Administration: R400 000

An amount of R400 000 was allocated to this programme against the Financial Management sub-programme and against *Compensation of employees* for the 2016 above-budget wage adjustment.

Service delivery measures – Programme 1: Administration

Table 1.5 reflects the service delivery information for Programme 1 as per the 2016/17 APP. Note that some measures in this programme are annual in nature and are reported on after the closure of the financial year. These are indicated as “annual” in the 2016/17 Mid-year actual column.

The department introduced several measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised, and these are indicated as “new”. The descriptions of some measures have been revised as indicated in bold italics.

The targets are also aligned to the APP and, where changes were made, these are shown in the 2016/17 Revised target column.

Table 1.5 : Service delivery measures – Programme 1: Administration

Outputs	Performance indicators	Performance indicators		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1 Premier Support				
1.1 Administrative support services to the Premier	• Performance score attained on Premier Support Administrative Support Services performance assessment matrix	3	-	
Parliamentary Support Services	• Performance score attained on Premier Support Parliamentary Services Management performance assessment matrix	new	-	3
2 Executive Council Support				
2.1 Effective and efficient Provincial Executive Council and key committees administrative support service	• No. of Executive Council decision matrix implementation progress reports submitted to the Executive Council	20	8	
	• No. of Executive Council <i>Makgotla</i> decision within 10 days of meeting	new	1	2
	• No. of Executive Council meeting decision matrices circulated within 10 days of meeting	new	10	20
3 Director-General				
3.1 Strategic management meeting resolutions	• No. of EXCO meetings supported	24	5	12
	• No. of MANCO meetings supported	new	3	8
4 Financial management				
4.1 Risk management register	• Approved risk management register	new	annual	1
4.2 Internal control reports	• No. of quarterly internal control management reports submitted to EXCO	new	2	4
4.3 Financial management reports	• No. of financial management reports, monthly IYM submitted to Treasury by the 15th of each month	12	6	
4.4 AFS	• No. AFS submitted in terms of prescripts	1 final, 3 interim	2	4 (1 final, 3 interim)
4.5 Procurement plan	• No. of procurement plan submitted in terms of prescripts	4	annual	1

4.2 Programme 2: Institutional Development

The purpose of this programme is to improve service delivery through institutional capacity building and transformation management in the province.

Tables 1.6 and 1.7 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R24.010 million, are provided in the paragraphs below.

Table 1.6 : Programme 2: Institutional Development

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
1. Strategic Human Resources	89 556			(1 789)		400	(1 389)
2. Information Communication Technology (ICT)	63 764			10 675			10 675
3. Legal Services	11 562			(993)			(993)
4. Communication Services	52 153			(2 300)			(2 300)
5. Special Programmes	41 025			(1 757)			(1 757)
6. Intergovernmental Relations	15 806			(2 700)			(2 700)
7. Gaming and Betting						22 474	22 474
Total	273 866	-	-	1 136	-	22 874	24 010
Amount to be voted							24 010

Table 1.7 : 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	267 852	-	-	(3 254)	-	3 619	365
Compensation of employees	123 042			(8 942)		2 724	(6 218)
Goods and services	144 810			5 688		895	6 583
Interest and rent on land	-						-
Transfers and subsidies to:	57	-	-	474	-	19 255	19 729
Provinces and municipalities	54			15			15
Departmental agencies and accounts						19 255	19 255
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions				27			27
Households	3			432			432
Payments for capital assets	5 957	-	-	3 915	-	-	3 915
Buildings and other fixed structures	766						-
Machinery and equipment	5 126			3 915			3 915
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets	65						-
Payments for financial assets	-	-	-	1	-	-	1
Total	273 866	-	-	1 136	-	22 874	24 010
Amount to be voted							24 010

Virement – Programme 2: Institutional Development: R1.136 million

The following movements were undertaken, which resulted in a net increase of R1.136 million in respect of Programme 2 as follows:

- R8.746 million was moved within *Goods and services* against the Provincial Policy Management sub-programme (R3.746 million) and the Heritage sub-programme (R5 million) in Programme 3 as a result of savings identified against the funding for the Nerve Centre, the PGDS reviews and the Citizens' Satisfaction Survey in terms of negotiated prices with the various service providers, which resulted in costs being lower than budgeted for, and Heritage events such as the unveiling of statues and monuments that are no longer taking place in 2016/17, as mentioned. These funds were moved to the ICT sub-programme in this programme to cater for additional office accommodation for the Office Support and Auxiliary Services staff (R3.081 million), as well as for the ICT Government Strategy (R5.728 million), which seeks to guide departments in respect of ICT governance.
- Offsetting the above, the department undertook a virement of R7.610 million from Programme 2 to Programmes 1 and 3 as follows:
 - Savings of R7.100 million were identified across sub-programmes against *Compensation of employees* (R4.100 million) and *Goods and services* (R3 million) in Programme 2 due to posts such as Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated, as well as the "I do right, even when nobody is watching" campaigns, that were postponed to 2017 as a result of the municipal elections, respectively. These savings were moved to *Goods and services* in Programme 3 to cover spending pressures in respect of various youth projects such as youth development camps for in- and out-of-school youth (R1.600 million) and training of military veterans at the Coastal

College (R1.400 million), and to *Transfers and subsidies to: Departmental agencies and accounts* to cover spending pressures in respect of the operational expenses for the Royal Household Trust (R3.100 million), as well as the litigation costs for Amafa (R1 million).

- o Savings of R510 000 were identified in the Strategic Human Resources sub-programme in Programme 2 against *Compensation of employees* due to posts being filled later than anticipated. These savings were moved to Programme 1 against *Transfers and subsidies to: Households* to provide for staff exit costs.

In addition to the above, various virements were undertaken within Programme 2 and across economic categories as follows:

- Savings of R15 000 were identified under *Goods and services* in the Strategic Human Resources sub-programme and moved to *Transfers and subsidies to: Provinces and municipalities* for higher than anticipated vehicle licences.
- Savings of R27 000 identified under *Goods and services* in the Legal Services sub-programme were moved to *Transfers and subsidies to: Non-profit institutions* to cater for a sponsorship to the KZN Law Society towards hosting a function to honour the appointment of members of the judiciary.
- Savings of R3.900 million were identified in the Strategic Human Resources sub-programme against *Compensation of employees*. These were moved to *Goods and services* for legal fees (R1.900 million) as well as security services (R2 million).
- Savings of R432 000 were identified under *Compensation of employees* across various sub-programmes and these were moved to *Transfers and subsidies to: Households* for staff exit costs.
- Savings of R3.915 million were identified under *Goods and services* across various sub-programmes and moved to *Machinery and equipment* to cover office furniture and equipment (R648 000), the implementation of an electronic leave system (R1.400 million), the upgrade of the LAN infrastructure at the LA Complex in Ulundi where some of the Royal Household offices are based and in Glenwood where the Provincial Public Service Training Academy is based (R550 000), as well as the purchase of vehicles (R1.317 million).
- Savings of R1 000 were identified under *Goods and services* and were moved to *Payments for financial assets* within the Strategic Human Resources sub-programme for staff debts written off.
- All virements undertaken are permissible in terms of the PFMA and Treasury Regulations. Provincial Treasury approval was obtained for the increase in *Transfers and subsidies to: Non-profit institutions* in respect of a sponsorship to the KZN Law Society for a function to honour the appointment of members of the judiciary.

Other adjustments – Programme 2: Institutional Development: R22.874 million

The following other adjustments were undertaken, which resulted in a net increase of R22.874 million in respect of Programme 2:

- An amount of R400 000 was allocated to the Strategic Human Resources sub-programme in this programme against *Compensation of employees* for the 2016 above-budget wage adjustment.
- R22.474 million was suspended from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier under the Gaming and Betting sub-programme relating to the movement of both the public entity KZNGBB (R19.255 million against *Transfers and subsidies to: Departmental agencies and accounts*) and the administration unit dealing with gaming and betting (R3.219 million against *Compensation of employees* and *Goods and services*) with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. This relates to the balance of funds to be moved to the KZNGBB and the administration unit dealing with gaming and betting in the remaining months of 2016/17, as Provincial Treasury had already transferred the funds due to the KZNGBB in the first six months of the year. Similarly, the Gaming revenue budget, calculated at R270.760 million, is also moved between the two Votes, but this is not shown in these tables, as these relate to expenditure only.

Service delivery measures – Programme 2: Institutional Development

Table 1.8 reflects the service delivery information for Programme 2 as per the 2016/17 APP. Note that the department introduced new measures to align with the targets published in the 2016/17 APP, due to the EPRE being published before the APP was finalised, and this is indicated as “new”. The descriptions of some measures have been revised as indicated in bold italics. Note also that a few performance measures are no longer valid and this is indicated by “n/a” in the Mid-year actual and Revised target columns.

Table 1.8 : Service delivery measures – Programme 2 : Institutional Development

Outputs	Performance indicators	Performance indicators		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1 Strategic Human Resources				
1.1 Technical human resource management <i>policy</i> support services	• No. of quarterly reports on technical support services provided to all HR units in the provincial govt. of KZN on policy <i>matters</i>	4	2	
1.2 Integrated Public Sector HRD strategy and Professional Support Programme	• One Integrated Public Sector HRD strategy and Professional Support Programme <i>drafted</i>	Draft compiled	1 (Project Scope)	
2 Information Communication Technology (ICT)				
2.1 IT governance assessment reports	• No. of 6 monthly provincial departments' IT governance assessment co-ordination reports submitted to G and A cluster	2	1	
3 Legal Services				
3.1 <i>Appropriate and constitutionally compliant Provincial Legislation</i>	• <i>No. of quarterly reports on Provincial Legislature Programme submitted within 10 days of each quarter</i>	10	2	10
4 Communication Services				
4.1 <i>Annual Departmental Communication Plan</i>	• No. of media engagements facilitated for the Premier • Annual Communication Plan approved by EXCO by 30 April • No. of internal newsletters to OTP staff on developments in the department	50 new new	n/a - -	n/a 1 4
5 Special Programmes - Integrity Management				
5.1 Annual performance plans for each human rights target group	• No. of annual performance business plans for human rights target groups: 1 x gender, 1 x disability, 1 x children, 1 x senior citizens	1 per group, 4 total	4	
5.2 Ombudsperson co-ordination	• No. of OTP Ombudsperson reports	2	-	
5.3 Annual performance plans for each human rights target group	• No. of annual performance business plans for human rights target groups: 1 x gender, 1 x disability, 1 x children, 1 x senior citizens	1 per group, 4 total	n/a	n/a
6 Intergovernmental Relations (IGR)				
6.1 Technical Premier's forum meetings	• No. of IGR Premier's <i>Technical Co-ordinating</i> forum decision matrices	4	1	

4.3 Programme 3: Policy and Governance

Programme 3's purpose is to initiate province-wide development and implementation of policies and strategies to achieve a co-ordinated approach towards sustainable provincial growth and development.

Tables 1.9 and 1.10 below reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R10.254 million, are given in the paragraphs below the tables.

Table 1.9 : Programme 3: Policy and Governance

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Provincial Policy Management	64 160			(9 246)	(11 500)	400	(20 346)	43 814
2. Premier's Priority Programmes	119 798			4 782	3 700		8 482	128 280
4. Royal Household	48 863	8 000		10 310	7 300		25 610	74 473
4. Heritage	59 450			(3 992)	500		(3 492)	55 958
Total	292 271	8 000	-	1 854	-	400	10 254	302 525
Amount to be voted								10 254
of which: Unauth. Exp. (1st charge) not avail for spending								(2 194)
Baseline available for spending after first charge								300 331

Table 1.10 : 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	222 930	-	-	(22 823)	-	400	(22 423)
Compensation of employees	94 155			(4 755)		400	(4 355)
Goods and services	128 775			(18 068)			(18 068)
Interest and rent on land							-
Transfers and subsidies to:	55 367	-	-	24 903	-	-	24 903
Provinces and municipalities	-			11			11
Departmental agencies and accounts	45 195			10 810			10 810
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	10 172			14 082			14 082
Payments for capital assets	9 586	8 000	-	1 923	-	-	9 923
Buildings and other fixed structures	1 171	8 000					8 000
Machinery and equipment	3 915			1 923			1 923
Heritage assets	4 500						-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets	4 388	-	-	(2 149)	-	-	(2 149)
Total	292 271	8 000	-	1 854	-	400	10 254
Amount to be voted							10 254
of which: Unauth. Exp. (1st charge) not avail for spending	(2 194)						(2 194)
Baseline available for spending after first charge	290 077						300 331

Roll-overs – Programme 3: Policy and Governance: R8 million

An amount of R8 million was approved as a roll-over from 2015/16 to 2016/17 and relates to the funding required for the continuation of the renovations of the King's palaces, a project being jointly undertaken with Provincial Treasury's Infrastructure Crack Team. This roll-over was allocated to the Royal Household sub-programme against *Buildings and other fixed structures*.

Virement – Programme 3: Policy and Governance: R1.854 million

The following movements were undertaken, which resulted in a net increase of R1.854 million in respect of Programme 3 as follows:

- Funds amounting to R10.600 million were moved to Programme 3 as follows:
 - Savings of R3.500 million within *Goods and services* were identified in Programme 1 in the Director-General (R2.300 million) and Financial Management (R1.200 million) sub-programmes. These savings were moved to the Premier's Priority Programmes sub-programme to cater for spending pressures such as the Crown Gospel Awards (R1 million), military veterans training at the Coastal College (R200 000), as well as the Royal Household sub-programme for refurbishment of the Ministerial houses in Ulundi (R2.300 million).
 - Savings of R7.100 million were identified across sub-programmes against *Compensation of employees* (R4.100 million) and *Goods and services* (R3 million) in Programme 2 due to posts being filled later than anticipated, as well as the "I do right, even when nobody is watching" campaigns, that were postponed to next year as a result of the municipal elections, respectively. These savings were moved to *Goods and services* in this programme to cover spending pressures in respect of various youth projects such as youth development camps for in- and out-of-school youth (R1.600 million) and military veterans training at the Coastal College (R1.400 million), to *Transfers and subsidies to: Departmental agencies and accounts* to cover spending pressures in respect of the operational expenses for the Royal Household Trust (R3.100 million), as well as the litigation costs for Amafa (R1 million).
- Offsetting the above, was an amount of R8.746 million which was reduced from *Goods and services* from the Provincial Policy Management sub-programme (R3.746 million) and the Heritage sub-programme (R5 million) as a result of savings identified against the funding for the Nerve

Centre, the PGDS reviews and the Citizens' Satisfaction Survey in terms of negotiated prices with the various service providers, which resulted in costs being lower than budgeted for, and Heritage events such as the unveiling of statues and monuments that are no longer taking place in 2016/17, as mentioned. These funds were moved to the ICT sub-programme in Programme 2 to *Goods and services* for the ICT Government Strategy and for additional office accommodation for the Office Support and Auxiliary Services staff.

In addition to the above, various virements were undertaken within Programme 3 and across economic categories, as follows:

- R11 000 was moved within the Royal Household sub-programme from *Goods and services* to *Transfers and subsidies to: Provinces and municipalities* to provide for motor vehicle licences
- R4.755 million was moved from the Provincial Policy Management sub-programme (R900 000), and Premier's Priority Programmes sub-programme (R3.810 million) from *Compensation of employees* to *Transfers and subsidies to: Departmental agencies and accounts* (R4.710 million) to provide for an increase in the transfer to the Royal Household Trust to address spending pressures.
- Savings of R45 000 were identified in the Premier's Priority Programmes sub-programme from *Compensation of employees* due to cost-cutting and were moved to *Payments for financial assets* to cover staff debts written off.
- R14 million was moved within the Premier's Priority Programmes sub-programme from *Goods and services* to *Transfers and subsidies to: Households* to provide for external bursaries to empower disadvantaged youth through education.
- R82 000 was moved within the Royal Household sub-programme from *Goods and services* to *Transfers and subsidies to: Households* to provide for staff exit costs.
- R2 million was moved from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* within the Heritage sub-programme for the transfer payment to Amafa to cater for the litigation costs emanating from labour tenants.
- Savings of R1.923 million were identified in *Goods and services* within the Provincial Policy Management (R467 000) and Premier's Priority Programmes (R1.456 million) sub-programmes due to cost-cutting. These were moved to *Machinery and equipment* for the purchase of departmental vehicles, as well as office furniture and equipment for new appointees.
- The last instalment of the first charge for the former Department of the Royal Household was inadvertently incorrectly reflected in the EPRE as R4.388 million instead of R2.194 million against *Payments for financial assets*. The funds were moved to *Goods and services* within the Royal Household sub-programme to correct the budget. These funds will be used for operational expenses of the Royal Household Chief Directorate, such as traveling and subsistence. This was offset by the increase of R45 000 in respect of *Payments for financial assets* relating to staff debt written off, resulting in a net decrease of R2.149 million.

All virements undertaken are permissible in terms of the PFMA and Treasury Regulations and, where applicable, were approved by Treasury, such as the increases of R7.810 million for the Royal Household Trust and R3 million for Amafa against *Transfers and subsidies to: Departmental agencies and accounts*, as well as R14 million against *Transfers and subsidies to: Households* to cater for bursaries for disadvantaged students.

Shifts – Programme 3: Policy and Governance

Funds were moved across all sub-programmes within *Compensation of employees* in Programme 3 to align the Human Resources and the Budget structures of the department. The purpose of the funds remains unchanged. The shifts are not evident in Table 1.9, as the funds were shifted within an economic category. However, it is noted that, out of the shifts, R7.300 million was allocated to the Royal Household Chief Directorate for the filling of critical posts such as security guards, general workers, plumber, drivers, etc.

Other adjustments – Programme 3: Policy and Governance: R400 000

An amount of R400 000 was allocated to the Provincial Policy Management sub-programme in this programme against *Compensation of employees* for the above-budget 2016 wage adjustment.

Service delivery measures – Programme 3: Policy and Governance

Table 1.11 reflects the service delivery information for Programme 3 as per the 2016/17 APP. The department revised several measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised. The description of one measure was revised as indicated in bold italics. Note also that a number of performance measures are no longer valid and these are indicated by “n/a” in the Mid-year actual and Revised target columns.

Table 1.11 : Service delivery measures – Programme 3: Policy and Governance

Outputs	Performance indicators	Performance indicators		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Provincial Policy Management				
1.1 Macro Policy Development and Co-ordination				
1.1.1 Policy audit reports	• No. of policy audit reports	2	1	-
2. Premier's Priority Programmes				
2.1 Effective and efficient stakeholder engagement co-ordination (strategic partnerships, community outreach)	• No. of provincial stakeholder forum meetings	4	n/a	n/a
2.2 Youth development and empowerment	• No. of updated annual business plans on youth development programmes	1	n/a	n/a
2.3 Youth forum co-ordination reports	• No. of quarterly monitoring reports on youth forums establishment and supported	4	1	
2.4 Strategic partnership forums	• No. of forum meetings with each sector – 1 x NGO, 1 x business, 1 x traditional authority, and 1 x religious sector	4	2	-
3. King's Support and Royal Household				
3.1 Amakhosi installed	• No. of Amakhosi installed statutorily	5	n/a	n/a
4. Heritage				
4.1 <i>Heritage</i> awareness	• No. of <i>community</i> heritage <i>awareness</i> events	6	5	11
4.2 Heritage memory infrastructure developed	• No. of monuments or memorials erected	6	1	2
4.3 Monitoring reports on Amafa Council performance	• No. of Amafa monitoring reports	3	-	4

5. Specifically and exclusively appropriated allocations

Table 1.12 below shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that transfers to public entities (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Section 10 below. Details of the main adjustments, which resulted in an overall increase of R25.610 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the tables.

Table 1.12 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog 2: Centralisation of communications budget	52 153						-	52 153
2. Prog 3: Poverty Eradication Master Plan operations centre	11 775						-	11 775
3. Prog 3: The Royal Household	48 863	8 000		10 310	7 300		25 610	74 473
Total	112 791	8 000	-	10 310	7 300	-	25 610	138 401
Amount to be voted								25 610

- *Roll-overs*: R8 million was approved as a roll-over from 2015/16 to 2016/17 and relates to the funding required for the continuation of the renovations of the King's palaces, a project being

jointly undertaken with Provincial Treasury's Infrastructure Crack Team. This roll-over was allocated to the Royal Household sub-programme in Programme 3 against *Buildings and other fixed structures*.

- **Virement:** The following virements amounting to a net increase of R10.310 million were made to specifically and exclusively appropriated funds:
 - Savings of R7.810 million were identified against *Compensation of employees* in Programme 2 and Programme 3 as a result of posts such as Director: Monitoring and Evaluation, as well as Director: Service Delivery Complaints Management, being filled later than anticipated. These savings were moved to *Transfers and subsidies to: Departmental agencies and accounts* in Programme 3 to cover spending pressures in respect of the operational expenses for the Royal Household Trust.
 - Savings of R2.300 million were identified in Programme 1 and were moved within *Goods and services* in the Royal Household Chief Directorate for the refurbishment of the Ministerial houses in Ulundi.
- **Shifts:** various shifts were undertaken across all sub-programmes within *Compensation of employees* in Programme 3 to align the Human Resources and the Budget structures of the department. The purpose of the funds remains unchanged. The shifts are not evident in the economic categories, as the funds were shifted within categories. However, it is noted that, out of the shifts, R7.300 million was allocated to the Royal Household Chief Directorate for the filling of critical posts such as security guards, general workers, plumber, drivers, etc.

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships in excess of R100 000.

7. Infrastructure

Table 1.13 reflects a summary of the 2016/17 infrastructure payments by category, which was increased by R10.300 million.

Table 1.13 : 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	3 108	8 000	-	2 300	-	-	10 300	13 408
Maintenance and repair: Current	1 171			2 300			2 300	3 471
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital	1 937	8 000					8 000	9 937
New infrastructure assets: Capital							-	-
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	1 937	8 000	-	-	-	-	8 000	9 937
Current infrastructure	1 171	-	-	2 300	-	-	2 300	3 471
Total	3 108	8 000	-	2 300	-	-	10 300	13 408
Amount to be voted								10 300

- **Roll-overs:** R8 million was approved as a roll-over from 2015/16 to 2016/17 and relates to the funding required for the continuation of the renovations of the King's palaces, a project being jointly undertaken with Provincial Treasury's Infrastructure Crack Team. This roll-over was allocated to the Royal Household sub-programme in Programme 3 against *Buildings and other fixed structures*.
- **Virements:** Savings of R2.300 million were identified in Programme 1 and were moved within *Goods and services* in the Royal Household Chief Directorate for the refurbishment of the Ministerial houses in Ulundi.

8. Conditional grants

The department receives no national conditional grants.

9. Transfers and subsidies

Table 1.14 indicates *Transfers and subsidies* per programme.

Details of the main adjustments, which resulted in an overall increase of R46.142 million, are given in the following paragraphs.

Table 1.14 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/			Other			
		Roll-overs	unavoidable	Virement	Shifts	adjustments		
1. Administration	1 064	-	-	1 510	-	-	1 510	2 574
Households	1 064	-	-	1 510	-	-	1 510	2 574
Staff exit costs	1 064			1 510			1 510	2 574
2. Institutional Development	57	-	-	474	-	19 255	19 729	19 786
Provinces and municipalities	54	-	-	15	-	-	15	69
Motor vehicle licences	54	-	-	15	-	-	15	69
Departmental agencies and accounts	-	-	-	-	-	19 255	19 255	19 255
KwaZulu-Natal Gaming and Betting Board						19 255	19 255	19 255
Non-profit institutions	-	-	-	27	-	-	27	27
KZN Law Society				27			27	27
Households	3	-	-	432	-	-	432	435
Staff exit costs	3			432			432	435
3. Policy and Governance	55 367	-	-	24 903	-	-	24 903	80 270
Provinces and municipalities	-	-	-	11	-	-	11	11
Motor vehicle licences				11			11	11
Departmental agencies and accounts	45 195	-	-	10 810	-	-	10 810	56 005
Amafa aKwaZulu-Natali	30 028			3 000			3 000	33 028
Royal Household Trust	15 167			7 810			7 810	22 977
Households	10 172	-	-	14 082	-	-	14 082	24 254
Staff exit costs				82			82	82
Bursaries	10 172			14 000			14 000	24 172
Total	56 488	-	-	26 887	-	19 255	46 142	102 630
Amount to be voted								46 142

- **Virement:** R26.887 million was moved from various categories to fund the following:
 - o Amounts of R1.510 million, R432 000 and R82 000 were moved to Programmes 1, 2 and 3, respectively, against *Households* to provide for unanticipated staff exit costs.
 - o R15 000 and R11 000 was moved to *Provinces and municipalities* in Programme 2 and 3, respectively for motor vehicle licences as a result of additional vehicles that were ordered in 2015/16 but received in April 2016.
 - o R27 000 was moved to *Non-profit institutions* in respect of a sponsorship to the KZN Law Society for hosting a function to honour the appointments of members of the judiciary.
 - o R10.810 million was moved to Programme 3 against *Departmental agencies and accounts* in respect of increased transfers payments of R7.810 million to the Royal Household Trust for operational expenses, as well as R3 million to Amafa for legal fees.
 - o R14 million was moved to Programme 3 against *Households* for external bursaries. This adjustment was required due to the decision by the department to empower the youth through bursaries in response to the “fees must fall” campaign.
- **Other adjustments:** The budget was increased by R19.255 million that was suspended from Vote 6: Provincial Treasury and allocated to the department relating to the movement of the Gaming and Betting function as determined by Premier’s Minute No. 2 of 2016, as mentioned earlier. This relates to the balance of transfers to be made to the KZNGBB in the remaining months of 2016/17, as Provincial Treasury had already transferred the funds due to the KZNGBB in the first six months of the year.

10. Transfers to public entities

Table 1.15 reflects transfers made by the department to its public entities, Amafa, the Royal Household Trust and the KZNGBB. Details of the main adjustments, which resulted in an overall increase of R30.065 million in transfers to public entities, are provided in the paragraphs following the tables.

Table 1.15 : Summary of transfers to public entities

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Amafa aKwaZulu-Natali	30 028			3 000		3 000	33 028
Royal Household Trust	15 167			7 810		7 810	22 977
Kwazulu-Natal Gaming and Betting Board						19 255	19 255
Total	45 195	-	-	10 810	-	19 255	75 260
Amount to be voted							30 065

- *Virement*: The following virements totalling R10.810 million, for which Provincial Treasury approval was obtained, were made:
 - The department undertook a virement of R3 million, which was reprioritised from Programme 2 (*Compensation of employees*) and Programme 3 (*Goods and services*) to Amafa for litigation costs emanating from claims lodged by labour tenants in terms of farms in the eMakhosini area.
 - R7.810 million was reprioritised from Programme 2 and Programme 3 (*Compensation of employees*) to the Royal Household Trust (*Transfers and subsidies to: Departmental agencies and accounts*) to cater for operational expenses of the Royal Household Trust.
- *Other adjustments*: An amount of R19.255 million was allocated to the KZNGBB, being funds that were suspended from Vote 6: Provincial Treasury and allocated to the department relating to the movement of the Gaming and Betting function as determined by Premier's Minute No. 2 of 2016, as previously mentioned.

11. Transfers to local government

The department made no changes to transfer payments to local government. It is noted that an amount of R80 000 is reflected against *Transfers and subsidies to: Provinces and municipalities* in Table 1.14. 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.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 1.16 and 1.17 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year in rand value and as a percentage of the adjusted appropriation per programme and economic classification, and the total revised spending. The tables also show the 2015/16 Audited outcome.

The department is projecting a balanced budget for all three programmes at year-end. However, only 39.6 per cent of the department's annual budget was spent at mid-year, which is lower than the straight-line benchmark of 50 per cent after six months. This is largely explained in the paragraphs below the table.

Table 1.16 : Actual payments and revised spending projections by programme

Table 10: Total payments and revised spending projections by programme							
R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
1. Administration	93 063	89 917	39 295	43.7	50 622	56.3	89 917
2. Institutional Development	299 475	297 876	114 766	38.5	183 110	61.5	297 876
3. Policy and Governance	299 529	302 525	119 134	39.4	183 391	60.6	302 525
Total	692 067	690 318	273 195	39.6	417 123	60.4	690 318

Table 1.17 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
Current payments	574 427	554 845	231 877	41.8	322 968	58.2	554 845
Compensation of employees	229 945	264 438	123 884	46.8	140 554	53.2	264 438
Goods and services	344 482	290 407	107 993	37.2	182 414	62.8	290 407
Interest and rent on land		-		-	-	-	-
Transfers and subsidies to:	81 570	102 630	30 188	29.4	72 442	70.6	102 630
Provinces and municipalities	77	80	80	100.0	-	-	80
Departmental agencies and accounts	56 020	75 260	24 122	32.1	51 138	67.9	75 260
Higher education institutions		-		-	-	-	-
Foreign governments and international organisations		-		-	-	-	-
Public corporations and private enterprises		-		-	-	-	-
Non-profit institutions		27	27	100.0	-	-	27
Households	25 473	27 263	5 959	21.9	21 304	78.1	27 263
Payments for capital assets	33 298	30 603	8 890	29.0	21 713	71.0	30 603
Buildings and other fixed structures	2 271	9 937	3 581	36.0	6 356	64.0	9 937
Machinery and equipment	27 197	16 101	4 614	28.7	11 487	71.3	16 101
Heritage assets	3 683	4 500	695	15.4	3 805	84.6	4 500
Specialised military assets		-		-	-	-	-
Biological assets		-		-	-	-	-
Land and subsoil assets		-		-	-	-	-
Software and other intangible assets	147	65		-	65	100.0	65
Payments for financial assets	2 772	2 240	2 240	100.0	-	-	2 240
Total	692 067	690 318	273 195	39.6	417 123	60.4	690 318

- Spending against Programme 1 is at 43.7 per cent of the annual budget which is below the straight-line benchmark of 50 per cent, mainly due to under-spending against *Compensation of employees* in respect of lengthy recruitment processes, staff exits and the moratorium on the filling of non-critical posts, as well as *Goods and services* with regard to the non-purchase of furniture and equipment.
- Spending on Programme 2 is at 38.5 per cent of the annual budget, below the straight-line benchmark of 50 per cent. This is mainly due to delays with the Integrity Management roadshows, the postponement of the launch of the Integrity Management call centre to next year, as well as invoices received later than anticipated, as mentioned. This programme is anticipated to be fully spent at year-end. This is realistic, given prior year trends.
- Spending on Programme 3 is, at 39.4 per cent of the annual budget, below the straight-line benchmark of 50 per cent. There was low spending on *Goods and services* because events, such as the Heritage/King Shaka Day celebrations will only be paid for in the third quarter, as well as planned heritage events such as unveiling of monuments and construction of tombstones of past struggle stalwarts, did not take place in the first six months as anticipated due to the need to first undertake extensive consultation with relevant stakeholders. It must be noted that R8 million relating to the refurbishment of the four palaces (eNyokeni, KwaKhangela, KwaDlamahlahla and Linduzulu) was approved as a roll-over and is therefore included in the Adjusted Appropriation.

In respect of economic classification, the following end-of-year analysis is made:

- It is noted that the high projected expenditure in the remaining quarters against *Compensation of employees* is a result of the projected filling of critical vacant posts that exist within the department. The department is making a concerted effort to try and remain within budget and one of the undertakings was not to fill all the posts in its approved organisational structure in one year, but rather to adopt a phased-in approach. The department needs to review its projections though, to factor in the slow progress they have made in filling these posts thus far. Projections for the third and fourth quarters appear far too high, if posts are only in the process of being filled now, and it is likely that there will be savings at year-end.
- Only 37.2 per cent of the annual budget has been spent thus far against *Goods and services*. Quite a substantial amount is anticipated to be utilised in the final two quarters attributed to the fact that most of the department's events, such as the Premier's Service Excellence Awards, His Majesty, the King's birthday celebrations, etc., take place from the third quarter onward.

Vote 1: Office of the Premier

- In respect of *Transfers and subsidies*, the department was significantly below the annual budget at 29.4 per cent. This is mainly attributed to lower than anticipated transfers to Amafa and Royal Household Trust, as well as lower than anticipated staff exit costs.
- With regard to *Payments for capital assets*, the following analyses is made:
 - *Buildings and other fixed structures* is anticipated to be fully spent at year-end. As mentioned, R8 million for the refurbishment of the four palaces (eNyokeni, KwaKhangela, KwaDlamahlahla and Linduzulu) was approved as a roll-over and is included in the Adjusted appropriation.
 - *Machinery and equipment* is anticipated to be fully spent at year-end, despite only having spent 28.7 per cent of the annual budget at mid-year.
 - *Heritage assets* is anticipated to be fully spent at year-end, despite only having spent 28.7 per cent of the annual budget at mid-year.
- With regard to *Payments for financial assets*, the last instalment of the first charge for the former Department of the Royal Household was paid in the first half of the year.

Table 1.A : Summary by economic classification : Office of the Premier

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	583 282	-	-	(30 662)	-	4 419	(26 243)	557 039
Compensation of employees	275 611	-	-	(14 697)	-	3 524	(11 173)	264 438
Salaries and wages	250 467	-	-	(15 037)	(1 553)	3 165	(13 425)	237 042
Social contributions	25 144	-	-	340	1 553	359	2 252	27 396
Goods and services	307 671	-	-	(15 965)	-	895	(15 070)	292 601
Administrative fees	6 483	-	-	(3 953)	-	21	(3 932)	2 551
Advertising	39 751	-	-	657	-	104	761	40 512
Assets less than capitalisation threshold	7 370	-	-	2 340	-	16	2 356	9 726
Audit cost: External	4 338	-	-	(60)	-	-	(60)	4 278
Bursaries: Employees	1 444	-	-	(290)	-	-	(290)	1 154
Catering: Departmental activities	16 245	-	-	(4 383)	-	-	(4 383)	11 862
Communication (G&S)	13 493	-	-	2 111	-	50	2 161	15 654
Computer services	32 727	-	-	1 278	-	5	1 283	34 010
Cons & prof serv: Business and advisory services	36 922	-	-	(12 622)	-	-	(12 622)	24 300
Cons & prof serv: Infras and planning	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	265	-	-	1 977	-	52	2 029	2 294
Contractors	24 845	-	-	(2 294)	-	21	(2 273)	22 572
Agency and support / outsourced services	5 216	-	-	729	-	-	729	5 945
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl. govt motor transport)	5 876	-	-	816	-	-	816	6 692
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	10	-	-	-	-	-	-	10
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	4 436	-	-	(321)	-	14	(307)	4 129
Consumable: Stationery, printing and office supplies	10 297	-	-	(754)	-	193	(561)	9 736
Operating leases	10 622	-	-	273	-	47	320	10 942
Property payments	12 496	-	-	2 707	-	21	2 728	15 224
Transport provided: Departmental activity	11 206	-	-	(1 900)	-	-	(1 900)	9 306
Travel and subsistence	44 024	-	-	(3 241)	-	351	(2 890)	41 134
Training and development	4 516	-	-	1 332	-	-	1 332	5 848
Operating payments	678	-	-	197	-	-	197	875
Venues and facilities	14 411	-	-	(564)	-	-	(564)	13 847
Rental and hiring	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	56 488	-	-	26 887	-	19 255	46 142	102 630
Provinces and municipalities	54	-	-	26	-	-	26	80
Provinces	54	-	-	26	-	-	26	80
Provincial Revenue Funds	54	-	-	-	-	-	-	54
Provincial agencies and funds	-	-	-	26	-	-	26	26
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	45 195	-	-	10 810	-	19 255	30 065	75 260
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	45 195	-	-	10 810	-	19 255	30 065	75 260
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	27	-	-	27	27
Households	11 239	-	-	16 024	-	-	16 024	27 263
Social benefits	1 067	-	-	2 024	1 064	-	3 088	4 155
Other transfers to households	10 172	-	-	14 000	(1 064)	-	12 936	23 108
Payments for capital assets	16 680	8 000	-	5 923	-	-	13 923	30 603
Buildings and other fixed structures	1 987	8 000	-	(50)	-	-	7 950	9 937
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	1 987	8 000	-	(50)	-	-	7 950	9 937
Machinery and equipment	10 128	-	-	5 915	-	-	5 915	16 043
Transport equipment	2 972	-	-	1 803	-	-	1 803	4 775
Other machinery and equipment	7 156	-	-	4 112	-	-	4 112	11 268
Heritage assets	4 500	-	-	58	-	-	58	4 558
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	65	-	-	-	-	-	-	65
Payments for financial assets	2 194	-	-	(2 148)	-	-	(2 148)	46
Total	658 644	8 000	-	-	-	23 674	31 674	690 318
Amount to be voted								31 674
of which: Unauth. Exp. (1st charge) not available for spending	(2 194)							(2 194)
Baseline available for spending after first charge	656 450							688 124