

Vote 2

Free State Legislature

Adjusted budget summary

R thousand	Main appropriation	Special appropriation	Adjusted appropriation	Decrease	Increase
Total amount to be appropriated	181 692		214 138		32 446
<i>of which economic classification:</i>					
Current payments	152 441		156 160		3 719
Transfers and subsidies	27 254		44 070		16 816
Payments for capital assets	1 997		13 908		11 911
Payments for financial assets					
<i>of which source of funding:</i>					
Equitable Share	158 255		175 255		17 000
Conditional Grants					
Earmarked funds					
LSS Fund			1 293		1 293
Own Revenue			1 050		1 050
Retained Revenue			13 103		13 103
Provincial Receipts	23 437		23 437		
Direct charge against the Provincial Revenue Fund	181 692		214 138		32 446
Amount not to be appropriated - Aid Assistance					
Executive Authority	Speaker to the Legislature: Hon MG Qabathe				
Accounting Officer	Secretary to the Legislature: Adv. TS Mokoena				
Website address	www.fsl.gov.za				

Aim

To provide funding for the legislative and institutional support services required by the Legislature to fulfil its constitutional function.

Changes to programme purposes, objectives and measures

There were no changes to the programmes purposes, objective and measures. The Free State Legislature has thus not experienced or changed any indicators in the financial year 2015/16.

2015 Adjusted Estimates of Provincial Revenue & Expenditure

Table 2.1(a): Adjusted Estimates per programme

		2015/16						
Programme	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
			Unforeseeable Roll-overs	Virements /unavoidable and shifts	Declared unspent funds	Other adjustments		
R'thousand								
Administration	97 903					15 379	15 379	113 282
Facilities & Benefits for Members	28 328					17 056	17 056	45 384
Parliamentary Services	32 024					11	11	32 035
Subtotal	158 255					32 446	32 446	190 701
Direct charge against the Provincial Revenue Fund								
Item	23 437							23 437
Total	134 818					32 446	32 446	214 138

Economic classification

Table 2.1(b): Adjusted Estimates by economic classification

Economic classification	Main appropriation	Special appropriation	Adjustments Appropriation				Total adjustment appropriation	Adjusted appropriation
			Unforeseeable Roll-overs	Virements /unavoidable and shifts	Declared unspent funds	Other adjustments		
R'thousand								
Current payments	152 441					3 719	3 719	156 160
Compensation of employees	99 168					1 270	1 270	100 438
Goods and Services	53 273					2 449	2 449	55 722
Interest and rent on land								
Transfers and subsidies to	27 254					16 816	16 816	44 070
Provinces and municipalities	0							
Departmental agencies and accounts	25 701					16 816	16 816	42 517
Universities and technikons	13							13
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions	240							240
Households	1 300							1 300
Payments for capital assets	1 997					11 911	11 911	13 908
Buildings and other fixed structures								
Machinery and equipment	1 868					11 911	11 911	13 779
Cultivated assets								
Software and other intangible assets	129							129
Land and subsoil assets								
Heritage assets								
Payments for financial assets								
Total	181 692					32 446	32 446	214 138

Programme 1: Administration

Table 2.1.1: Adjusted Estimates

Programme 1	2015/16								
	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Roll-overs		
R'thousand									
Office of the Secretary	28 186				1 267		1 791	3 058	31 244
Office of the Speaker	17 339				(1 267)			(1 267)	16 072
Financial Management	33 000						12 489	12 489	45 489
Corporate Services	19 378						1 099	1 099	20 477
Total	97 903						15 379	15 379	113 282
Economic classification									
Current payments	94 473						3 468	3 468	97 941
Compensation of employees	52 958						1 259	1 259	54 217
Goods and Services	41 515						2 209	2 209	43 724
Interest and rent on land									
Transfers and subsidies to	1 553								1 553
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons	13								13
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions	240								240
Households	1300								1 300
Payments for capital assets	1 877						11 911	11 911	13 788
Buildings and other fixed structures									
Machinery and equipment	1748						11911	11 911	13 659
Cultivated assets									
Software and other intangible assets	129								129
Land and subsoil assets									
Heritage assets									
Payments for financial assets									
Total	97 903						15 379	15 379	113 282

Direct Charges

Table 2.1.4: Adjusted Estimates

		2015/16								
Subprogramme	R thousand	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation	
				Roll-overs	Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds			Other adjustments
Direct Charges		23 437							23 737	
Total		23 437							23 737	
Economic classification										
Current payments		23 437							23 437	
Compensation of employees		18 932							18 932	
Goods and Services		4 505							4 505	
Interest and rent on land										
Transfers and subsidies to										
Provinces and municipalities										
Departmental agencies and accounts										
Universities and technikon										
Public corporations and private enterprises										
Foreign governments and international organisations										
Non-profit institutions										
Households										
Payments for capital assets										
Buildings and other fixed structures										
Machinery and equipment										
Cultivated assets										
Software and other intangible assets										
Land and subsoil assets										
Heritage assets										
Payments for financial assets										
Total		23 437							23 437	

Programme 2: Facilities and Benefits for Members

Table 2.1.2: Adjusted Estimates

		2015/16						
Facilities and Benefits to Members		Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
R'thousand	Main appropriation		Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Facilities and Benefits to Members	2 627					240	240	2 867
Political Support Services	25 701					16 816	16 816	42 517
Total	28 328					17 056	17 056	45 384
Economic classification								
Current payments	2 627					240	240	2 867
Compensation of employees								
Goods and Services	2 627					240	240	2 867
Interest and rent on land								
Transfers and subsidies to	25 701					16 816	16 816	42 517
Provinces and municipalities								
Departmental agencies and accounts	25 701					16 816	16 816	42 517
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households								
Payments for capital assets								
Buildings and other fixed structures								
Machinery and equipment								
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Payments for financial assets								
Total	28 328					17 056	17 056	45 384

Programme 3: Parliamentary Services

Table 2.1.3: Adjusted Estimates

		2015/16							
Subprogramme	R'thousand	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
				Unforeseeable Roll-overs /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Procedural Services	28 182				(132)			(132)	28 050
Legal Services	3 842				132		11	143	3 985
Total	32 024						11	11	32 035
Economic classification									
Current payments	31 904						11	11	31 915
Compensation of employees	27 278						11	11	27 289
Goods and Services	4 626								4 626
Interest and rent on land									
Transfers and subsidies to									
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technicians									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	120								120
Buildings and other fixed structures									
Machinery and equipment	120								120
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Heritage assets									
Payments for financial assets									
Total	32 024						11	11	32 035

Details of adjustments to Estimates of Provincial Revenue & Expenditure 2015

Other Adjustments

Revenue:

The Provincial Legislature will adjust its budget by thirty two million four hundred and forty six thousand: **R32.446 million**. The amount of **R17.000 million** will be allocated as equitable share. The **R15.446 million** will be sourced in full from the retained revenue of the Legislature as follows:

Section 23 of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No 10 of 2009) provides for the Legislature to retain revenue. The Legislature Support Programme (EU) amounts to **R1.293 million** which is funded by the South African Legislative Sector Association. The retained revenue as reported in the statement of changes in net assets for 2014/15 is **R13.103 million** and own revenue generated through interest on investments and disposal of assets is recorded as **R1.050 million**.

Programme 1: Administration**Compensation of Employees**

The Legislature has awarded a notch increment for employees who have been in the employ since 2010 and have not received recognition for years of service. The recorded cost of the pay progression to be appropriated in Programme 1 is **R0.884 million**.

Vacancies linked to the implementation of the Financial Management of Parliament and Provincial Legislatures Act, Act 10 of 2009, primarily in Finance, Supply Chain Management, Speaker's Office and Internal Audit have been identified for filling. **R0.375 million** has been allocated for the current period.

Good and Services

The FMPPA, 2009 was implemented as of 01 April 2015, thus requiring the changes in budget & reporting methods, from modified cash to GRAP standards. The migration to GRAP requires system upgrades (PROMUN and Caseware) as well as consultancy fees. The Voter Education campaign as a new initiative by the Office of the Speaker is also recorded. The combined costs of **R1.293 million** will be funded from retained revenue emanating from the LSS donation (European Programme).

One of the requirements of GRAP is to make provision for non-cash items; the Legislature has to budget for **R0.264 million** for impairment loss. Transitional arrangements are used for other economic classification which has not been budgeted for in the adjustment budget 2015/16.

The Communications budget will also be increased by **R0.652 million**. This adjustment is based on the fact that these line items had a budget cut when Provincial Treasury cut the Legislatures' budget in 2015/16. It is evident in the in-year report that these expenses are unavoidable.

Capital Assets

Two fleet vehicles had been purchased; thus additional funding of **R0.382 million** to set-off the variance needed. Additional funding is required to purchase the ERP system and to conduct a study on the suitable ERP system to be used by the Legislature, hence **R11.529 million** will be allocated towards ERP.

Programme 2: Facilities & Benefits to Members**Transfers and Subsidies**

The Departmental Agencies economic classification projects over expenditure for transfers to political parties. The Legislature thus requires an additional **R32.521 million** to finance its mandate towards political party grants. The Legislature appropriates **R16.816 million** from its retained revenue as additional allocation. Internal reprioritization will be implemented for the shortfall which still exists under transfers.

Goods and Services

The Travel & subsistence line item will also be adjusted by **R0.240 million**. This line item too was affected by the budget cut imposed by Provincial Treasury in the Legislatures' budget for 2015/16.

Programme 3: Parliamentary Services**Compensation of employees**

The Parliamentary Services budget shall be adjusted upwards by **R0.011 million**, this programme too was affected by the payout of recognition of services. Internal shift of funds were processed within the programme to counteract for additional financial implications related to the payment of pay progression.

Virements and shifts**Details on shifts within the Legislature**

Details on Fund Shifts					
Programmes					
Administration		(1 267)			1 267
Facilities & Benefits for Members					
Procedural		-132			132
Direct charge against the Provincial					
FROM:		(1 399)	TO:		1 399
Programme by Economic classification	Motivation	R' thousand	Programme by Economic classification	Motivation	R' thousand
Programme 1		(1 267)	Programme 1		1 267
Goods & Services	To correct the capturing error of communications line item budget	(131)	Goods & Services	To correct the capturing error of communications line item budget	131
Compensation of Employees	Alignment of compensation budget to the changes in the organisational structure	(1 136)	Compensation of Employees	Alignment of compensation budget to the changes in the organisational structure	1 136
Percentage of programme budget		1%	Percentage of programme budget		1%
Programme 3			Programme 3		132
Compensation of Employees	Reprioritization	(132)	Compensation of Employees	Reprioritization	132
Percentage of programme budget		0%	Percentage of programme budget		0%
Total		(1 399)	Total		1 399

Funds shifted within the Programmes**Programme 1: Administration**

An amount of **R0.131 million** has been shifted to Corporate Services from the Speakers office, to correct the erroneous captured allocation of communications line item budget.

The amount of **R1.136 million** was shifted from the Speakers Office to the Office of the Secretary, with the purposes of aligning the budget to the changes made to the organogram.

Programme 3: Parliamentary Services

An amount of **R0.132 million** has been shifted from Procedural Services to Legal Services, as reprioritisation.

Expenditure outcome for 2014/15 and actual expenditure for 2015/16

Table 2.3: Expenditure trends

R thousand	2014/15				2015/16				
	Audited outcome				Actual expenditure				
	Adjusted appropriation	Apr 2014 - Sep 2014	Apr 2014 - Sep 2014 (% of adjusted appropriation)	Apr 2014 - Mar 2015	Apr 2014 - Mar 2015 (% of adjusted appropriation)	Adjusted appropriation / Total (%)	Apr 2015 - Sep 2015	Apr 2015 - Sep 2015 (% of adjusted appropriation)	
Programmes									
Administration	87 311	41 094	47.07%	85 398	97.81%	113 282	52.90%	46 260	40.84%
Facilities & Benefits for Members	58 384	31 513	53.98%	53 048	90.86%	45 384	21.19%	32 016	70.54%
Procedural	33 491	14 449	43.14%	29 938	89.39%	32 035	14.96%	14 352	44.80%
Subtotal	179 186	87 056	48.58%	168 384	93.97%	190 701	89.06%	92 628	48.57%
Direct charge against the Provincial Revenue Fund	24 594	12 974	52.75%	23 797	96.76%	23 437	10.94%	11 007	46.96%
Total	203 780	100 030	49.09%	192 181	94.31%	214 138	100.00%	103 635	48.40%
Economic Classification									
Current payments	146 708	68 829	46.92%	139 234	94.91%	156 160	72.92%	71 857	46.01%
Compensation of employees	95 446	47 108	49.36%	93 695	98.17%	100 438	46.90%	48 108	47.90%
Goods and services	51 262	21 721	42.37%	45 539	88.84%	55 722	26.02%	23 749	42.62%
Interest and rent on land			0.00%		0.00%		0.00%		0.00%
Transfers and subsidies	55 461	29 747	53.64%	50 859	91.70%	44 070	20.58%	30 789	69.86%
Provinces and municipalities			0.00%		0.00%		0.00%		0.00%
Departmental agencies and accounts	54 062	29 472	54.52%	48 690	90.06%	42 517	19.85%	30 372	71.43%
Universities and technikons	12		0.00%		0.00%	13	0.01%		0.00%
Public corporations and private enterprises									
Foreign governments and international organisations							0.00%		0.00%
Non-profit institutions	254	59	23.23%	89		240	0.11%	1	0.42%
Households	1 133	216	19.06%	2 080	183.58%	1 300	0.61%	416	32.00%
Payments for capital assets	1 611	1 454	90.25%	2 047	127.06%	13 908	6.49%	989	7.11%
Buildings and other fixed structures			0.00%		0.00%		0.00%		0.00%
Machinery and equipment	1 500	1 349	89.93%	1 675	111.67%	13 779	6.43%	989	7.18%
Cultivated assets			0.00%		0.00%				
Software and other intangible assets	111	105	94.59%	372	335.14%	129	0.06%		0.00%
Land and subsoil assets			0.00%		0.00%				
Heritage assets					0.00%				
Payments for financial assets			0.00%	41	0.00%		0.00%		0.00%
Total	203 780	100 030	49.09%	192 181	94.31%	214 138	100.00%	103 635	48.40%

Expenditure trends for the first half of the 2015/16

Expenditure in the first half of 2015/16 is recorded at **R103.635 million** which is **48 percent** against the adjusted appropriation. When comparing this to the last financial year expenditure which was recorded at **49 percent**; the expenditure is more or less the same. This means that expenditure is in line with the plans and has reached a trend.

Programme 1: Administration

Expenditure for programme 1 is at **41 percent**, this is however in line with the cash flows of the Legislature. This is however less than the expenditure incurred in 2014/15, but has no significant relation to performance or non-performance.

Programme 2: Facilities and Benefits for Members

The recorded expenditure is **71 percent**, this has been incurred in line with the policy for political party funding and therefore expenditure shall remain within the appropriated budget. This is however more, when compared to the expenditure recorded last year of **54 percent**. The reason for this is because the budget allocation last year was funded in full as opposed to this year.

Programme 3: Parliamentary Services

The spending of **45 percent** is in line with the budget objectives of this programme and cash flows. There is no underspending anticipated. When comparing this expenditure to that of last recorded at **43 percent**, the trend is the same. Therefore meaning that expenditure is indeed as planned.

Departmental receipts

Table 2.4: Departmental receipts

	2014/15 Audited outcome					2015/16 Actual receipts				
	Adjusted estimate	Apr 2014 - Sep 2014		Apr 2015 - Mar 2015		Budget estimate	Adjusted estimate	Adjusted receipts estimate / Total (%)	Apr 2015 - Sep 2015 (% of adjusted estimate)	
		Apr 2014 - Sep 2014	(% of adjusted appropriation)	Apr 2014 - Mar 2015	(% of adjusted estimate)				Apr 2015 - Sep 2015	(% of adjusted estimate)
R thousand										
Departmental receipts	1,230	335	27.24%	1,508	122.60%	1,050	1,050	100.00%	795	75.71%
Tax receipts										0.00%
Sales of goods and services other than capital receipts	140	90	64.29%	171	122.14%	350	50	4.76%	42	84.00%
Transfers received										0.00%
Fines, penalties and forfeits										0.00%
Interest, dividends and rent on land	1,000	190	19.00%	1,246	124.60%	700	700	66.67%	528	75.43%
Sales of capital assets	90	55	61.11%	91	101.11%		300	28.57%	225	75.00%
Financial transactions in assets and liabilities										0.00%
Provincial Revenue Fund receipts (non-departmental receipts)										0.00%
Restructuring proceeds from SASRIA										
Structured levy account from SARB										
Total departmental receipts	1,230	335	27.24%	1,508	122.60%	1,050	1,050	100.00%	795	75.71%

Revenue trends for the first half of 2015/16

The financial Management of Parliament and Provincial Legislatures ACT, 2009 requires that the Legislature must specify its expected revenue. The Legislature is not a revenue generating institution, but has put in means to generate revenue which will assist with the replacement of its assets or where needed.

Collected revenue is **R0.795 million** against anticipated revenue of **R1.050 million** which is at **76 percent**. This is based on the Interest on investments received of **R0.528 million**, sale of capital assets revenue of **R0.225 million** (generated through the sale of vehicles in an auction). The sale of goods and services other than capital assets is **R0.42 million**.

Revenue collected to date is more when compared to that of last year as recorded in Table 2.4. However, revenue received from interest depends on the investments, therefore it cannot be projected more since cash flows depend on the plans of the Legislature.

Changes to transfers and subsidies, including conditional grants

Table 2.5: Summary of changes to transfers and subsidies per programme

2015/16									
R thousand	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	1 403								1 553
Economic sphere									
Current									
Economic classification item									
Households	1 150								1 300
University	13								13
NPO	240								240
2. Facilities & Benefits for Members	25 701						16 816	16 816	42 517
Economic sphere									
Current									
Economic classification item									
Departmental Agencies	25 701						16 816	16 816	42 517
Total transfers and subsidies	27 104						16 816	16 816	44 070