

Vote 4

Department of Free State Provincial Treasury

Adjusted budget summary

R thousand	2015/16				
	Main appropriation	Special appropriation	Adjusted appropriation	Decrease	Increase
Total amount to be appropriated	295 467		307 105	(9 367)	21 005
of which economic classification:					
Current payments	294 373		285 006	(9 367)	
Transfers and subsidies	347		19 519		19 172
Payments for capital assets	747		2 580		1 833
Payments for financial assets					
of which source of funding:					
Equitable Share	215 734		228 372	(91)	12 729
Conditional Grants					
Earmarked funds	62 000		61 000	(1 000)	
Provincial Receipts	17 733		17 733		
Direct charge against the Provincial Revenue Fund	295 467		307 105	(1 091)	12 729
Amount not to be appropriated - Aid Assistance					
Executive Authority	MEC for Provincial Treasury				
Accounting Officer	Director General: Provincial Treasury				
Website address	www.treasury.fs.gov.za				

Aim

Provincial Treasury derives its mandate, core functions and responsibilities from the Public Finance Management Act, (Act 1 of 1999), as amended and Municipal Finance Management Act (Act 56 of 2003).

Changes to programme purposes, objectives and measures**Programme 1: Administration**

Changed purpose: None

Changed objectives and measures: None

Programme 2: Sustainable Resource Management

Changed purpose: None

Changed objectives and measures: None

Changes that occurred in this programme in accordance with work study report for the movement of Infrastructure & PPP unit from Asset Management reporting as a unit under the sub-programme Public Finance

Programme 3: Asset & Liability Management**Changed purpose:** None**Changed objectives and measures:** None

Changes that occurred in this programme in accordance with work study report for the movement of Infrastructure & PPP unit from Asset Management reporting as a unit under the sub-programme Public Finance. The newly created post of Compensation Specialist which reported to the SEM: Asset & Liability Management to be moved to Public Finance as a stand-alone unit to be affected during the Adjustment Budget process.

Programme 4: Financial Governance**Changed purpose:** None**Changed objectives and measures:** None**Programme 5: Municipal Finance Management****Changed purpose:** None**Changed objectives and measures:** None

Changes that occurred in this programme in accordance with work study report for the interchanging of the sub-programmes to districts and the reallocation of officials to be affected during the Adjustment Budget process.

Adjusted Estimates of Provincial Revenue & Expenditure 2015

Table 4.1(a): Adjusted Estimates per programme

2015/16									
Programme	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									
1. Administration	91 499								91 499
2. Sustainable Resource Management	30 355			4 119	(91)			4 028	34 383
3. Asset and Liabilities Management	93 936			(1 869)		11 000		9 131	103 067
4. Financial Governance	20 304			(400)				(400)	19 904
5. Municipal Finance Management	59 373			(1 850)	(1 000)	1 729		(1 121)	58 252
Subtotal	295 467					(1 091)	12 729	11 638	307 105
Direct charge against the Provincial Revenue Fund									
Item									
Total	295 467					(1 091)	12 729	11 638	307 105

Economic classification

Table 4.1(b): Adjusted Estimates by economic classification

Economic classification	Main appropriation	Special appropriation	Adjustments Appropriation					Total adjustment appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R'thousand									
Current payments	294 373				(21 005)	(1 091)	12 729	(9 367)	285 006
Compensation of employees	177 314				(137)		12 729	12 592	189 906
Goods and Services	117 059				(20 868)	(1 091)		(21 959)	95 100
Interest and rent on land									
Transfers and subsidies to	347				19 172			19 172	19 519
Provinces and municipalities					18 850			18 850	18 850
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households	347					322		322	669
Payments for capital assets	747				1 833			1 833	2 580
Buildings and other fixed structures									
Machinery and equipment	747					746		746	1 493
Cultivated assets									
Software and other intangible assets						1 087		1 087	1 087
Land and subsoil assets									
Heritage assets									
Payments for financial assets									
Total	295 467					(1 091)	12 729	11 638	307 105

Programme 1: Administration

Table 4.1.1: Adjusted Estimates

		2015/16						
Subprogramme	R'thousand	Main appropriation	Special appropriation	Adjustment appropriation			Total adjustment appropriation	Adjusted appropriation
				Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds		
1. Office of the MEC	6 568				59		59	6 627
2. Management Services	8 047				4		4	8 051
3. Corporate Services	35 691				(110)		(110)	35 581
4. Financial Management	35 966				47		47	36 013
5. Internal Audit Departmental	5 227				0		0	5 227
Total	91 499							91 499
Economic classification								
Current payments	90 452				(946)		(946)	89 506
Compensation of employees	64 062							64 062
Goods and Services	26 390				(946)		(946)	25 444
Interest and rent on land								
Transfers and subsidies to	347				263		263	610
Provinces and municipalities								
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households	347				263		263	610
Payments for capital assets	700				683		683	1 383
Buildings and other fixed structures								
Machinery and equipment	700				683		683	1 383
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Payments for financial assets								
Total	91 499							91 499

Programme 2: Sustainable Resource Management

Table 4.1.2: Adjusted Estimates

							2015/16		
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation	
			Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R'thousand			Roll-overs						
1. Programme Support	1 506			(19)			(19)	1 487	
2. Economic Analysis	6 701			1013			1 013	7 714	
3. Fiscal Policy	6 896			40			40	6 936	
4. Budget Management	9 799			(41)	(91)		(132)	9 667	
5. Public Finance	5 453			3126			3 126	8 579	
6. Compensation Directorate									
Total	30 355			4 119	(91)		4 028	34 383	
Economic classification									
Current payments	30 355			4 092			4 001	34 356	
Compensation of employees	27 341			2899			2 899	30 240	
Goods and Services	3 014			1193	(91)		1 102	4 116	
Interest and rent on land									
Transfers and subsidies to									
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets				27			27	27	
Buildings and other fixed structures									
Machinery and equipment				27			27	27	
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Heritage assets									
Payments for financial assets									
Total	30 355			4 119			4 028	34 383	

Programme 3: Asset & Liability Management

Table 4.1.3: Adjusted Estimates

2015/16								
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
			Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R'thousand			Roll-overs					
1. Programme Support	1 602				5		5	1 607
2. Asset Management	77 166				329	11 000	11 329	88 495
3. Supporting and Interlinked Financial Systems	15 168				(2 203)		(2 203)	12 965
Total	93 936				(1 869)	11 000	9 131	103 067
Economic classification								
Current payments	93 936				(3 003)	11 000	7 997	101 933
Compensation of employees	40 517				(2 899)	11 000	8 101	48 618
Goods and Services	53 419				(104)		(104)	53 315
Interest and rent on land								
Transfers and subsidies to					18		18	18
Provinces and municipalities								
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households					18		18	18
Payments for capital assets					1 116		1 116	1 116
Buildings and other fixed structures								
Machinery and equipment					29		29	29
Cultivated assets								
Software and other intangible assets					1 087		1 087	1 087
Land and subsoil assets								
Heritage assets								
Payments for financial assets								
Total	93 936				(1 869)	11 000	9 131	103 067

Programme 4: Financial Governance

Table 4.1.4: Adjusted Estimates

		2015/16						
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. Program Support	2053				80		80	2 133
2. Accounting Services	12190				(437)		(437)	11 753
3. Risk Management and Internal Audit Provin	6061				(43)		(43)	6 018
Total	20 304				(400)		(400)	19 904
Economic classification								
Current payments	20 257				(426)		(426)	19 831
Compensation of employees	19 009				(419)		(419)	18 590
Goods and Services	1 248				(7)		(7)	1 241
Interest and rent on land								
Transfers and subsidies to					19		19	19
Provinces and municipalities								
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households					19		19	19
Payments for capital assets	47				7		7	54
Buildings and other fixed structures								
Machinery and equipment	47				7		7	54
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Payments for financial assets								
Total	20 304				(400)		(400)	19 904

Programme 5: Municipal Finance Management

Table 4.1.5: Adjusted Estimates

		2015/16						
Subprogramme		Adjustment appropriation						Adjusted appropriation
		Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustment appropriation		
R'thousand	Main appropriation	Special appropriation	Roll-overs					
1. Program Support	31 710			(1 142)	(1 000)		(2 142)	29 568
2. Thabo Mafutsonyane District	8 136			(1 862)			(1 862)	6 274
3. Fezile Dabi District	6 259			(1 178)			(1 178)	5 081
4. Lejweleputswa	4 038			1 852			1 852	5 890
5. Xhariep District	5 031			63			63	5 094
6. Municipal Risk Man & Internal Audit	4 199			(62)			(62)	4 137
7. MSP and IGR Directorate				479		1 729	2 208	2 208
Total	59 373			(1 850)	(1 000)	1 729	(1 121)	58 252
Economic classification								
Current payments	59 373			(20 722)	(1 000)	1 729	(19 993)	39 380
Compensation of employees	26 384			282		1 729	2 011	28 395
Goods and Services	32 989			(21 004)	(1 000)		(22 004)	10 985
Interest and rent on land								
Transfers and subsidies to				18 872			18 872	18 872
Provinces and municipalities				18 850			18 850	18 850
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households				22			22	22
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	59 373			(1 850)	(1 000)	1 729	(1 121)	58 252

Special appropriation – R0**Details of adjustments to Estimates of Provincial Revenue & Expenditure 2015****Roll-overs – None****Unforeseeable and unavoidable expenditure – None**

Details on virements and shifts within a department

Table 4.2: Details on virements and shifts

Programmes					
1. Administration		(796)			796
2. Sustainable Resource Management		(27)			4 146
3. Asset and Liabilities Management		(4 258)			2 389
4. Financial Governance		(445)			26
5. Municipal Finance Management		(21 122)			19 291
FROM:			TO:		
Programme by Economic classification	Motivation	R' thousand	Programme by Economic classification	Motivation	R' thousand
Programme 1		(796)	Programme 1		796
Goods & Services	Funds for the payment of Finance Leases	(796)	Capital	Finance Leases	683
			Transfers	Leave gratuity paid	113
Percentage of programme budget		-2%			15%
Programme 2		(27)	Programme 2		27
Goods & Services	Funds shifted to procure computer equipment	(27)	Capital	Funds shifted to procure computer equipment	27
Percentage of programme budget		0%			0%
Programme 3		(3 119)	Programme 2		3 119
Compensation of Employees	Approved submission for movement of Infrastructure & PPP division	(2 899)	Compensation of Employees	Approved submission for movement of Infrastructure & PPP division	2 899
Goods & Services	Approved submission for movement of Infrastructure & PPP division	(220)	Goods & Services	Approved submission for movement of Infrastructure & PPP division	220
Percentage of programme budget		-7%			57%
Programme 3		(1 139)	Programme 3		1 139
Compensation of Employees	Funds shifted to procure computer equipment	(91)	Compensation of Employees	Acting allowance	5
Goods & Services	Funds shifted to procure computer equipment	(1 030)	Capital	Funds shifted for software of SCM database and printer	1 116
Goods & Services	Leave gratuity	(18)	Transfers	Leave gratuity paid	18
Percentage of programme budget		-71%			21%
Programme 4		(26)	Programme 4		26
Compensation of Employees	Funds shifted to procure computer equipment	(7)	Capital	Procure printer	7
Goods & Services	Leave gratuity	(19)	Capital	Leave gratuity paid	19
Percentage of programme budget		0%			0%
Programme 4		(419)	Programme 5		419
Compensation of Employees	Funds shifted for structural changes within MFM	(400)	Compensation of Employees	Funds for structural changes within MFM	282
Goods & Services	Leave gratuity	(19)	Goods & Services	Newly created MSP sub-directorate	118
Percentage of programme budget		-1%	Capital	Leave gratuity paid	19
					1%
Programme 5		(22)	Programme 5		22
Good and services	Leave gratuity	(22)	Transfers	Leave gratuity paid	22
Percentage of programme budget		0%			0%
Programme 5		(1 250)	Programme 3		1 250
Good and services	Earmarked funds	(1 250)	Good and services	SITA	1 250
Percentage of programme budget		-4%			4%
Programme 5		(1 000)	Programme 2		1 000
Good and services	Earmarked funds	(1 000)	Good and services	Municipal Feasibility study	1 000
Percentage of programme budget		-3%			3%
Programme 5		(18 850)	Programme 5		18 850
Good and services	Earmarked funds	(500)	Good and services- voted	MFM(MSCOA), MFM Operational Budget and AFS Training	500
Good and services	Earmarked funds	(18 350)	Transfers	Municipalities	18 350
Total		(26 648)			26 648

Programme 1: Administration

Funds shifted within Programme 1 from goods & services to capital to accommodate the shortfall on Finance Leases and leave gratuity paid to retired official.

Programme 2: Sustainable Resource Management

Fund shifts within Programme 2 from goods & services to capital for the procurement of a printer and funds shifted for the approved structural changes for the movement of Infrastructure from Programme 3 to Programme 2.

Programme 3: Assets & Liability Management

Funds shifts within Programme 3 from within compensation of employees for acting allowances, from goods & services for the procurement of a printer, software for the SCM Database and leave gratuity paid for retired official.

Programme 4 : Financial Governance

Funds shifts within Programme 4 from goods & services for the procurement of a desktop and leave gratuity paid for retired official.

Programme 5: Municipal Finance Management

Fund shifts within Programme 5 from within compensation of employees for acting allowances and approved structural changes from sub-directorates to districts from goods & services.

Declared unspent funds – R1.091 million**Programme 2: Sustainable Resource Management**

R91.000 thousand unspent funds has been declared on the item stationery under goods & services to the Department of Social Development towards fight against gangsterism. An amount of R1.000 million was redirected to the department of Social Development for strengthening NGO oversight.

Other adjustments – None**Funds shifted between votes following a transfer of a function**

None

Funds shifted within a vote following a function shift**Programme 2: Sustainable Resource Management**

Changes that occurred in this programme in accordance with work study report for the movement of Infrastructure & PPP unit from Asset Management reporting as a unit under the sub-programme Public Finance

Programme 3: Asset & Liability Management

Changes that occurred in this programme in accordance with work study report for the movement of Infrastructure & PPP unit from Asset Management reporting as a unit under the sub-programme Public Finance. The newly created post of Compensation Specialist which reported to the SEM: Asset & Liability Management to be moved to Public Finance as a stand-alone unit to be affected during the Adjustment Budget process.

Appropriation of expenditure earmarked in the 2015 Budget speech for future allocation

None

Adjustment due to significant and unforeseeable economic and financial events

None

Use of funds in emergency situations

None

Self-financing expenditure

None

Gifts, donations and sponsorship

None

Direct charges against the Provincial Revenue Fund

None

2015 Adjusted Estimates of Provincial Revenue & Expenditure

Expenditure outcome 2014/15 and actual expenditure 2015/16

Table 4.3: 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	Adjusted appropriation / Total (%)	Apr 2015 - Sep 2015	Apr 2015 - Sep 2015 (% of adjusted appropriation)
Programmes									
1. Administration	96 256	40 889	42.5%	92 464	96.1%	91 499	29.8%	45 345	49.6%
2. Sustainable Resource Management	25 486	11 907	46.7%	25 203	98.9%	34 383	11.2%	13 375	38.9%
3. Asset and Liabilities Management	77 628	32 997	42.5%	77 360	99.7%	103 067	33.6%	60 023	58.2%
4. Financial Governance	19 337	20 592	106.5%	19 452	100.6%	19 904	6.5%	8 875	44.6%
5. Municipal Finance Management	25 528			24 584	96.3%	58 252	19.0%	15 208	26.1%
Subtotal	244 235	106 385	43.6%	239 063	97.9%	307 105	100.0%	142 825	46.5%
Direct charge against the Provincial Revenue Fund					0.0%				0.0%
Total	244 235	106 385	43.6%	239 063	97.9%	307 105	100.0%	142 825	46.51%
Economic Classification									
Current payments	239 846	104 507	43.6%	235 099	98.0%	285 006	92.8%	141 428	49.62%
Compensation of employees	158 656	77 110	48.6%	155 791	98.2%	189 906	61.8%	86 798	45.71%
Goods and services	81 190	27 397	33.7%	79 308	97.7%	95 100	31.0%	54 630	57.44%
Interest and rent on land									
Transfers and subsidies	541	394	72.8%	500	92.4%	19 519	6.4%	305	1.56%
Provinces and municipalities						18 850	6.1%		
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households	541	394	72.8%	500	92.4%	669	0.2%	305	45.59%
Payments for capital assets	3 848	1 484	38.6%	3 424	89.0%	2 580	0.8%	1 086	42.09%
Buildings and other fixed structures									
Machinery and equipment	3 848	1 484	38.6%	3 424	89.0%	1 493	0.5%		
Cultivated assets									
Software and other intangible assets						1 087	0.4%	1 086	99.91%
Land and subsoil assets									
Heritage assets									
Payments for financial assets				40	0.0%			6	0.00%
Total	244 235	106 385	43.6%	239 063	97.9%	307 105	100.0%	142 825	46.51%

Expenditure trends for the first half of the 2015/16

The expenditure trends are skewed in the last two quarters of the 2015/16 financial year and could not be aligned with the initial S40 projections due to the following major changes:

Current Payments

Work study reports received with structural changes impacting negatively on the compensation expenditure. Acting allowance cannot be predicted and have an impact on the spending of the department. Annual increases vary from the amount prescribed to be utilized by the budget guide which has the impact that shortage of funds is experienced when implemented. Additional Employment contracts are extended without making budget provision. Moratoriums placed by Department of the Premier without proper guidance on the way forward. Posts not filled in accordance with planned dates impacting the spending trend on the budget. Other unfunded mandates such as Bombenero and claims submitted for shared payment of the opening of the SEISO stadium.

Transfers and subsidies

Leave gratuity paid to retired officials in Programme 1, 3, 4 and 5.

Payments for capital assets

Additional funding needs for finance leases and software for the SCM Database in Programme 1 and 5.

Departmental receipts

Table 4.4: Departmental receipts

	2014/15 Audited outcome					2015/16 Actual receipts				
	Adjusted estimate	Apr 2014 - Sep 2014	Apr 2014 - Sep 2014 of adjusted appropriation (%)	Apr 2014 - Mar 2015	Apr 2014 - Mar 2015 of adjusted estimate (%)	Budget estimate	Adjusted estimate	Adjusted receipts estimate /Total (%)	Apr 2015 - Sep 2015	Apr 2015 - Sep 2015 of adjusted estimate (%)
R thousand										
Departmental receipts	42 481	8 988	21.16%	49 905	117.48%	34 246	11 273	100.00%	7 783	69.04%
Tax receipts										
Sales of goods and services other than capital receipts	128	6 577	5138.28%	261	203.91%	135	115	1.02%	59	51.30%
Transfers received										
Fines, penalties and forfeits		333	0.00%							
Interest, dividends and rent on land	42 168	127	0.30%	49 371	117.08%	33 905	11 042	97.95%	7 666	69.43%
Sales of capital assets				3	0.00%			0.00%		
Financial transactions in assets and liabilities	185	1 951	1054.59%	270	145.95%	206	116	1.03%	58	50.00%
Provincial Revenue Fund receipts (non-departmental receipts)										
Restructuring proceeds from SASRIA										
Structured levy account from SARB										
Total departmental receipts	42 481	8 988	21.16%	49 905	117.48%	34 246	11 273	100.00%	7 783	69.04%

Revenue trends for the first half of 2015/16

The main income generated by Provincial Treasury is linked to interest earned on investments. Equitable share funding is utilized to be invested in order to earn this income. However during the first half of 2015/16 all departments spent most of their funding when received, which had the impact that lessor funding was received for investment which led to lessor interest earned. Currently the department only collected 45 percent of the projected income for the six month period which is not half of the planned income. The situation will remain and therefore the projected revenue collection will be revised in order to provide a more realistic projection in this regard.

Changes to transfers and subsidies, including conditional grants

Table 4.5: Summary of changes to transfers and subsidies per programme

R thousand	2015/16								
	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	347					263		263	610
Economic sphere									
Transfers and Subsidies									
House Holds	347					263		263	610
3. Asset & Liabilities Management						18		18	18
Economic sphere									
Transfers and Subsidies									
Households						18		18	18
Municipalities									
4. Financial Governance						19		19	19
Economic sphere									
Transfers and Subsidies									
Households						19		19	19
5. Municipal Finance Management						18 872		18 872	18 872
Economic sphere									
Transfers and Subsidies									
Provinces & municipalities						18 850		18 850	18 850
Households						22		22	22
Total transfers and subsidies	347					19 154		19 154	19 519

Table 4.6: Summary of changes to provincial earmarked funds

2015/16								
R thousand			Adjustment appropriation				Total adjustments appropriation	Adjusted appropriation
	Main appropriation	Special appropriation	Unforeseeable /unavoidable	Virement and shifts	Declared unspent funds	Other adjustments		
1. Administration	2 000							2 000
Economic sphere								
Current/Capital								
Earmarked fund	2 000							2 000
Item name								
3. Asset & Liability Management	30 000							30 000
Economic sphere								
Current/Capital								
Earmarked fund	30 000							30 000
Item name								
5. Municipal Finance Management	30 000			(2 750)		(1 000)	(3 750)	26 250
Economic sphere								
Transfers				18 850			18 850	18 850
Current/Capital								
Goods & services								
Earmarked fund	30 000			(21 600)		(1 000)	(22 600)	7 400
Item name								
Total earmarked funds	62 000			(2 750)		(1 000)	(3 750)	58 250

Revised Infrastructure project list

Not applicable to Department of Free State Treasury