

## FOREWORD

The 2019 MTEF Budget is presented at the end of the fifth Medium Term Strategic Framework (MTSF) cycle when the world economy and South African economy are anticipated to only grow moderately. The International Monetary Fund (IMF) has lowered its projection for global growth to 3.5 percent in 2019 and 3.6 percent in 2020 from a prior estimate of 3.7 percent in both years.

The national economy experienced a technical recession during 2018 with two consecutive quarters of negative growth, amongst others, due to the poor performance of the mining industry. National Treasury anticipate that the GDP real growth will rise to 1.5 percent in 2019 and strengthen moderately to 2.1 percent in 2021. The province recorded growth of 1.8 percent in 2017 and is expected to continue performing better than that at the national level. The 2017 provincial growth was supported by Waterberg and Sekhukhune districts recording growth of 3.3 percent and 3.1 percent respectively.

Limpopo government ascribes to fiscal consolidation and maintain its commitment to improving the lives of the people of the province. Significant strides have been achieved, people living in poverty reduced from 88 percent to 70 percent, literacy rate increased from 59 percent to 79 percent, people occupying formal dwelling increased to 90 percent from 69 percent while the number of people connected to electricity increased from 49 percent to 94 percent.

Much of the development in the province is based on prudent financial management on all spheres of government. The 2019 budget is carefully crafted taking into account both the economic and social needs of the province. It is aimed at accelerating programmes and projects that will facilitate job creation, improving quality of life, promoting access to basic education, delivery and maintenance of provincial infrastructure and strengthening the capacity of the state. These will be achieved by utilising the most cost effective means to yield the maximum impact possible.



The provincial budget amounts to R69.5 billion in 2019/20, R72.8 billion in 2020/21 and to R77.9 billion in 2021/22 financial years. These allocations truly provides for a road map to a better life for all.

I would like to thank the entire administration of the Limpopo Provincial Government, Head of Department of the Provincial Treasury and the Provincial Treasury staff members, for the help, support and understanding in ensuring that the provincial government remain sustainable and committed to deliver on its mandate.



---

**Hon. RWN Tooley (MPL)**  
**MEC for Finance**

# TABLE OF CONTENTS

|  |             |
|--|-------------|
| <b>FOREWORD</b> .....  | <b>i</b>    |
| <b>ABBREVIATIONS</b> .....   | <b>viii</b> |
| <b>CHAPTER 1: ECONOMIC OVERVIEW</b> .....                          | <b>1</b>    |
| 1.1 Introduction .....   | 1           |
| 1.1 World Economic Overview .....                                  | 1           |
| 1.1.1 World Fiscal Overview .....                                  | 2           |
| 1.2 South African Economic Overview .....                          | 3           |
| 1.2.1 Business Confidence .....                                    | 4           |
| 1.2.2 Consumer Price Index (CPI).....                              | 4           |
| 1.3 Limpopo Economic Overview .....                                | 5           |
| 1.3.1 Limpopo Economic Growth.....                                 | 5           |
| 1.3.2 Tourism Performance in Limpopo.....                          | 6           |
| 1.4 Demographic profile .....                                      | 7           |
| 1.4.1 South African population estimates .....                     | 7           |
| 1.4.2 Provincial population estimates .....                        | 7           |
| 1.5 Labour Market Outlook.....                                     | 9           |
| 1.6 Development indicators.....                                    | 11          |
| 1.6.1 Income Inequality and Human Development Index (HDI).....     | 11          |
| 1.6.2 Poverty .....  | 12          |
| 1.6.3 Crime Outlook.....   | 13          |
| 1.7 Health.....  | 14          |
| 1.7.1 Public healthcare expenditure per person .....               | 14          |
| 1.7.2 Level of satisfaction of public and private healthcare ..... | 15          |
| 1.7.3 Medical aid coverage in Limpopo .....                        | 15          |
| 1.7.4 Limpopo life expectancy for males and female.....            | 16          |
| 1.7.5 Limpopo HIV positive estimates .....                         | 17          |
| 1.8 Education .....  | 17          |
| 1.8.1 GDP per capita and Literacy rate .....                       | 17          |
| 1.8.2 No schooling.....  | 18          |
| 1.8.3 Post Matric Qualification.....                               | 19          |
| 1.8.4 Learner/ Teacher Ratio.....                                  | 19          |
| 1.9 Basic services .....   | 20          |



|  |   |           |
|--|---|-----------|
| 1.9.1  | Housing .....   | 20        |
| 1.9.2  | Sanitation.....   | 21        |
| 1.9.3  | Water Services .....  | 21        |
| 1.9.4  | Access to electricity .....   | 22        |
| 1.9.5  | Provincial Roads Infrastructure.....  | 22        |
| 1.2  | Conclusion .....  | 23        |
| <b>CHAPTER 2: BUDGET STRATEGY AND AGGREGATES .....</b>                     |   | <b>24</b> |
| 2.1.   | Introduction .....  | 24        |
| 2.2.   | Aligning Provincial Budget to achieve Governments Prescribed Outcomes                         | 26        |
| 2.1.1  | Quality Basic Education.....  | 27        |
| 2.1.2  | A long quality life for all.....  | 27        |
| 2.1.3  | All people in South Africa are safe.....  | 28        |
| 2.1.4  | Decent employment through inclusive economic growth .....                                     | 28        |
| 2.1.5  | A skilled and capable work force to support inclusive growth path .....                       | 29        |
| 2.1.6  | An efficient, competitive and responsive economic infrastructure network                      | 30        |
| 2.1.7  | Vibrant, equitable, sustainable rural communities contributing to food security for all. .... | 31        |
| 2.1.8  | Sustainable human settlements and improved quality of household life                          | 32        |
| 2.1.9  | A responsive, accountable, effective and efficient local government system .....              | 32        |
| 2.1.10   | Protect and enhance environmental assets and natural resources ...                            | 33        |
| 2.1.11   | Create a better South Africa, a better Africa and better world .....                          | 33        |
| 2.1.12   | An efficient, effective and development oriented public service .....                         | 33        |
| 2.1.13   | Social Protection .....   | 34        |
| 2.1.14   | Nation building and Social cohesion.....  | 35        |
| 2.2.   | Summary of Budget Aggregates .....  | 35        |
| 2.3.   | Financing .....   | 36        |
| <b>CHAPTER 3: BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK</b> |   | <b>37</b> |
| 3.1  | The relationship between Strategic planning and budget.....                                   | 37        |
| 3.2  | The Budget Allocation Strategies .....  | 37        |
| 3.3  | Provincial Budget Process .....   | 38        |

|                   |   |           |
|-------------------|---|-----------|
| 3.4               | The role of Provincial Treasury .....       | 39        |
| 3.5               | The role of Departments .....               | 40        |
| <b>CHAPTER 4:</b> | <b>RECEIPTS .....</b>                       | <b>41</b> |
| 4.1               | Overall Position .....                      | 41        |
| 4.2               | Equitable Share.....                        | 42        |
| 4.3               | Conditional Grants .....                    | 42        |
| 4.4               | Provincial Own Receipts (Own Revenue) ..... | 46        |
| 4.5               | Donor Funding .....                         | 51        |
| <b>CHAPTER 5:</b> | <b>PAYMENTS .....</b>                       | <b>52</b> |
| 5.1               | 5.1 Overall Position .....                  | 52        |
| 5.2               | Payments by Vote .....                      | 52        |
| 5.3               | Payments by Economic Classification.....    | 55        |
| 5.3.1             | Current Payments.....                       | 56        |
| 5.3.2             | Transfers and subsidies.....                | 57        |
| 5.3.3             | Payment for Capital Assets .....            | 57        |
| 5.4               | Payments by Policy Area .....               | 57        |
| 5.5               | INFRASTRUCTURE MANAGEMENT.....              | 59        |
| 6                 | Transfers.....                              | 63        |
| 7                 | Personnel Numbers and Costs .....           | 64        |
| 8                 | Payments on Training .....                  | 65        |
| <b>ANNEXURES</b>  | <b>.....</b>                                | <b>66</b> |



## TABLE OF FIGURES

|  |    |
|--|----|
| Figure 1: World Gross domestic product (GDP), constant prices Percent change .....   | 2  |
| Figure 2: GDP Constant 2010 prices, seasonally adjusted % change Q-on-Q, annualised.....   | 3  |
| Figure 3: RMB / BER Business Confidence index and SACCI Business Confidence index.....   | 4  |
| Figure 4: CPI for total country: All items .....   | 5  |
| Figure 5: GDP Constant 2010 prices percentage change .....   | 5  |
| Figure 6: International tourism performance and spent in Limpopo 2013-2017 .....   | 6  |
| Figure 7: South African population growth and projections .....  | 7  |
| Figure 8: Provincial population and percentage contribution.....   | 8  |
| Figure 9: Limpopo population estimates by age and sex, 2018 .....  | 8  |
| Figure 10: Limpopo District population growth rate .....   | 9  |
| Figure 11: Number of unemployed people and unemployment rate in Limpopo .....  | 9  |
| Figure 12: Total employment contribution in 2017 .....   | 10 |
| Figure 13: Percentage of unemployed per district.....  | 10 |
| Figure 14: The Gini coefficient and HDI in the Limpopo province .....  | 11 |
| Figure 15: The % and number of people in poverty in Limpopo .....  | 12 |
| Figure 16: A public healthcare spending per person .....   | 14 |
| Figure 17: Limpopo and SA level of satisfaction public and private healthcare .....  | 15 |
| Figure 18: Medical aid coverage in Limpopo ('000).....   | 16 |
| Figure 19: Limpopo life expectancy for males and female .....  | 16 |
| Figure 20: Limpopo HIV positive estimates .....  | 17 |
| Figure 21: GDP per capita and Literacy rate .....  | 18 |
| Figure 22: Share of people with no schooling and by district .....   | 18 |
| Figure 23: Matric only senior phase by district .....  | 19 |
| Figure 24: Learner teacher ratio for Limpopo for private and public schools and growth rate of educators and learners in public schools..... | 20 |
| Figure 25: Provincial road classification 2019 and network by districts 2019.....  | 22 |

## TABLE OF TABLES

|  |    |
|--|----|
| Table 1: World fiscal position (% to GDP) .....  | 3  |
| Table 2: Inequality on district level .....  | 12 |
| Table 3: The poverty levels in the districts .....   | 13 |
| Table 4: The number of cases per category .....  | 13 |
| Table 5: Share of households occupying formal dwellings and formal dwellings<br>backlog..... | 20 |
| Table 6: Share of households with hygiene toilets and sanitation backlogs .....              | 21 |
| Table 7: Share of households with piped water and water backlogs .....                       | 21 |
| Table 8: Share of households with electricity and electricity backlog .....                  | 22 |
| Table 9: National Allocation to Limpopo Province .....                                       | 25 |
| Table 10: Provincial Budget Summary .....  | 36 |
| Table 11: Summary of Provincial Receipts.....  | 41 |
| Table 12: Summary of National Conditional Grant transfers by vote.....                       | 43 |
| Table 13: Provincial Own Revenue per vote .....  | 48 |
| Table 14: Summary of provincial donor funding .....  | 51 |
| Table 15: Summary of provincial payments and Estimates per vote .....                        | 52 |
| Table 16: Payments by economic classification .....  | 56 |
| Table 17: Payments by policy area .....  | 57 |
| Table 18: Summary of provincial infrastructure payments and estimates by vote ....           | 61 |
| Table 19: Summary of provincial infrastructure payments and estimates by category<br>.....   | 62 |
| Table 20: Transfers to Public Entities.....  | 63 |
| Table 21: Provincial Transfer to Local Government .....                                      | 64 |
| Table 22: Summary of provincial personnel numbers and costs by vote .....                    | 64 |
| Table 23: Summary of provincial payments on training.....                                    | 65 |
| Table 24A.1: Details of information on provincial own receipts .....                         | 66 |
| Table 25A.2: Details on information on Conditional Grants.....                               | 67 |
| Table 26 A.3: Details of provincial payments and estimates .....                             | 68 |
| Table 27A.4 (a): Details of payments by functional area .....                                | 69 |
| Table 28A.4 (b): Details of Provincial payments and estimates by function area .....         | 70 |



## ABBREVIATIONS

|         |   |   |
|---------|---|---|
| AIDS    | - | Acquired Immune Deficiency Syndrome                             |
| ART     | - | Antiretroviral Therapy  |
| ARV     | - | Antiretroviral  |
| EAP     | - | Economic Active Population                                      |
| ECD     | - | Early Childhood Development                                     |
| GDP     | - | Gross domestic product  |
| GFCF    | - | Gross Fixed Capital Formation                                   |
| GHS     | - | General Household Survey  |
| GOS     | - | Gross Operating Surplus   |
| GVA     | - | Gross Value Added   |
| HDI     | - | Human Development Index   |
| HIV     | - | Human Immunodeficiency Virus                                    |
| IMF     | - | International Monetary Fund                                     |
| LDP     | - | Limpopo Development Plan  |
| LED     | - | Local Economic Development                                      |
| LICs    | - | Low Income Countries  |
| LTA     | - | Limpopo Tourism Agency  |
| NDP     | - | National Development Plan                                       |
| NHI     | - | National Health Insurance                                       |
| OECD    | - | Organization for Economic Cooperation and Development           |
| QLFS    | - | Quarterly Labour Force Survey                                   |
| Q-on-Q  | - | Quarter on Quarter  |
| RDTs    | - | Rapid Diagnostic Tests  |
| SA      | - | South African   |
| SADC    | - | Southern Africa Development Community                           |
| SASSA   | - | South African Social Security Agency                            |
| SDGs    | - | Sustainable Development Goals                                   |
| SERO    | - | Socio Economic Review and Overview                              |
| SEZs    | - | Special Economic Zone   |
| StatsSA | - | Statistics South Africa   |
| TVET    | - | Technical and Vocational Education and Training                 |
| UK      | - | United Kingdom  |
| UN      | - | United Nations  |
| UNESCO  | - | United Nations Educational Scientific and Cultural organization |
| US      | - | United States   |
| USA     | - | United States of America  |
| WHO     | - | World Health Organization's                                     |
| WIDE    | - | World Inequality Database on Education                          |
| WTO     | - | World Trade Organization  |



# CHAPTER 1: ECONOMIC OVERVIEW

## 1.1 Introduction

Countries worldwide are constantly in an adjustment mode, rebalancing from eminent development from trade, politics, natural disasters to complicated and perpetual wars. Uncertainty always presents high levels of risks and may lead to underinvestment which in return may lead to low economic growth. Trade tariffs and sporadic radical policies affecting developing economies more as their policies inevitably depends on advanced economy's policy action. In the medium term, world economy is expected to be less volatile with much economic growth coming from advanced and emerging economies. South Africa needs to position itself and take advantage of taking policy action that will grow its export base and attract foreign direct investment in the country which will bring in expert skills and research and development. Though economic growth is pivotal, sustainable economic development will happen when there's positive and sustained economic growth. As advocated by the Sustainable Development Goals- South Africa must pursue inclusive economic growth that will benefit people and not only the owners of capital

## 1.1 World Economic Overview

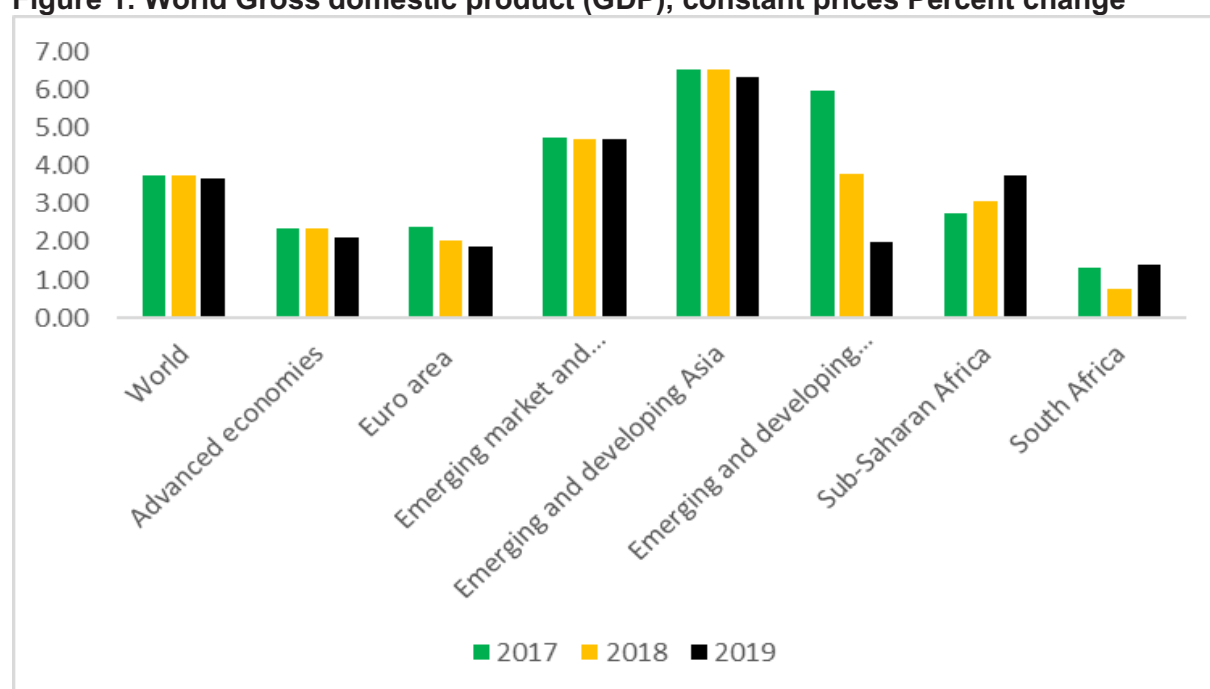
The world is manoeuvring through the difficult storms of trade and political uncertainty. This is evidenced by the ongoing spats between United States of America and China. This has multiplier effects, particularly in developing economies which heavily rely on these economic giants as their export market. South Africa suffered because of the import duties levied by the USA, however the country managed to remain resilient as it exited the technical recession boosted by manufacturing and Financial Services sector.

Global economic growth rate averaged 3.6 percent since 2014 maintaining positive yet moderate trends amidst trade and geopolitical tensions. These tensions, combined with concerns about softening global growth prospects, have weighed on investor sentiment. World economic growth in 2018 is projected to be 3.7 percent. Global



growth is projected by the IMF to decline to 3.6 percent in 2019 before picking up slightly to 3.7 percent in 2020. The World Bank is even more bearish than the IMF, only expecting 2.9 percent world economic growth during 2019. This growth pattern reflects a persistent decline in the growth rate of advanced economies together with a temporary decline in the growth rate for emerging market and developing economies in 2019. The current trade tensions between America and China had a bigger negative impact on China than America.

**Figure 1: World Gross domestic product (GDP), constant prices Percent change**



Source: IMF World Economic Outlook Database, October 2018

### 1.1.1 World Fiscal Overview

General government debt levels are rising in all the regions, this is indicative of counter cyclical fiscal policy stance of many economies that sought to stimulate economic growth through stimulated aggregate demand. Many countries have sizable government debt and primary fiscal deficits, elevated or rising private debt, and high non-performing loans. Corporate borrowers have increasingly relied on bond markets to finance rising debt levels, and now face significant refinancing needs amid rising interest rates. This could result in sudden increases in corporate default rates and have a sustained negative effect on investment and financial stability.

**Table 1: World fiscal position (% to GDP)**

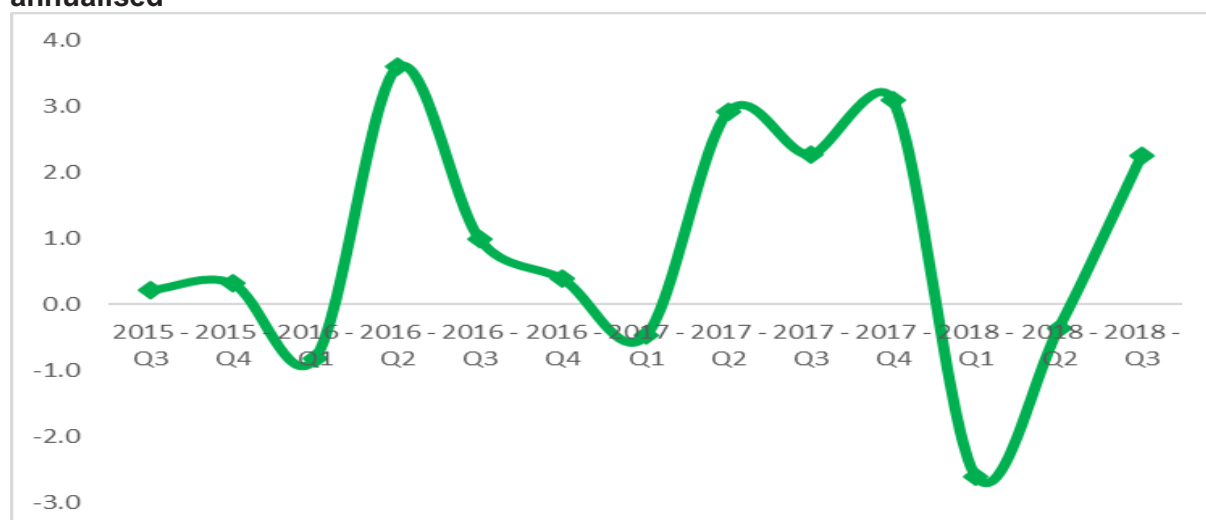
|   | General government revenue | General government total expenditure | General government gross debt |
|---|----------------------------|--------------------------------------|-------------------------------|
| <b>World</b>                                    | 36.0                       | 38.5                                 | 102.8                         |
| <b>Advanced economies</b>                       | 36.0                       | 38.5                                 | 102.8                         |
| Euro area                                       | 45.9                       | 46.5                                 | 84.4                          |
| <b>Emerging market and developing economies</b> | 26.8                       | 30.7                                 | 50.4                          |
| Emerging and developing Asia                    | 25.9                       | 30.1                                 | 51.3                          |
| Emerging and developing Europe                  | 35.4                       | 38.0                                 | 43.5                          |
| <b>Sub-Saharan Africa</b>                       | 18.7                       | 22.9                                 | 48.5                          |

Source: IMF World Economic Outlook Database, October 2018

## 1.2 South African Economic Overview

The country emerged from a technical recession and reported positive growth in the 3rd quarter of 2018 of 2.2 percent supported by the manufacturing sector and broadly the tertiary sector that experienced improved growth rates. The largest positive contributors to growth in GDP in the third quarter were the manufacturing, finance, transport and trade industries. National Treasury estimates that growth in 2019 will be 1.5 percent, followed by a slow improvement in 2020 to 1.7 percent and 2.1 percent in 2021.

**Figure 2: GDP Constant 2010 prices, seasonally adjusted % change Q-on-Q, annualised**

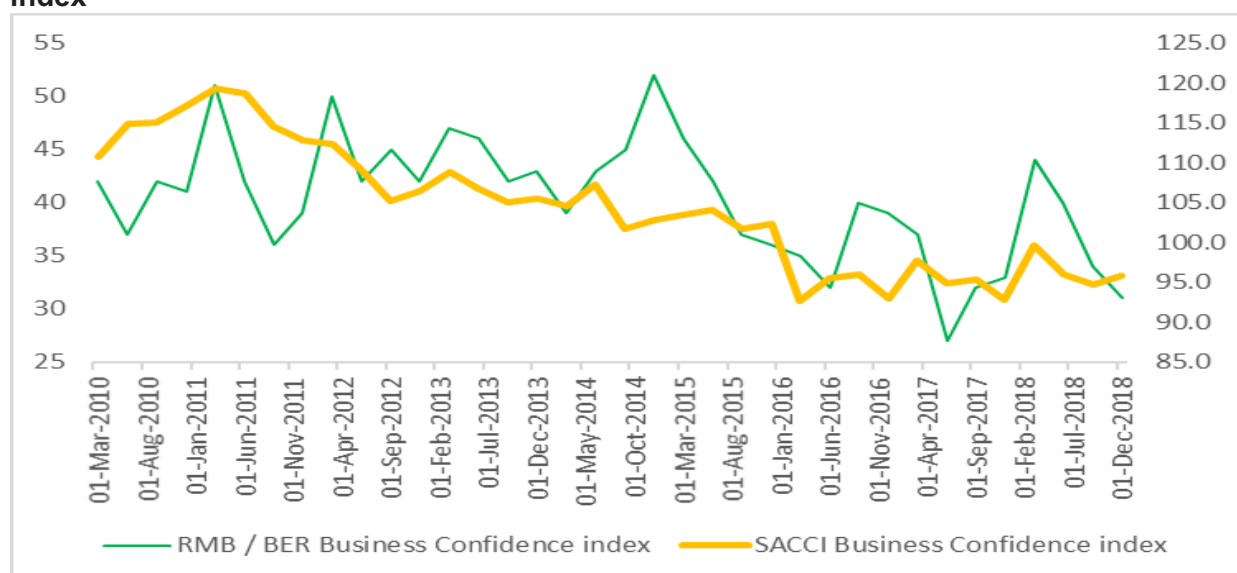


Source: STATSSA GDP 2018Q3

### 1.2.1 Business Confidence

RMB / BER Business Confidence index was reported to be 27 points in the second quarter of 2017, but improved to 44 points in the first half of 2018. It is rather concerning to observe a decline in the last quarter of 2018 to 31 points. SACCI Business Confidence index does not deviate from the RMB / BER Business Confidence index trends, however it recorded improved business confidence of 95.8 points in the fourth quarter of 2018 from 94.7 points in the third quarter. Investor sentiments are indifferent determined largely by the eminent national elections-national policy direction, international trade developments and movements in the financial markets.

**Figure 3: RMB / BER Business Confidence index and SACCI Business Confidence index**

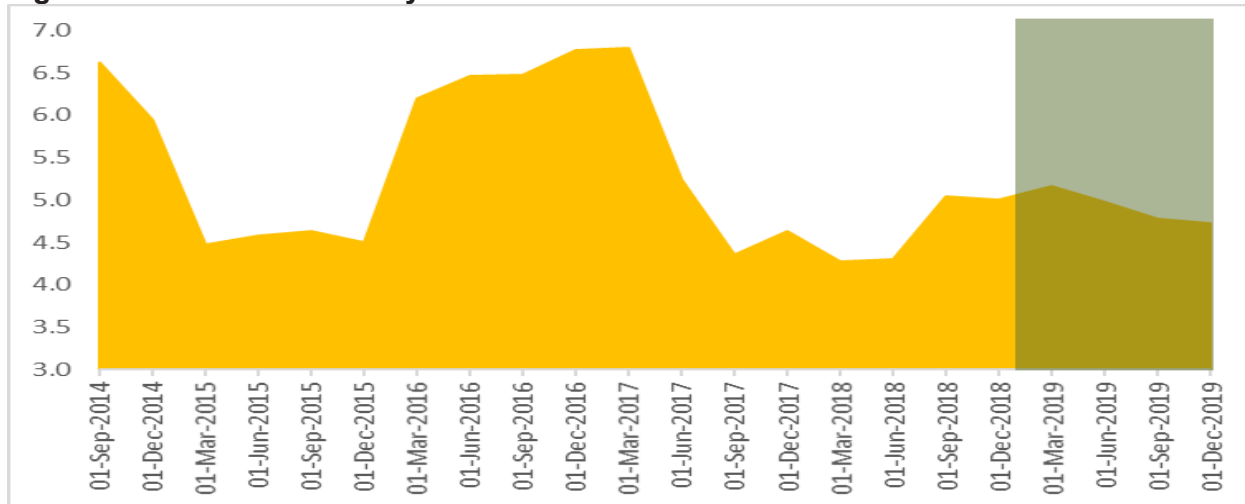


Source: Econostat 2019

### 1.2.2 Consumer Price Index (CPI)

By fourth quarter of 2018, headline CPI was recorded at 5.0. It is anticipated that it might rise to 5.2 in the first quarter of 2019 but moderate through the rest of the year, provided that the USA does not increase its interest rate, which is not likely, and crude oil prices remain stationary. It is therefore expected that wage increases will be moderate unlike in 2014 and 2016 period where headline inflation was around 6.5 percent.

**Figure 4: CPI for total country: All items**



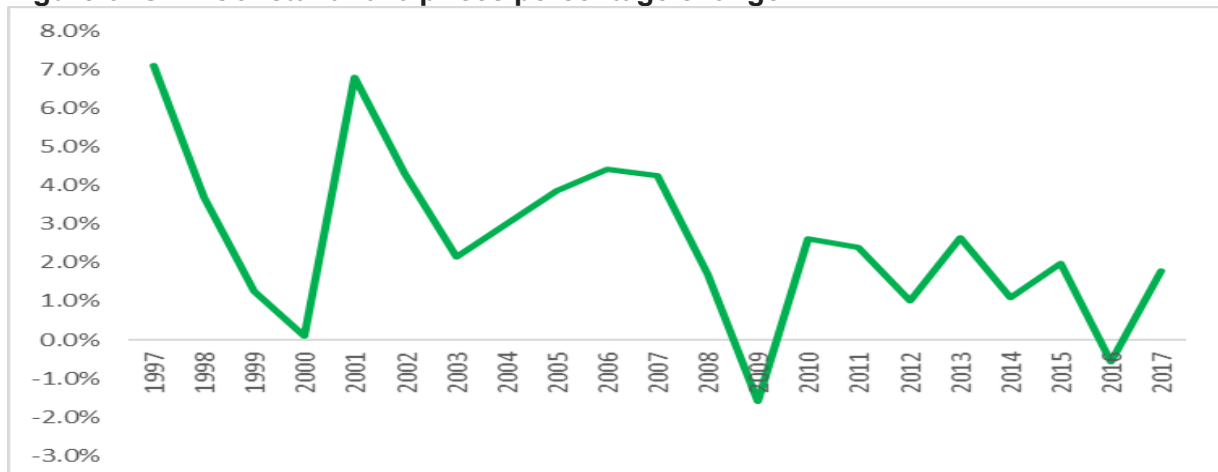
Source: Econostat 2019 (Forecasts Own calculation)

### 1.3 Limpopo Economic Overview

#### 1.3.1 Limpopo Economic Growth

The provincial economy has been underperforming or experiencing a negative growth trajectory since 1997. In 2017, the province recorded growth of 1.8 percent, an improvement from -0.6 percent in 2016. The 2017 growth was supported by Waterberg and Sekhukhune districts recording growth of 3.3 percent and 3.1 percent respectively. The subdued provincial growth can be associated with unfavourable commodity prices, increasing operating expenses for mines and the El Nino climate phenomenon that farmers are still recovering from.

**Figure 5: GDP Constant 2010 prices percentage change**

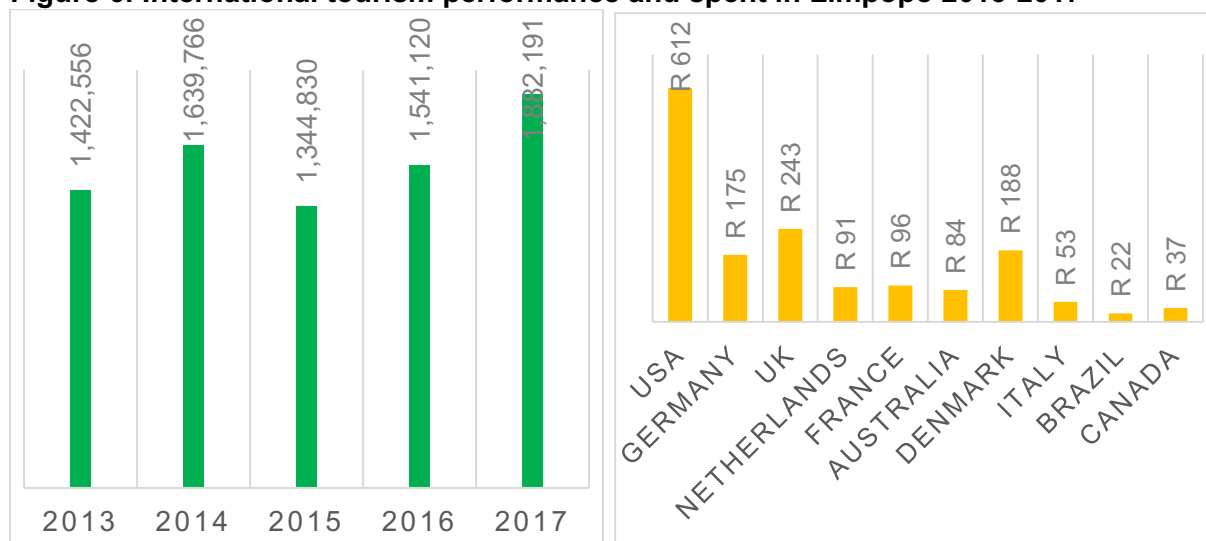


Source: IHS Markit Regional Explorer 2019

### 1.3.2 Tourism Performance in Limpopo

Limpopo recorded the second most visits per province by international tourists, with more than 1.8 million international arrivals in 2017. This reflects a 22 percent increase from 2016 and is a clear indication that Limpopo remains a competitive tourist destination in the international market. The current economic recession in South Africa and the favourable exchange rate of the Rand, also makes it more affordable for international tourists to visit South Africa. The main long-haul international markets of the province are USA, Germany, UK, Netherlands, France, Australia, Denmark, Italy, Brazil, and Canada.

**Figure 6: International tourism performance and spent in Limpopo 2013-2017**



Source: South African Tourism

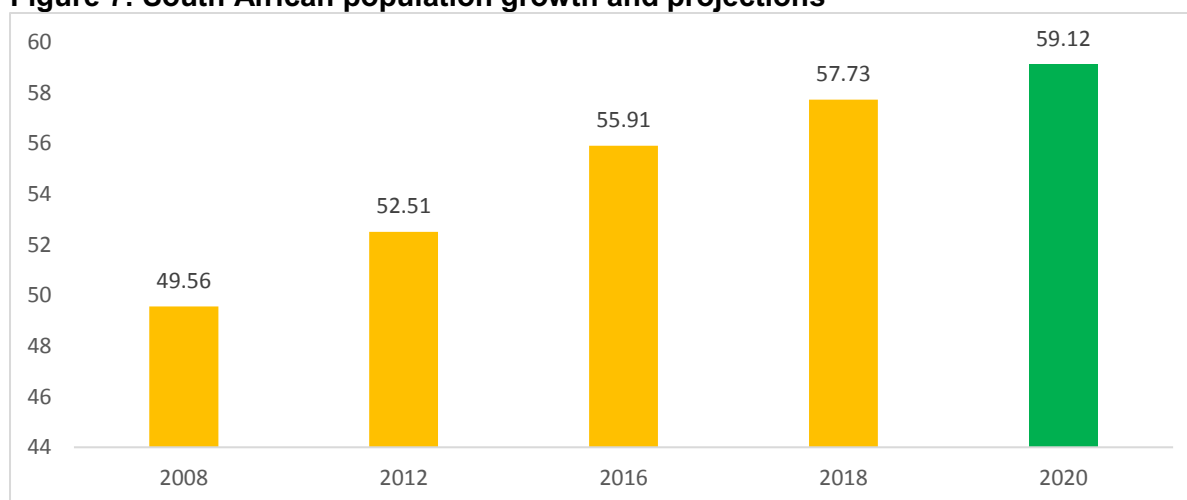
The number of local tourism arrivals increased from just more than 1.4 million visitors during 2013 to more than 1.8 million during 2017. From the Figure above it is clear that the biggest tourism spend in Limpopo still comes from the traditional international markets of the United States of America, Germany, United Kingdom and the rest of Europe.

## 1.4 Demographic profile

### 1.4.1 South African population estimates

South African population is increasing by an average of 3 percent every four years. This implies that service delivery and the economy should grow at a higher rate than 3 percent, in real terms, in order to curb the rise in service delivery backlogs and mitigate the risk of stagflation. In 2018, total population was 57.7 million and is projected to be 59.1 million in 2020.

**Figure 7: South African population growth and projections**

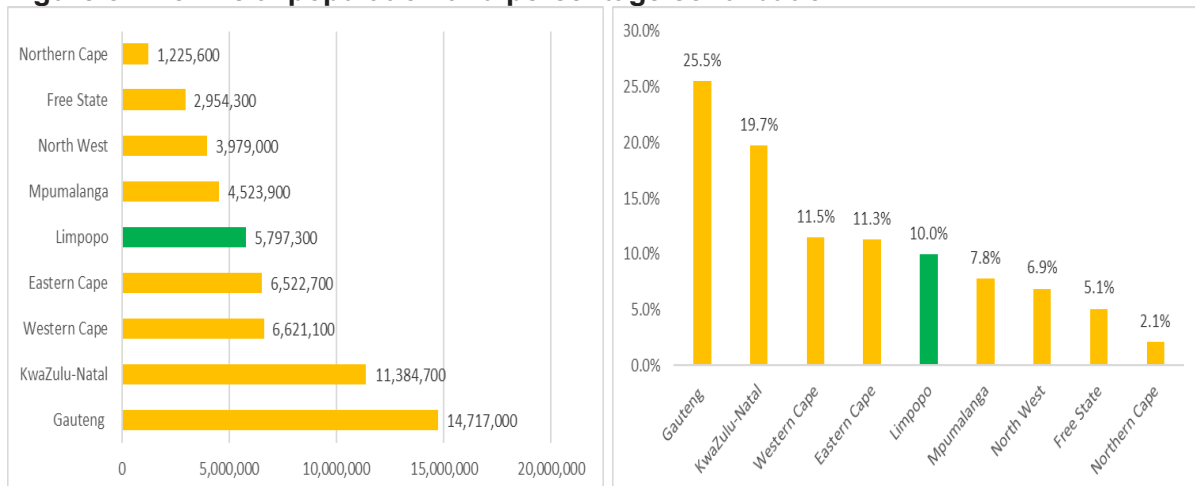


Source: StatsSA Mid-Year population estimates 2018

### 1.4.2 Provincial population estimates

Limpopo has a population of approximately 5.8 million which represents 10 percent of the national population. Limpopo has the fifth largest population in the country after Gauteng with 14.7 million (25.5 percent), KwaZulu Natal with 11.4 million (19.7 percent), Western Cape with 6.6 million (11.5 percent) and Eastern Cape at 5.5 million (11.3 percent). The province with the least number in terms of population is Northern Cape at 1.2 million (2.1 percent).

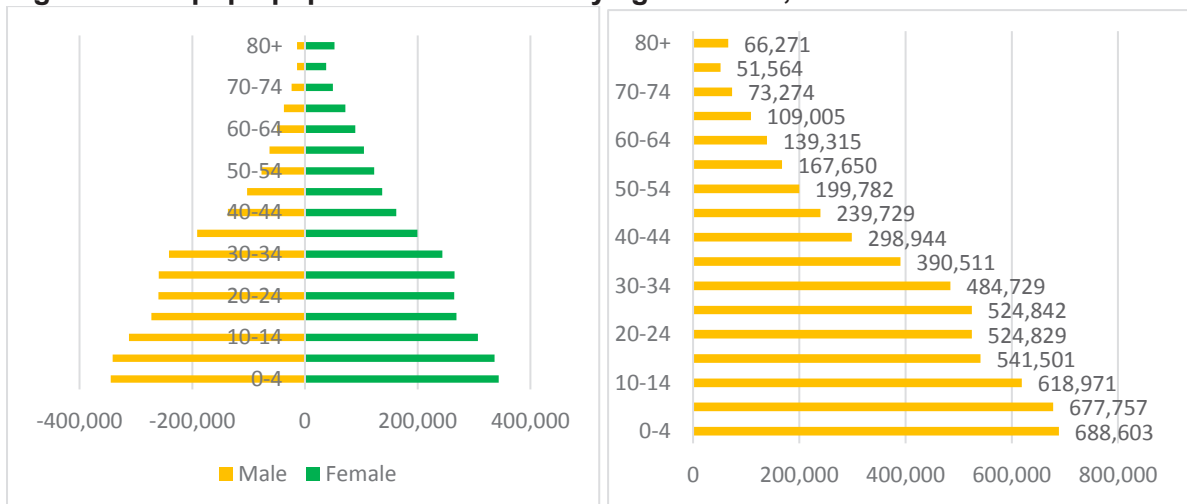
**Figure 8: Provincial population and percentage contribution**



Source: StatsSA Mid-Year population estimates 2018

Limpopo population structure is dominated by youth as it is more imbalanced towards the youth population, these are people who are 35 years and below. The highest population concentration is on the years below 14 years, for both males and females. The total population contribution of the below 14 years' age group is about 2 million people. This indicates that the composition of the population is growing especially among infants, teenagers and youth.

**Figure 9: Limpopo population estimates by age and sex, 2018**

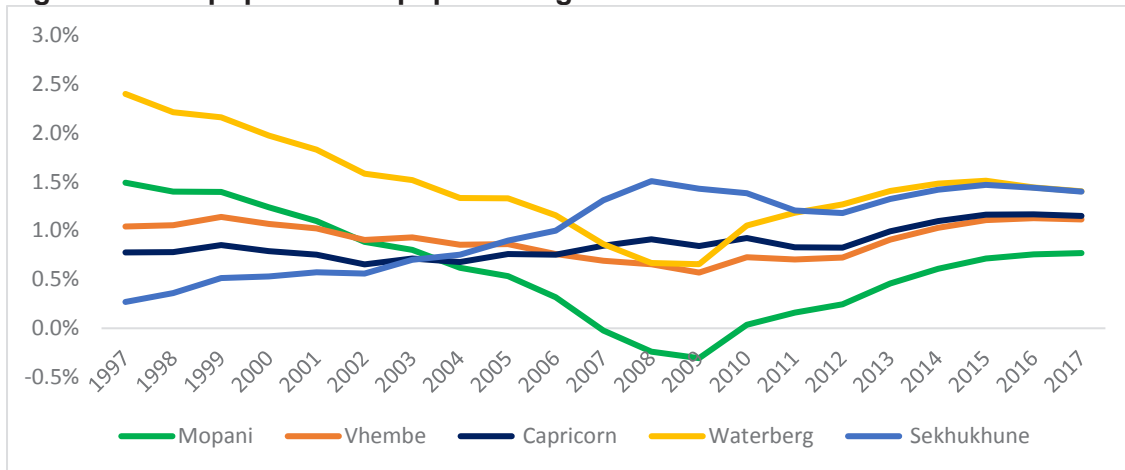


Source: StatsSA 2018



Sekhukhune and Waterberg district population growth rate are at high in the province as they were recorded at an average of around 1.4 percent and 1.5 percent respectively. Mopani is the slowest growing district in terms of population growth at an average of 0.7 percent in 2018.

**Figure 10: Limpopo District population growth rate**

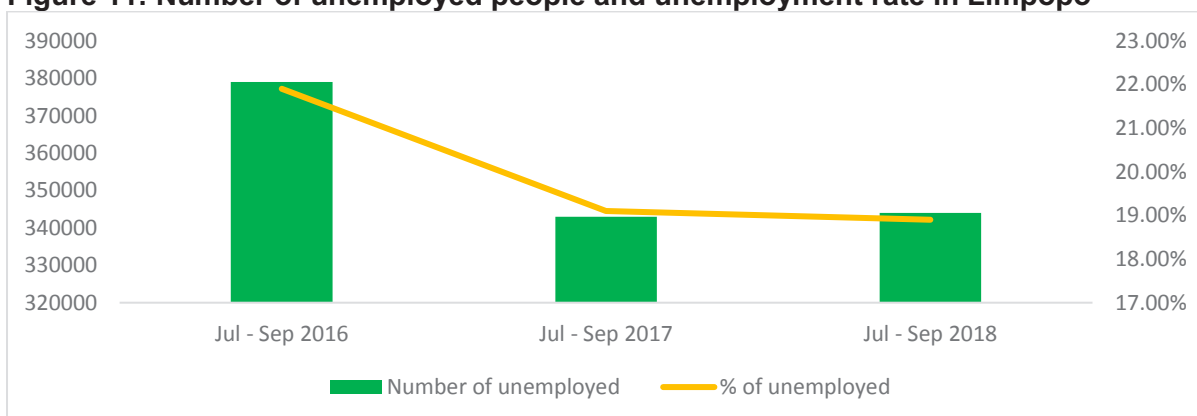


Source: IHS Markit Regional eXplorer 2018

## 1.5 Labour Market Outlook

The unemployment rate in Limpopo decreased from 19.1 percent in quarter 3 in 2017 to 18.7 percent in the same quarter in 2018. This slight decrease in the unemployment rate is seen in the decrease in the actual number of unemployed people from 373 thousand in the third quarter of 2017 to 344 thousand in the corresponding quarter in 2018.

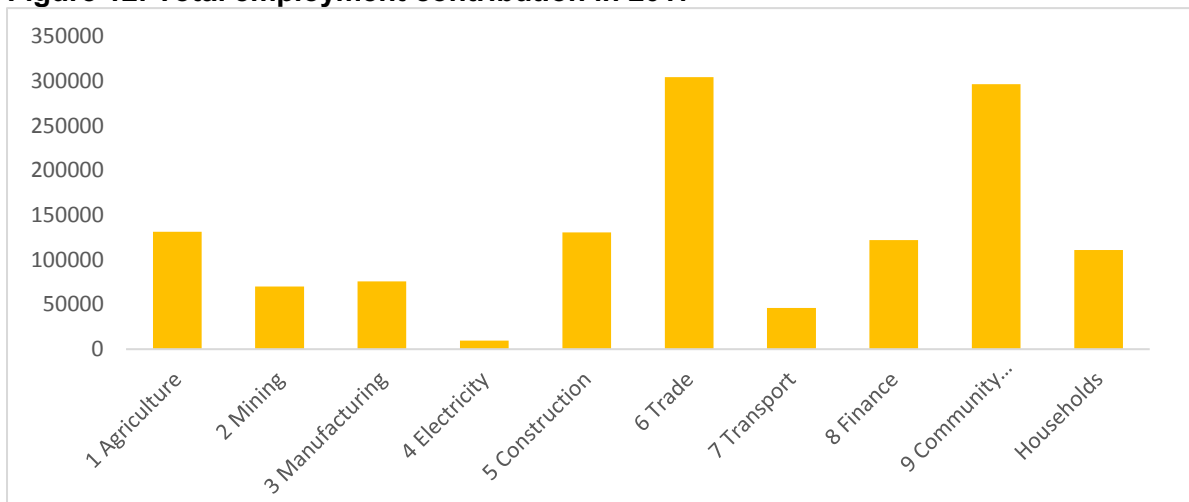
**Figure 11: Number of unemployed people and unemployment rate in Limpopo**



Source: StatsSA QLFS

The three largest contributors to employment is the trade, community services and agricultural sector. The 10 percent contribution of agriculture is fairly significant in view of the fact that the sector contributes approximately 3 percent to the local economy. Mining only contributes 5 percent of the jobs despite its share of the provincial economy of nearly 28 percent.

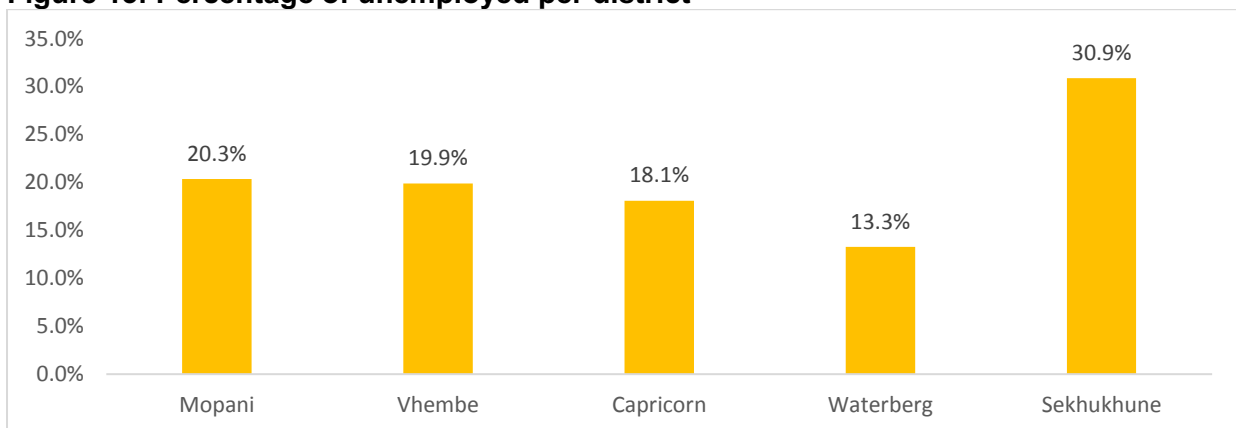
**Figure 12: Total employment contribution in 2017**



Source: IHS Markit Regional Explorer 2018

The highest percentage of unemployed is from the Sekhukhune district at 30.9 percent, followed by Mopani and Vhembe at 20.3 and 19.9 percent respectively. The Waterberg district stood at 13.3 percent unemployment. It should however be noted that the Waterberg is also the smallest district in terms of population, hosting only 12.8 percent of the provincial population.

**Figure 13: Percentage of unemployed per district**



Source IHS Markit Regional Explorer 2018

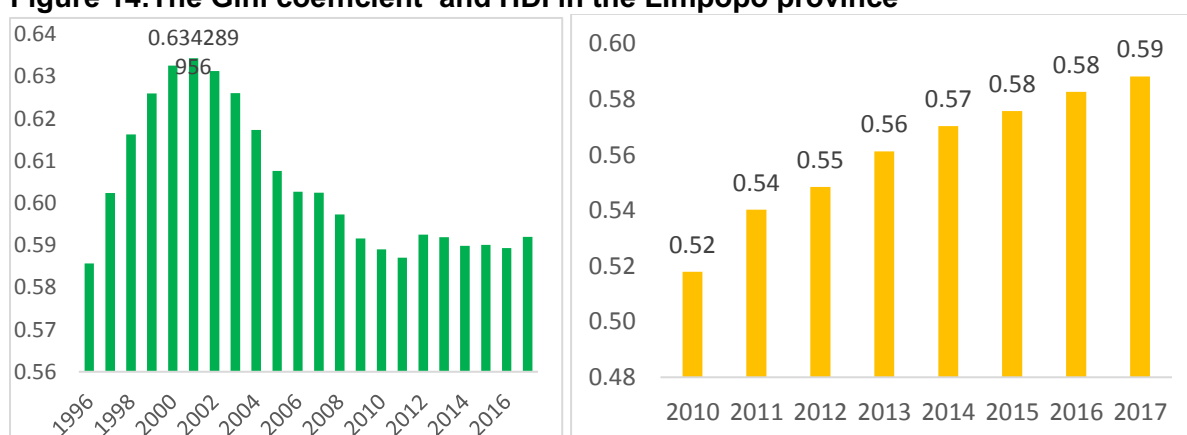
## 1.6 Development indicators

### 1.6.1 Income Inequality and Human Development Index (HDI)

The persistence of the income gap in the country is perpetuated by the structure of the economy; dual economy. Due to well known historical reasons, general household incomes of majority of the country's population (africans) was very low as compared to other races. This is evidenced by the the spike in the Gini Coefficient of the province in the late 90s and earltry 2000s. However, government deliberate policies that sought to open business and job opportunities to the previously marginalised and extending the social security net has narrowed the income gap in the province from 0.63 in 2001 to 0.59 in 2017. Unemployment and low economic growth still perpertuate income inequality.

Human Development Index of the province has improved from 0.52 in 2010 to 0.59 in 2017. This is evidence that government's efforts in providing educational and health care services is yielding fruit. The higher the index moves towards 1 the higher the living standards of people will be in the province.

**Figure 14: The Gini coefficient and HDI in the Limpopo province**



Source: IHS Markit Regional Explorer 2018

The Gini Coefficient of the districts have not changed since 2014 except for Waterberg and Sekhukhune which recorded a growth in their Gini Coefficient from 0.60 in 2016 to 0.61 in 2017 and 0.56 in 2016 to 0.57 respectively. This is an indication that income inequality in these districts is actually widening.

**Table 2: Inequality on district level**

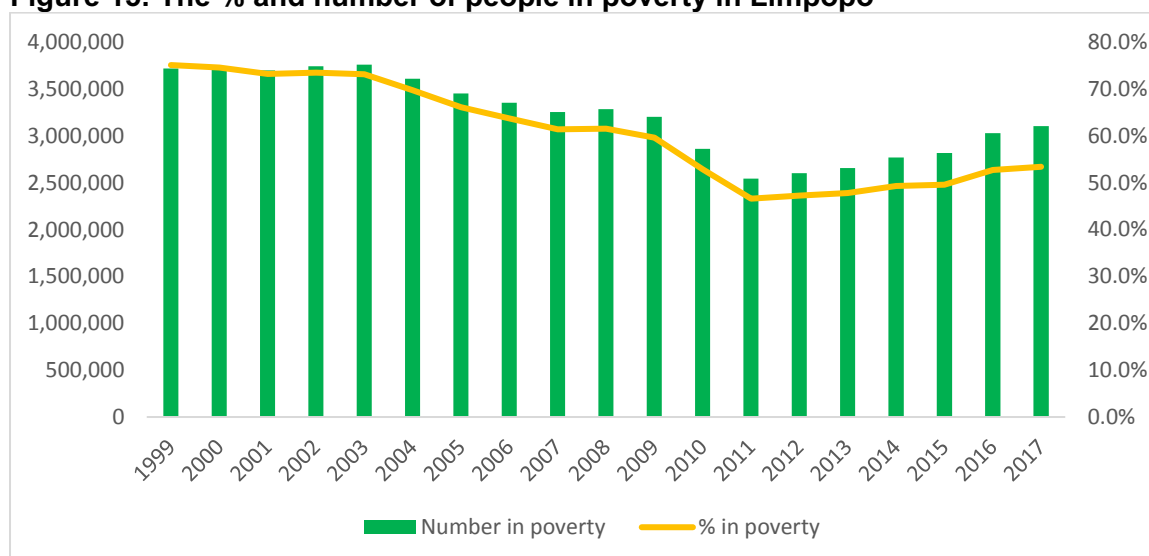
|                   | 2014 | 2015 | 2016 | 2017 |
|-------------------|------|------|------|------|
| <b>Mopani</b>     | 0.59 | 0.59 | 0.59 | 0.59 |
| <b>Vhembe</b>     | 0.57 | 0.57 | 0.57 | 0.57 |
| <b>Capricorn</b>  | 0.61 | 0.60 | 0.60 | 0.60 |
| <b>Waterberg</b>  | 0.60 | 0.60 | 0.60 | 0.61 |
| <b>Sekhukhune</b> | 0.56 | 0.56 | 0.56 | 0.57 |

Source IHS Markit Regional Explorer 2018

### 1.6.2 Poverty

In 2017 the number of people below the Lower Poverty Line in South Africa was 24.2 million persons or 42.1 percent of the population, while in Limpopo the comparable numbers were 3,1 million persons or 52.7 percent. This is a significant improvement from the 75.1 percent of persons in poverty in 1999.

**Figure 15: The % and number of people in poverty in Limpopo**



Source: IHS Markit Regional Explorer 2018

According to the below table Sekhukhune has the highest number of people in poverty and also the highest percentage of people in poverty. There is no significant difference in the poverty gap rate between the Limpopo districts.

**Table 3: The poverty levels in the districts**

|                   | No below the poverty line | % below the poverty line | Poverty gap rate |
|-------------------|---------------------------|--------------------------|------------------|
| <b>Mopani</b>     | 629 920                   | 54.7%                    | 31.2%            |
| <b>Vhembe</b>     | 777 447                   | 56.2%                    | 31.2%            |
| <b>Capricorn</b>  | 667 087                   | 49.2%                    | 31.2%            |
| <b>Waterberg</b>  | 342 933                   | 46.0%                    | 31.1%            |
| <b>Sekhukhune</b> | 684 125                   | 58.0%                    | 31.2%            |

Source: IHS Markit Regional Explorer 2018

### 1.6.3 Crime Outlook

The top 3 reported crimes in the province relate to civilians and domestic cases; there are 19 580 cases of drug related crimes, 14 328 Burglary at residential premises, and 11 998 Assault with the intent to inflict grievous bodily harm. While Burglary at business premises has the 7th most reported cases. It's given that every effective crime fighting and prevention effort must seek to deal with the causes of the crime.

**Table 4: The number of cases per category**

| Type of crime reported                                  | No. of cases |
|---|--------------|
| Drug-related crime                                      | 19 580       |
| Burglary at residential premises                        | 14 328       |
| Assault with the intent to inflict grievous bodily harm | 11 998       |
| Common assault  | 7 514        |
| Robbery with aggravating circumstances                  | 7 037        |
| Malicious damage to property                            | 6 808        |
| Burglary at business premises                           | 6 713        |
| Driving under the influence of alcohol or drugs         | 5 674        |
| Common robbery  | 2 836        |

Source IHS Markit Regional Explorer 2018



## 1.7 Health

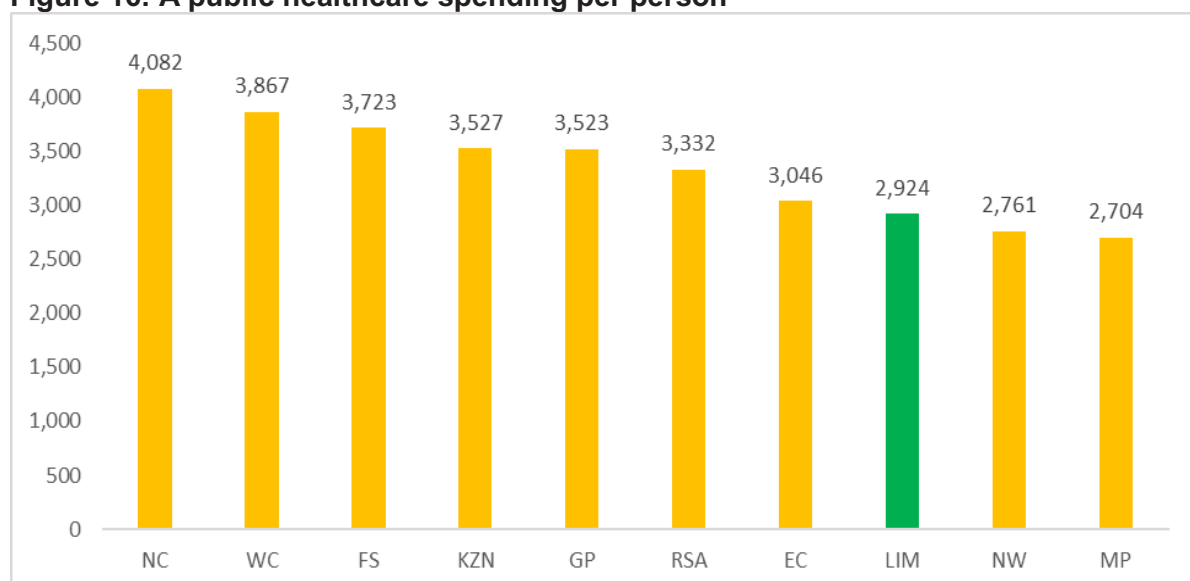
According to StatsSA General Household Survey 2017, seven in every ten households go to a public clinic or public hospital as their first point of access if a household member becomes ill, while only a quarter of households opted to go to a private institution.

### 1.7.1 Public healthcare expenditure per person

Public Healthcare continues to be of high priority for public sector spending as government continues to increase its public health spending in recent years. For every Rand that the South African government spent, 11 cents went to healthcare. Information in Stats SA's latest financial statistics of provincial government sets the healthcare bill for provincial government at R150 billion. This translates to an average of R3 332 spent per person for the 45 million people who do not have medical cover.

The below graph indicates that the Northern Cape government is the biggest spender in terms of public healthcare spending R4 082 per person, followed by Western Cape at R3 867, Limpopo, North West and Mpumalanga are the lowest spenders in public healthcare spending at R2 924, R2 761 and R2 704 respectively.

**Figure 16: A public healthcare spending per person**

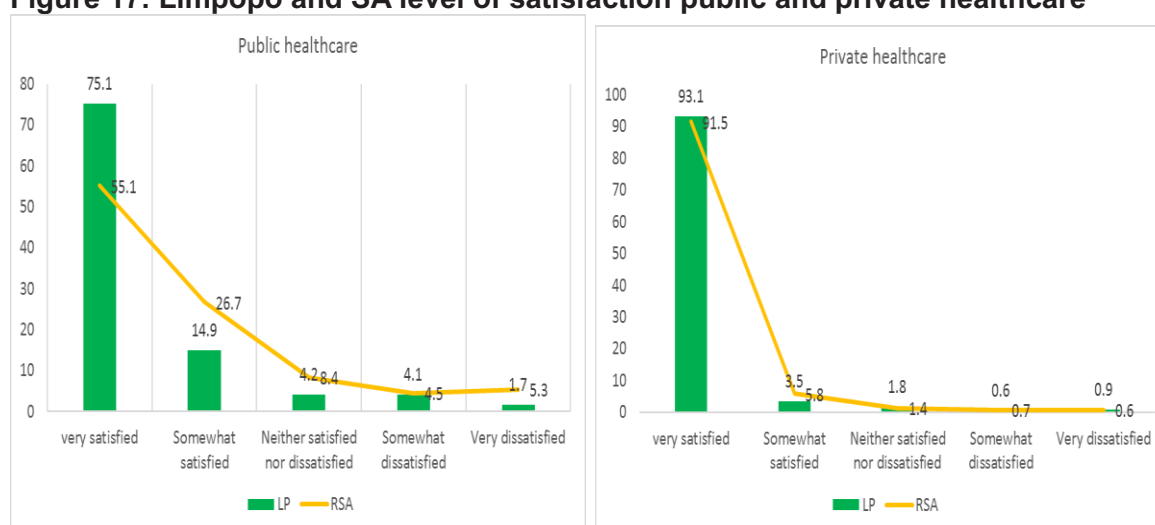


Source: StatsSA General Household Survey 2017

## 1.7.2 Level of satisfaction of public and private healthcare

Contrary to many views, survey conducted by StatsSA has revealed that 75.1 percent of the respondents are actually very satisfied with the public healthcare in the province. The level of satisfaction is much higher for respondents using private health care services where 93.1 percent of respondents very satisfied. Only 5.3 percent of respondents were very dissatisfied with public healthcare in the province, while only 1.5 percent were very dissatisfied nationally.

**Figure 17: Limpopo and SA level of satisfaction public and private healthcare**

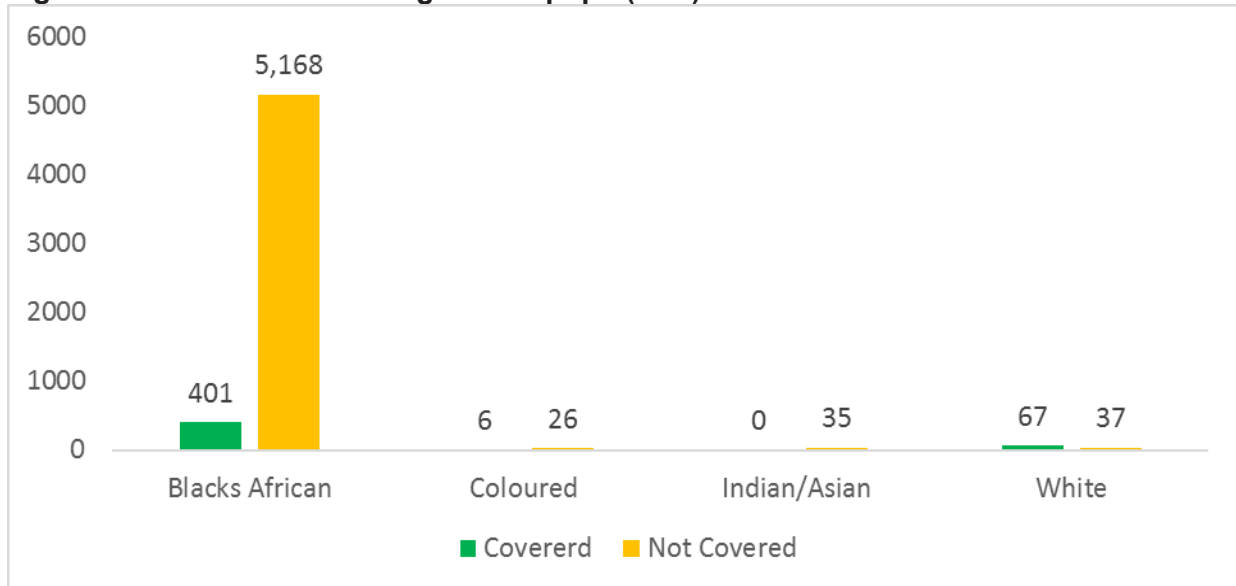


Source: StatsSA General Household Survey 2017

## 1.7.3 Medical aid coverage in Limpopo

401 thousand Black Africans in the province are covered by medical aid, followed by 67 and 6 thousand Whites and Coloureds respectively. In terms of those not covered, about 5.168 million of the black population are not covered by medical aid, followed by 37, 35 and 26 thousand Whites, Indians and Coloureds respectively. Those not covered by medical aid in Limpopo will rely on public health facilities for assistance with medical issues.

**Figure 18: Medical aid coverage in Limpopo ('000)**

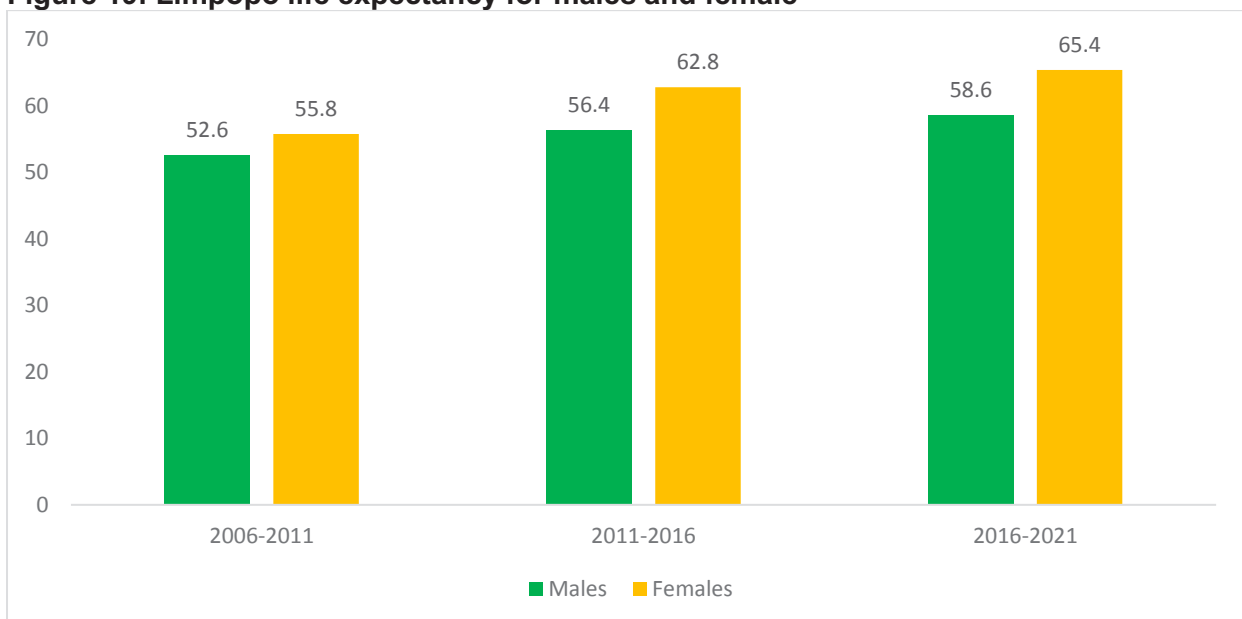


Source: Stats SA General Household Survey 2017

#### 1.7.4 Limpopo life expectancy for males and female

The below graph indicates that from 2006-2011 life expectancy for males and females was 52.6 and 55.8 years, from 2011-2016 life expectancy increased to 56.4 years for males, 62.8 years for females and from 2016-2021 life expectancy is expected to increase to 58.6 years and 65.4 years for males and females respectively.

**Figure 19: Limpopo life expectancy for males and female**



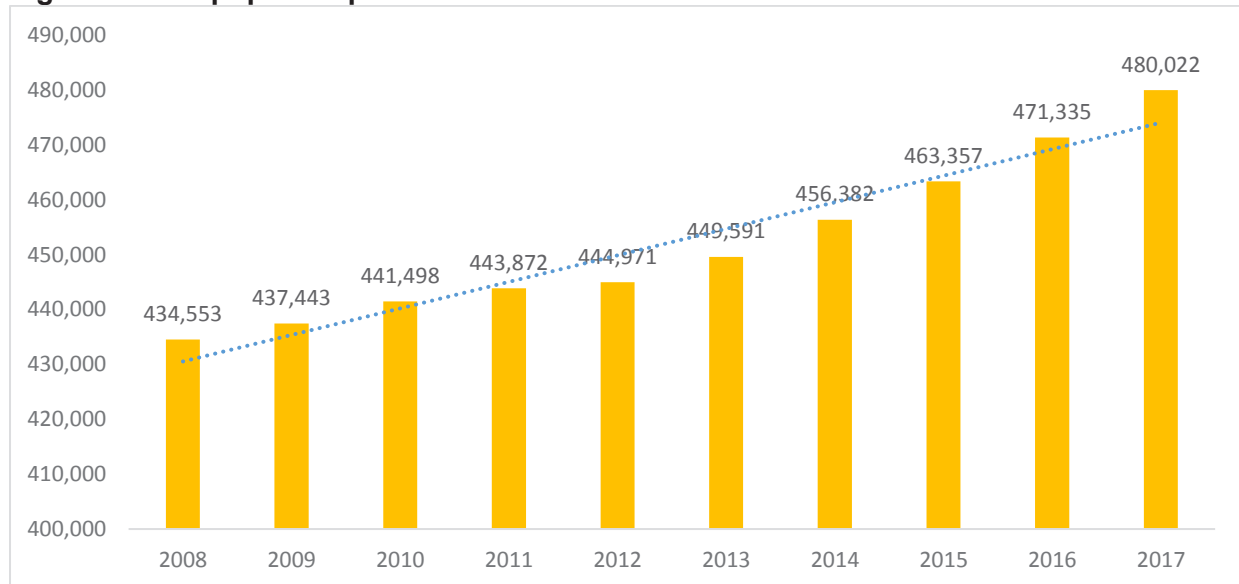
Source: StatsSA Mid-Year Population Estimates 2018



### 1.7.5 Limpopo HIV positive estimates

The estimated number of people who are HIV positive was 434 thousand in 2008. The number has been increasing from 2008 and was 480 thousand in 2017.

**Figure 20: Limpopo HIV positive estimates**



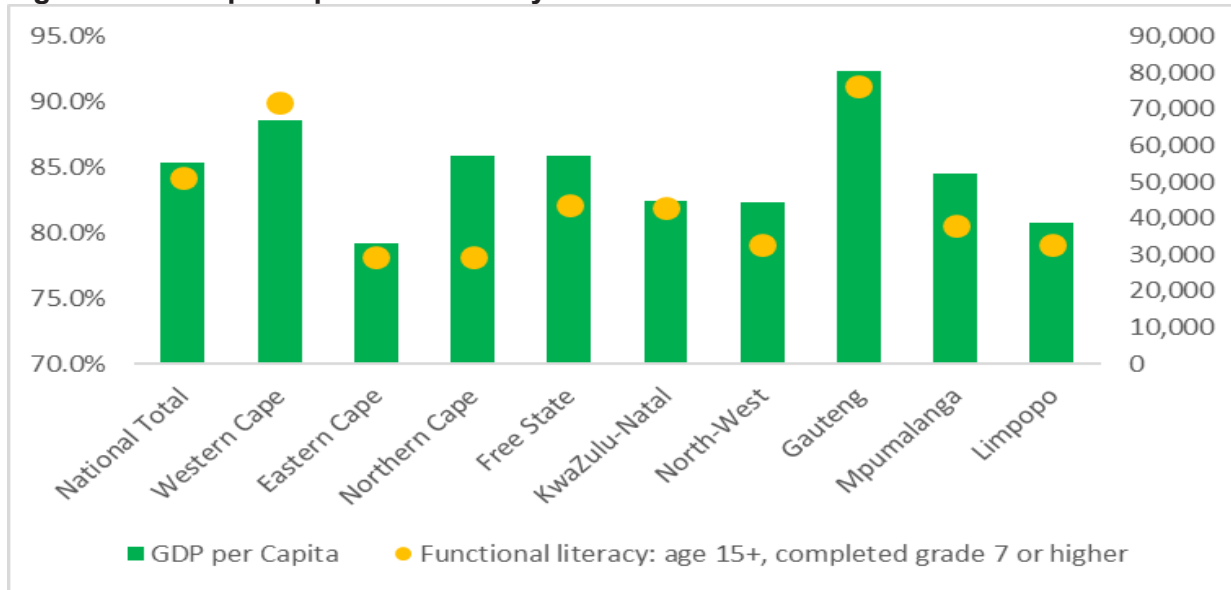
Source: IHS Regional Explorer 2018

## 1.8 Education

### 1.8.1 GDP per capita and Literacy rate

There is a positive correlation between GDP per capita and literacy rate. Provinces such as Western Cape and Gauteng reported the largest GDP per Capita of R66 738 and R80 410 respectively have witnessed the highest levels of literacy rates in 2017. Rural provinces such as Eastern Cape, Kwazulu Natal, North West and Limpopo reported the lowest GDP per capita of R33 150, R44 715, R44 385 and R38 543 respectively witnessed by low literacy rates.

**Figure 21: GDP per capita and Literacy rate**

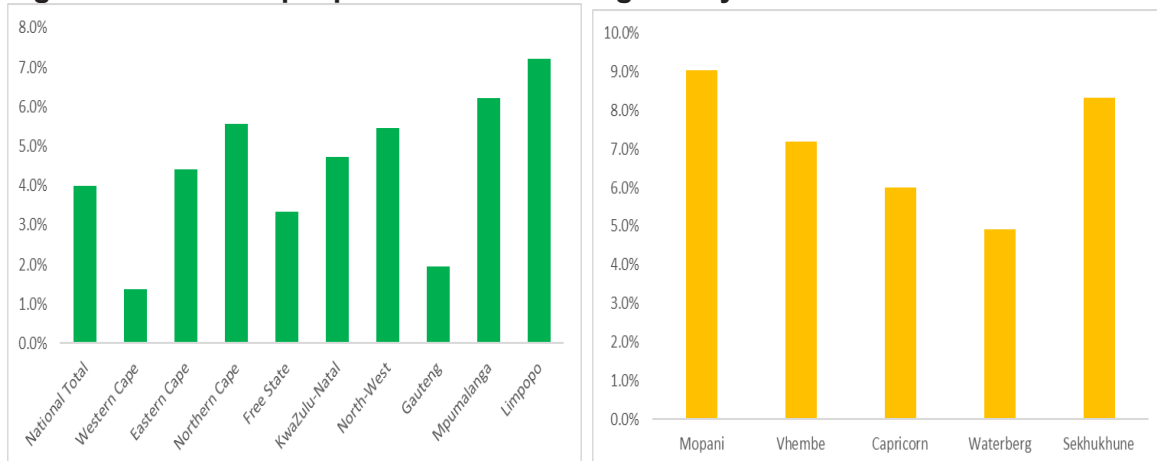


Source: IHS Markit Regional Explorer 2018

### 1.8.2 No schooling

Industrial economies such as Western Cape and Gauteng have a low share of its population without schooling. The converse can be said for less industrialized provinces or alternatively described - rural provinces. There is a relatively high share of citizens who have not been to school in rural provinces - Limpopo recording the highest. The worse affected districts are Mopani, Sekhukhune and Vhembe which recorded a share of 9 percent (103 643 people), 8.3 percent (98 230 people) and 7.2 percent (99 525 people) respectively.

**Figure 22: Share of people with no schooling and by district**

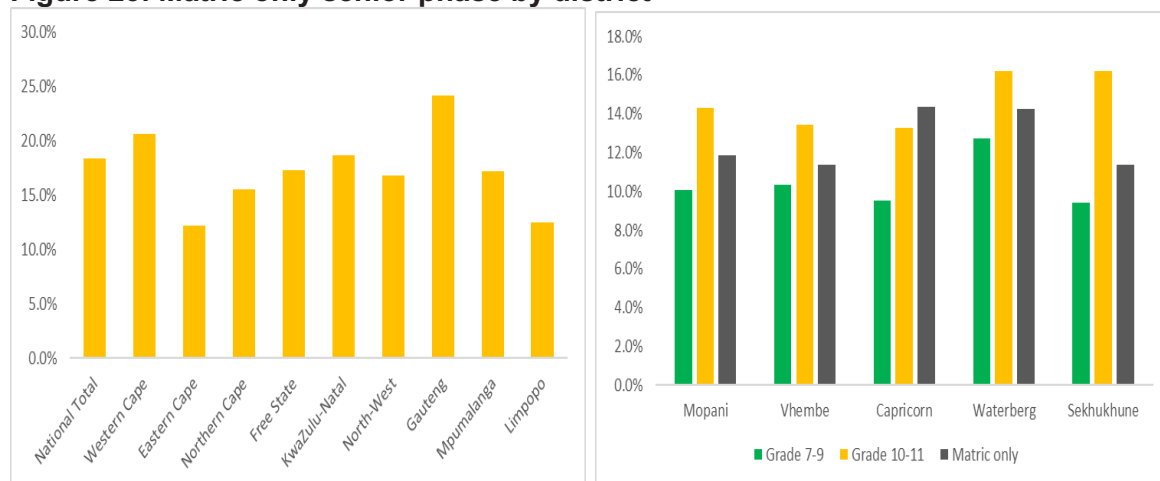


Source: IHS Markit Regional Explorer 2018

### 1.8.3 Post Matric Qualification

Almost 40 percent of the citizens of Limpopo fall in the cohort of people possessing either Grade 7 – 9, Grade 10 – 11 and Grade 12. People who possess Grade 7 to Grade 11 have lower probabilities of securing a job or further acquiring a post matric qualification. This is representative of the demographic structure of the province where the majority of the people living in the province are youth. In essence the province has a relatively large pool of youth that is not streamlined into special skills to contribute meaningfully in the provincial economy.

**Figure 23: Matric only senior phase by district**

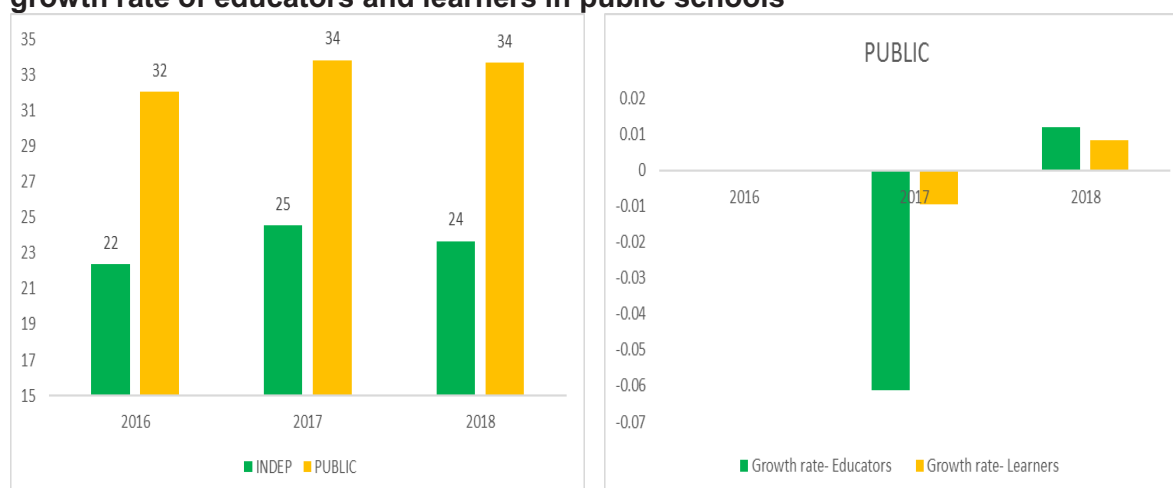


Source: IHS Markit Regional Explorer 2018

### 1.8.4 Learner/ Teacher Ratio

There is a notable increase in the learner teacher ratio in public schools from 1:32 in 2016 to 1:34 in 2018. Public schools are experiencing a great leakage of educators in the system, in 2017 the public sector educators contracted by 6.1 percent when learner population declined by 0.9 percent. Independent schools' learner teacher ratio has averaged 1:24 over the past 3 years which helps to explain the quality of education in such institutions.

**Figure 24: Learner teacher ratio for Limpopo for private and public schools and growth rate of educators and learners in public schools**



Source: IHS Markit Regional Explorer 2018

## 1.9 Basic services

### 1.9.1 Housing

The share of households occupying formal dwellings increased from 86.7 percent in 2007 to 90.2 percent in 2017. The most noticeable backlog of housing among the districts is Vhembe, where 55.7 thousand households do not live in formal dwellings.

**Table 5: Share of households occupying formal dwellings and formal dwellings backlog**

















|                         | Share of household occupying formal dwellings |       |       |  | Formal dwelling backlog |           |           |  |
|-------------------------|---|-------|-------|--|-------------------------|-----------|-----------|--|
|                         | 2007  | 2012  | 2017  |  | 2007                    | 2012      | 2017      |  |
| <b>Limpopo</b>          | 86.7%   | 90.5% | 90.2% |  | 172,314                 | 133,759   | 154,960   |  |
| <b>Mopani</b>           | 88.6%   | 91.1% | 91.8% |  | 32,255                  | 26,427    | 26,466    |  |
| <b>Vhembe</b>           | 81.2%   | 89.2% | 84.9% |  | 56,816                  | 35,894    | 55,795    |  |
| <b>Capricorn</b>        | 91.2%   | 92.8% | 94.7% |  | 27,398                  | 24,447    | 20,106    |  |
| <b>Waterberg</b>        | 86.0%   | 87.9% | 88.9% |  | 24,735                  | 22,105    | 22,997    |  |
| <b>Sekhukhune</b>       | 86.2%   | 90.4% | 90.0% |  | 31,111                  | 24,886    | 29,595    |  |
| <b>National Average</b> | 75.4%   | 77.9% | 78.8% |  | 3,236,573               | 3,186,967 | 3,405,757 |  |

Source: IHS Markit Regional Explorer 2018

## 1.9.2 Sanitation

The share of households with hygienic toilets increased from 34.2 percent in 2007 to 53.2 percent in 2017 in Limpopo province, however, more still needs to be done as 736 thousand households are without hygienic sanitation. The problem is worse in Mopani, Vhembe, and Capricorn districts.

**Table 6: Share of households with hygiene toilets and sanitation backlogs**

















|                  | Share of households with Hygienic toilets (%) |       |       |   | Sanitation backlog |           |           |   |
|------------------|---|-------|-------|---|--------------------|-----------|-----------|---|
|                  | 2007  | 2012  | 2017  |    | 2007               | 2012      | 2017      |    |
| Limpopo          | 34.2%   | 45.5% | 53.2% |    | 854,174            | 769,386   | 736,441   |    |
| Mopani           | 33.3%   | 47.2% | 60.0% |    | 189,015            | 157,119   | 129,579   |    |
| Vhembe           | 33.1%   | 42.1% | 56.2% |    | 201,778            | 191,972   | 161,505   |    |
| Capricorn        | 36.5%   | 48.9% | 53.6% |    | 196,766            | 173,104   | 175,342   |    |
| Waterberg        | 53.0%   | 61.4% | 68.6% |    | 82,806             | 70,673    | 65,081    |    |
| Sekhukhune       | 18.7%   | 32.2% | 30.7% |   | 183,808            | 176,519   | 204,934   |   |
| National Average | 68.0%   | 76.1% | 80.1% |  | 4,206,841          | 3,457,086 | 3,203,865 |  |

Source: IHS Markit Regional Explorer 2018

## 1.9.3 Water Services

Only 67.9 percent of households in Limpopo have access to piped water. About 419 thousand households do not have access to piped water. Mopane, Vhembe and Sekhukhune districts recorded 109 thousand, 134 thousand and 100 thousand households without access to piped water respectively in 2017.

**Table 7: Share of households with piped water and water backlogs**

|                  | Share of households with piped water at or above RDP-level (%) |       |       |   | Water backlog |           |           |   |
|------------------|--|-------|-------|---|---------------|-----------|-----------|---|
|                  | 2007   | 2012  | 2017  |  | 2007          | 2012      | 2017      |  |
| Limpopo          | 67.9%  | 68.6% | 73.3% |  | 415,793       | 442,749   | 419,636   |  |
| Mopani           | 63.0%  | 67.6% | 66.4% |  | 104,786       | 96,409    | 109,049   |  |
| Vhembe           | 62.0%  | 67.4% | 63.6% |  | 114,655       | 108,141   | 134,282   |  |
| Capricorn        | 76.7%  | 75.2% | 86.5% |  | 72,244        | 83,908    | 51,102    |  |
| Waterberg        | 81.6%  | 78.8% | 88.0% |  | 32,442        | 38,786    | 24,751    |  |
| Sekhukhune       | 59.5%  | 55.7% | 66.0% |  | 91,666        | 115,505   | 100,453   |  |
| National Average | 81.9%  | 84.1% | 86.6% |  | 2,377,960     | 2,298,867 | 2,152,886 |  |

Source: IHS Markit Regional Explorer 2018

### 1.9.4 Access to electricity

About 94 percent of the households in the province have access to Electricity. Only about 94 thousand households do not have electricity connections. Among the basic services, government has outperformed itself in ensuring that most people are connected to electricity. However, 42 thousand households in Waterberg and Sekhukhune districts do not have electricity.

**Table 8: Share of households with electricity and electricity backlog**

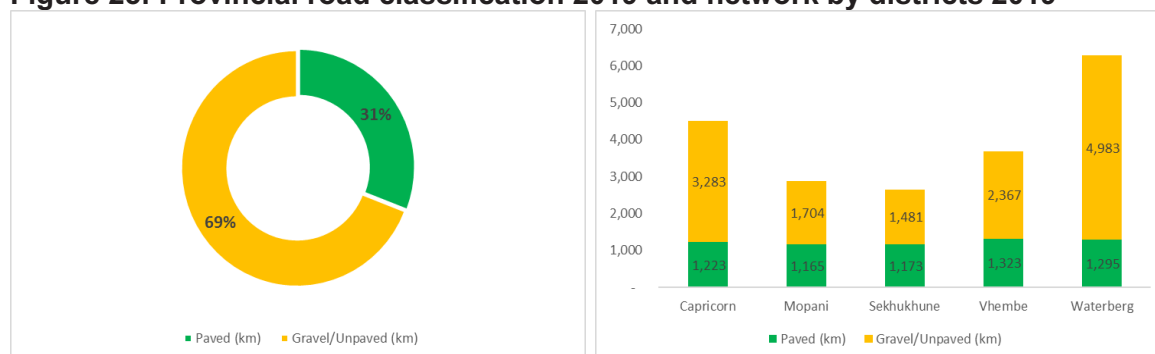
|                         | Share of households with electrical connections (%) |       |       |  | Number of households with no electrical connection |           |           |  |
|-------------------------|---|-------|-------|--|--|-----------|-----------|--|
|                         | 2007  | 2012  | 2017  |  | 2007   | 2012      | 2017      |  |
| <b>Limpopo</b>          | 80.0%   | 89.7% | 94.0% |  | 260,081  | 145,457   | 94,363    |  |
| <b>Mopani</b>           | 82.7%   | 90.8% | 95.6% |  | 48,961   | 27,417    | 14,148    |  |
| <b>Vhembe</b>           | 82.2%   | 89.2% | 95.2% |  | 53,548   | 35,829    | 17,842    |  |
| <b>Capricorn</b>        | 79.2%   | 89.8% | 95.0% |  | 64,592   | 34,584    | 18,769    |  |
| <b>Waterberg</b>        | 75.5%   | 90.6% | 89.6% |  | 43,093   | 17,239    | 21,623    |  |
| <b>Sekhukhune</b>       | 77.9%   | 88.3% | 92.6% |  | 49,887   | 30,389    | 21,982    |  |
| <b>National Average</b> | 80.8%   | 86.6% | 90.5% |  | 2,528,674  | 1,933,252 | 1,519,187 |  |

Source: IHS Markit Regional Explorer 2018

### 1.9.5 Provincial Roads Infrastructure

A sizable portion (69 percent) of provincial roads are unpaved and such roads are concentrated mainly in the rural areas. Unpaved roads deteriorate over time due to the combined effects of traffic and environment, maintenance is essential to ensure the desired level of service of unpaved roads.

**Figure 25: Provincial road classification 2019 and network by districts 2019**



Source: Limpopo Department of Public Works 2019

The Waterberg district has the least population and the least number of households, however it has the longest road network in the province. This is explained by the vastness of the district, dispersed human settlement and fragmented economic activities. The least or shortest provincial road network is in Mopani and Sekhukhune districts.

## **1.2 Conclusion**

The provincial government has made strides in enhancing general living conditions of people in the province. This is evidenced by the gross capital stock of hospitals, clinics, schools, growing number of people receiving social grants and Small, Medium and Micro-Sized Enterprises (SMME) / cooperative support by government departments. Nevertheless, the local economy has not performed to expectation, according to the LDP, sustainable development would be achieved when the province's economic growth averages 3 percent. It must also be appreciated that the economy is not the sole determination of government but of corporate sector whose investment decisions are autonomous. However, the provincial economy should continue supporting SMME in all the economic sectors of the province as they have a potent role in local economic development and local job creation.

In order for government to maximise the social or economic benefits with its limited resources, it should continue to find more efficient and cost effective models of service delivery so as to achieve more with less resources. National fiscus is constrained (as it is pressured to reduce the national debt to GDP ratio) and is expected to be constrained for the next few years, therefore provincial government and local municipalities should be fiscally disciplined without compromising service delivery



## **CHAPTER 2: BUDGET STRATEGY AND AGGREGATES**

### **2.1. Introduction**

The Provincial government relies mainly from revenue generated from the national sphere, however the South African economic outlook continues to be sluggish. In preparing the 2018/19 budget, growth was forecast to average at 1.5 percent over the MTEF however during the 2018 Medium Term Budget Policy Statement (MTBPS), growth was revised downwards to 0.7 percent. In his budget speech, the Minister of Finance has indicated that the GDP real growth is expected to rise to 1.5 percent in 2019 and strengthen moderately to 2.1 percent in 2021.

Despite the unexpected technical recession characterized with slow economic growth and less tax revenue collection, National Treasury has made efforts to protect the provincial equitable share baselines which grows by an average 6.9 percent in the country. The Limpopo Equitable Share allocation grows by 6.9 percent in 2019/20 and 6.4 percent over the MTEF which represent 11.7 percent of the national allocation, a reduction of 0.1 percent over the MTEF.

The reduction in the Provincial Equitable Share allocation is mainly influenced by data cleansing exercise in the Education component of the Equitable share allocation. In 2019 MTEF budget allocation, the LURITS system is fully implemented to determine the two sub-components, which are School enrolment and Age cohort of 5-17 years, of the Education component. The impact thereof is being phase-in over a three-year period. The continued outward migration in the population remain a challenge and negatively affect the provincial equitable share allocation. In overall the provincial equitable share allocation is reduced by R1.882 billion over the MTEF i.e. R308.5 million in 2019/20; R591.6 million in 2020/21; and R982.1 million in 2021/22.

A further reduction amounting to R15.4 million over the MTEF (R4.9 million in 2019/20; R5.2 million in 2020/21 and R5.3 million 2021/22) was implemented in line with the salary freeze on provincial office bearers as announced by the Minister of Finance. These reductions are in line with fiscal consolidation efforts to improve the



sustainability of the fiscus. Additional R6.6 million and R7.1 million is made available in 2020/21 and 2021/22 respectively in the Department of Social Development for the Food Relief function shift from the National Department of Social Development.

Furthermore, in the Department of Social Development, the Social Work Employment Grant is converted from being a grant to equitable share allocation and included in the baseline as follows; R54.7 million, R58.4 million and R61.6 million in 2019/20, 2020/21 and 2021/22 respectively.

In Provincial Treasury a further equitable share allocation of R5.0 million is provided with effect from 2019/20 and over the MTEF for Infrastructure capacity development and an additional amount of R9.6 million, R9.9 million and R10.3 million is provided in 2019/20; 2020/21 and 2021/22 respectively to strengthen Municipal Intervention support. In the Department of Health an additional budget of R115.4 million has been made available in 2021/22 for Cuban Doctor Programme. Furthermore, a once-off allocation is made to the Department of Education in 2019/20 of R21.0 million for the Sanitary Dignity Project. The final provincial equitable share allocation is as per the table below:

**Table 9: National Allocation to Limpopo Province**

| <b>National Allocation</b>                            | <b>2018/19</b>    | <b>2019/20</b>    | <b>2020/21</b>    | <b>2021/22</b>    |
|---|-------------------|-------------------|-------------------|-------------------|
| <b>Equitable Share Baseline</b>                       | 55 385 632        | 59 187 820        | 63 503 149        | 67 566 842        |
| Adjustment to baseline": New data updates             | (61 836)          | (308 506)         | (591 636)         | (982 070)         |
| <b>Revised allocation</b>                             | <b>55 323 796</b> | <b>58 879 314</b> | <b>62 911 513</b> | <b>66 584 772</b> |
| <b>Less: Fiscal Framework Reduction</b>               | <b>(168 608)</b>  | <b>(4 913)</b>    | <b>(5 205)</b>    | <b>(5 279)</b>    |
| <b>Adjustments to Baseline</b>                        | <b>23 587</b>     | <b>90 357</b>     | <b>79 905</b>     | <b>199 363</b>    |
| Plus: Social Development Food Relief function shift   | -                 | -                 | 6 635             | 7 072             |
| Plus: Social Development Social Work grant conversion | -                 | 54 715            | 58 381            | 61 592            |
| Plus: Treasury: Infrastructure Development            | -                 | 5 000             | 5 000             | 5 000             |
| Plus: Education: Sanitary Dignity Project             | -                 | 21 000            | -                 | -                 |
| Plus: Health: Cuban Doctors                           | -                 | -                 | -                 | 115 366           |
| Plus: Social : Violence against Woman and Children    | 23 587            | -                 | -                 | -                 |
| Plus: Treasury: Municipal Interventions               | -                 | 9 642             | 9 889             | 10 333            |
| <b>Total Preliminary Provincial Equitable Share</b>   | <b>55 178 775</b> | <b>58 964 758</b> | <b>62 986 213</b> | <b>66 778 856</b> |
| <i>Equitable Share year-on-year growth</i>            |                   | 6,9%              | 6,8%              | 6,0%              |



The provincial equitable share allocation is revised to R58.965 billion, R62.986 billion and R66.779 billion in 2019/20, 2020/21 and 2021/22 financial years respectively. The equitable share allocation growth was revised to 6.9 percent in 2019/20, 6.8 percent in 2020/21 and 6.0 percent in 2021/22 financial year.

The reduction in the provincial equitable share allocation did not negatively affect allocations to provincial institutions as directed by the Executive Council to promote fiscal sustainability and protect service delivery in the province. The allocations were cautioned through sourcing funds from the provincial reserves.

## **2.2. Aligning Provincial Budget to achieve Governments Prescribed Outcomes**

Globally, planning forms an integral part of resource allocation across all spheres of government. The South African government planning cycle provided a perfect opportunity for alignment of government priorities and budget. The government's intentions are expressed in the National Development Plan (NDP) and in the National Medium Term Strategic Framework (MTSF) priorities, the period which is lapsing this 2019. The government's fourteen outcome approach provided an opportunity for monitoring of public institutions in executing their legislative mandates, to ensure that government resources are used for purpose voted for by the Legislature. It further allows government to assess the impact of the services it renders to the society.

Limpopo Development Plan (LDP) continues to be the provincial master plan which is used to align provincial priorities to the national objectives especially the alignment of the NDP and the fourteen government outcomes. The provincial budget allocations are informed by the mandates of each provincial department together with Annual Performance Plans. These allocations are a means to ensuring that the province attain the LDP targets which the provincial performance measured against. The following are the key strategies expressed in the LDP of which the 2019/20 budget seeks to address:

### **2.1.1 Quality Basic Education**

In 2019/20 financial year, the Department of Education will focus on delivery of quality education by ensuring functionality of schools and the reduction of under-performing schools in the province. The budget of the department will be utilised to improve capacity of the department to provide education to all qualifying learners and to improve the overall management of the education system in the province. The department will focus on the following:

- Improvement of the quality of teaching and learning;
- Delivery and maintenance of school infrastructure;
- Expansion and equipping of Early Childhood Development (ECD) programme;
- Improve inclusive education programmes;
- Provision of scholar transport to needy learners;
- Improve delivery of Learner-Teacher Support Material (LTSM) to schools;
- Improvement of the quality of school nutrition;
- Improvement of grade twelve results through learner attainment programmes;
- Appoint qualified educators and provision of training.

### **2.1.2 A long quality life for all**

The provincial government continues to promote health and long quality of life for all living in the province through the expansion of the health care infrastructure, provision of primary health care services, and increased access to health services. The department of Health will implement programmes dedicated to improve health conditions of the entire citizenry in the province. The Department will continue to improve access to quality health care services by prioritizing the following:

- Conducting of self-assessments by hospitals on the National Core Standards;
- Accelerating implementation of the Ideal Clinic realisation status;
- Prevention and control of Communicable and Non-Communicable Diseases (NCDs) by reducing malaria incidence and case fatality rate to 0.9 percent;
- Provision and monitoring medicine availability in all facilities;
- Management of health infrastructure; and
- Prevention and reduction of burden of disease and health promotion through:



- ✓ Increase clients remaining on ART from 329 044 in 2017/18 to 371 304 in 2019/20;
- ✓ Improve TB MDR treatment success rate from 80.9 in 2017/18 percent to 83.0 percent in 2019/20;
- ✓ Improve antenatal client initiated on ART rate from 95.4 percent in 2017/18 to 98.0 percent 2019/20;
- ✓ Improve immunization coverage under 1 year from 70.6 percent in 2017/18 to 80.0 percent in 2019/20;
- ✓ Improvement of Cervical cancer and screening coverage from 56.1 percent in 2017/18 to 62.0 percent in 2019/20.

### **2.1.3 All people in South Africa are safe**

The Department of Community Safety in Limpopo will during the 2019/20 continue to conduct oversight on SAPS. The high prevalence of undocumented foreign nationals in the province as well as ownership and leasing of businesses by such also put additional responsibility to the South African Police Service. A closer collaboration between the Department, SAPS, Department of Labour, LEDET and Home Affairs in particular, is critical in this regard. The JCPS cluster has already prioritised this area and the department will closely monitor implementation thereof by relevant members. In the 2019/2020 financial year the Department will continue to monitor 103 police stations and conduct customer satisfaction surveys to 103 police stations precincts, 8 specialised units, 13 Cluster commanders, 7 SAPS garages and 12 Head Office components. Through the continued audit on Domestic Violence Act (DVA) gender-based violence and violence against other vulnerable groups such as children, women, the elderly, youth, people with disabilities, as well as members of the Lesbian, Gay, Bisexual Transgender, Queer and Intersex (LGBTQI) will be addressed.

### **2.1.4 Decent employment through inclusive economic growth**

During 2019/20 financial year, The Department of Economic Development, Environment and Tourism will increase its momentum to promote and facilitate the growth of the provincial economy, create decent job opportunities, protect and manage

the environmental assets and natural resources as well as promoting tourism growth through collaboration and prioritisation given the reality of limited resources at national level.

Clear departmental priorities have been set for implementation during the course of the financial year in its approved APP. These priorities include the following: Promoting enterprise development, provincial economic planning and research, trade and investment facilitation; consumer protection; climate change management, natural resource management, upgrading of reserves, infrastructure waste management, infrastructure development and improvement, tourism policy development, planning and regulation, tourism destination development, growth and transformation, and tourism capacity building.

Growing the provincial economy and creating job opportunities requires the facilitation and promotion of trade and investment opportunities with both local and international investors. It further requires continuous support of the SMMEs cooperatives through capacity building and training interventions. The Department will ensure that SMMEs and cooperatives are financially and non-financially supported to ensure their development and sustainability in line with Limpopo SMMEs & Cooperatives Strategy.

During 2019/20 financial year, the Department has planned to develop 2 economic development strategies for the prioritized sectors in the province in line with the Limpopo Development Plan and other government policies. The Department will again provide LED support to all municipalities in the province to ensure that provincial priorities are cascaded and implemented at the local level in the province.

### **2.1.5 A skilled and capable work force to support inclusive growth path**

Development of skills helps to improve labour force participation in an economy, as it assists in reducing turnaround times during production of goods and provision of services. The Office of the Premier in Limpopo will continue to advance and advocate for investment in capacity building, training and development of the current government workforce and those who are outside the employment of the provincial



government. The Office will further coordinate and monitor filling of funded vacant posts as well as compliance to HR MPAT standards within the Provincial Departments and monitor implementation of Workplace Skills Plan within the Provincial Departments. The Office of the Premier will continuously implement and monitor the Limpopo Development Plan, the Provincial HRD Strategy, Integrated Planning Framework, the Provincial Policy Framework and monitor and evaluate the implementation of HR policies and practices.

### **2.1.6 An efficient, competitive and responsive economic infrastructure network**

The Department of Public Works, Roads & Infrastructure is mandated to be the main Implementing Agent for the delivery of provincial infrastructure as per the approved Infrastructure Delivery Management System (IDMS) and the following are major plans for 2019/20 financial year:

- The Department will implement projects as per submitted 2019/20 User Asset Management Plans (U- AMPs);
- The Infrastructure Programme Management Plans from client departments detailing the 2019/20 projects;
- Development of designs for the 2019/20 financial year to enable implementation to start in 2021/22 financial year;
- Implement the Provincial EPWP Business Plan for Infrastructure projects;
- Build and maintain a sound and safe provincial roads infrastructure in partnership with the National Department of Transport and utilise the Roads Agency Limpopo (RAL) as leverage for speedy response in the management of the provincial road network;
- Conduct Condition Assessment on all infrastructure programmes and projects;
- Continue with the implementation of the Artisan Development Programme and the Contractor development programme; and
- Fully implement and enhance capability of the Infrastructure Strategic Planning Hub in Provincial Infrastructure planning, delivery and management.

### **2.1.7 Vibrant, equitable, sustainable rural communities contributing to food security for all.**

In line with the four strategic goals and nine strategic objectives set by the Limpopo Department of Agriculture and Rural Development (LDARD), the department will continue to contribute towards the realisation of the agriculture and rural development goals and strategic objectives. The Department plan to implement 77 agricultural infrastructure projects, equip 215 hectares with infield irrigation, manage 19 disaster risk reduction services, assist 600 farmers through disaster relief schemes and develop 4 GIS products in 2019/20 financial year.

The agricultural production will be improved through rehabilitation of 16 000 hectares, implementation of 5 200 natural resource management interventions in the sector and 5 500 jobs will be created through agro-processing, irrigation expansion and EPWP. A total of 1 200 and 29 300 small holder producers and farmers will be trained and provided with advise respectively. The department will continue with the construction of the Dzanani Service Center in the Vhmbe District to support extension service.

Through the two Agricultural Colleges the Department will provide training programmes in appropriate fields to 100 agricultural Higher Education and Training learners registered. As regards agricultural skills development, the Department will conduct training to 200 participants. The implementation of the Limpopo Integrated Rural Development Strategy (LIRDS) shall continue through the monitoring of 5 initiatives conducted on the implementation of Outcome 7 in Limpopo. College infrastructure will be improved at Madzivhandila College by construction of academic lecture rooms.



### **2.1.8 Sustainable human settlements and improved quality of household life**

Guided by the reviewed Multi Year Human Settlements Development Plan for 2014-2019, the provincial government, through the Limpopo Department of Co-operative Governance Human Settlements and Traditional Affairs (COGHSTA) will implement the following programmes in 2019/20 financial year:

- Completion of 8 896 new housing units;
- Acquisition of 40 hectares of land in provincial growth points;
- Construction of 250 rental units through its CRU programme; and
- The construction 120 units through the Finance Linked Subsidy Scheme (FLISP).

### **2.1.9 A responsive, accountable, effective and efficient local government system**

The Department of Co-operative Governance, Human Settlements and Traditional Affairs (COGHSTA) through its Cooperative Governance and Traditional Affairs branch plans to continue monitor and provide support to 27 municipalities on compliance with relevant legislation, improved financial performance and service delivery initiatives inclusive of MIG, implementation of SPLUMA.

The Provincial Treasury will continue to improve its strategies in supporting and monitoring Municipalities to improve compliance to the MFMA and other policies and legislation thereby contributing towards improved audit outcomes. Municipalities will be supported and assessment reports will be issued on a quarterly basis on the implementation of recommendations.



### **2.1.10 Protect and enhance environmental assets and natural resources**

The Department of Economic Development, Environment and Tourism (LEDET) will intensify efforts in ensuring sustainable environmental management, utilisation and regulation of natural resources in the environmental space. The Department will be implementing a number of infrastructure projects in 15 nature reserves across the province.

The Department will ensure it intensify its efforts in ensuring community compliance with the environmental laws and regulations. To that effect, capacity building and training programmes as well as awareness campaigns on environmental laws will be conducted with communities and all stakeholders. The fighting of rhino/lion poaching and exploitation of fauna and flora remains top of priorities for the Department in the 2019/20 year and beyond. The Department will continue to intensify its compliance and enforcement programmes in partnership with other law enforcement agencies such as the Department of Arts and Culture, the Phalaborwa Tourism Association and the Kruger Nation Park, SAPS and SANDF.

### **2.1.11 Create a better South Africa, a better Africa and better world**

The Office of the Premier will continue to champion and to promote sound intergovernmental and international relations in the provincial government, by ensuring alignment between different levels of government for better coordination and delivery of services in the Province. In 2019/20 financial year, the Office of the Premier will coordinate the International missions undertaken by Departments and the implementation of signed MOUs, as well as coordinating and monitoring of the implementation of donor funded projects/programmes in the Province.

### **2.1.12 An efficient, effective and development oriented public service**

Office of the Premier will continue to play a major role in the provincial government in terms of recruitment, skilling and development, retention and well-motivated personnel in Departments, Public Entities and Municipalities to ensure an efficient and effective



public service. The Office of the Premier is a key role player in ensuring that policies and procedures are developed and implemented in the province towards achieving a well-developed public service. During the 2019/20 financial year, the Office of the Premier will improve institutional efficiency and effectiveness and enhance monitoring and evaluation capacity of the provincial administration as it will strive to:

- Coordinate the implementation of 5 objectives of the clean audit strategy in partnership with Provincial Treasury;
- Coordinate implementation of the Anti-Fraud and Corruption Strategy within the Office of the Premier and the provincial line departments with a view of expanding to other areas;
- Coordinate and monitor filling of funded vacant posts as well as compliance to human resource prescripts and MPAT standards;
- Manage and monitor Legal and labour relations service within the province;
- Facilitate and monitor the mainstreaming of 5 targeted groups; and
- Facilitate the development of Provincial Evaluation plan, and monitor implementation thereof.

### **2.1.13 Social Protection**

Poverty is a key development challenge in social, economic and political terms, not only in South Africa but throughout the developing world. The Department of Social Development's key goal is the transformation of the society by building conscious and capable citizens and this remains a key challenge for government and the Department. These key main services were identified for implementation during the 2019/20 financial year include:

- Provision of skills and empowerment programmes to 650 youths;
- Increasing the number of children from conception until the year before formal schooling accessing registered ECD programmes to 320 000;
- To increase number of people receiving psycho-social services due to impact of HIV and AIDS to 494 500 by 2019/20;
- Provision of temporary relief to 25 000 people in distress; and
- Provision of integrated programmes and services to support, care and empower 16 500 victims of crime and violence in particular women and children.

### **2.1.14 Nation building and Social cohesion**

The Department of Sport, Arts and Culture as the custodian of social cohesion and national identity champion in the province will continue to host two significant days (Freedom & Heritage day) in the cultural calendar as well as three social cohesion events, i.e. Mapungubwe Arts Festival, Africa Day and the Ku luma vukanyi.

The Department will continue to support statutory and non-statutory bodies in 2019/20 through the Limpopo Arts and Culture Council, Limpopo Moral Regeneration Committee, Limpopo Heritage Resource Authority, Limpopo Geographical Names Committee, Limpopo Language Committee, the Limpopo Library Board, Limpopo Sport Academy, Limpopo Sport Confederation and Limpopo Archives Council.

The Indigenous games programmes will be staged in all 5 districts of the Province and best performing athletes will represent the province at a national level. In School Sport, learners will participate in the District, Provincial and National School Sport competitions in 19 sporting codes such as Athletics, Chess, Basketball, Hockey, Football, Gymnastics, Cricket, Softball, Volleyball, Tennis, Table – Tennis, Rugby, Netball, Khokho, Jukskei, Morabaraba and Kgati.

## **2.2. Summary of Budget Aggregates**

The provincial spending is funded via two main sources, i.e. transfer receipts from national (comprised of the Provincial Equitable Share and Conditional Grants) and provincial own receipts (made up of tax receipts, fines and sale of capital assets).

Transfer receipts from National Government increased nominally by R4.1 billion or 6.9 percent from the 2018/19 budget of R63.9 billion to R68.0 billion in 2019/20 estimated to grow to R72.5 billion in 2020/21 and R77.1 billion in 2021/22. The province will collect provincial own receipts of R1.3 billion in 2019/20, R1.4 billion in 2020/21 and R1.5 billion in 2021/22.

The total receipts available for the 2019/20 financial year amounts to R69.342 billion and an amount of R159.0 million is made available from the provincial reserves to



support fiscal stabilisation in dealing with the deterioration of the economic environment and its related impact. The overall amount of R69.3 billion is available for spending by province during the 2019/20 financial year. The table below refers:

**Table 10: Provincial Budget Summary**

| R thousand                                       | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate   | Medium-term estimates |                   |                   |
|--|-------------------|-------------------|-------------------|--------------------|------------------------|--------------------|-----------------------|-------------------|-------------------|
|  | 2015/16           | 2016/17           | 2017/18           | 2018/19            |                        |                    | 2019/20               | 2020/21           | 2021/22           |
| <b>Provincial receipts</b>                       |                   |                   |                   |                    |                        |                    |                       |                   |                   |
| Transfer receipts from national                  | 53 213 827        | 56 600 397        | 59 893 092        | 63 723 044         | 63 944 085             | 63 944 085         | 68 025 751            | 72 516 550        | 77 097 730        |
| Equitable share                                  | 45 866 202        | 48 708 568        | 51 960 337        | 55 178 775         | 55 178 775             | 55 178 775         | 58 964 758            | 62 986 213        | 66 778 856        |
| Conditional grants                               | 7 347 625         | 7 891 829         | 7 932 755         | 8 544 269          | 8 765 310              | 8 765 310          | 9 060 993             | 9 530 337         | 10 318 874        |
| Provincial own source receipts                   | 1 260 141         | 1 468 966         | 1 325 648         | 1 247 168          | 1 247 169              | 1 247 169          | 1 316 599             | 1 390 327         | 1 465 406         |
| <b>Total provincial receipts</b>                 | <b>54 473 968</b> | <b>58 069 363</b> | <b>61 218 740</b> | <b>64 970 213</b>  | <b>65 191 254</b>      | <b>65 191 254</b>  | <b>69 342 350</b>     | <b>73 906 877</b> | <b>78 563 136</b> |
| <b>Provincial payments</b>                       |                   |                   |                   |                    |                        |                    |                       |                   |                   |
| Current payments                                 | 44 776 572        | 48 460 867        | 51 762 152        | 55 460 764         | 55 885 421             | 57 308 613         | 59 300 122            | 62 596 796        | 66 538 938        |
| Transfers and subsidies                          | 6 061 628         | 7 408 763         | 7 948 068         | 7 827 310          | 8 456 956              | 8 457 273          | 8 185 421             | 8 164 057         | 8 554 304         |
| Payments for capital assets                      | 2 097 641         | 1 865 905         | 2 278 617         | 2 085 421          | 2 061 397              | 2 069 695          | 2 015 367             | 2 088 962         | 2 828 469         |
| Payments for financial assets                    | 36 154            | 167 819           | 36 854            | -                  | 90 913                 | 90 999             | -                     | -                 | -                 |
| <i>Of which: Unallocated contingency reserve</i> | -                 | -                 | -                 | -                  | -                      | -                  | -                     | 1 057 062         | 641 426           |
| <b>Total payments</b>                            | <b>52 971 995</b> | <b>57 903 354</b> | <b>62 025 691</b> | <b>65 373 495</b>  | <b>66 494 687</b>      | <b>67 926 580</b>  | <b>69 500 912</b>     | <b>73 906 877</b> | <b>78 563 136</b> |
| <b>Surplus/(deficit) before financing</b>        | <b>1 501 973</b>  | <b>166 009</b>    | <b>(806 951)</b>  | <b>(403 281)</b>   | <b>(1 303 433)</b>     | <b>(2 735 327)</b> | <b>(158 562)</b>      | <b>-</b>          | <b>-</b>          |
| <b>Unallocated amounts</b>                       |                   |                   |                   |                    |                        |                    |                       |                   |                   |
| Financing  | -                 | 1 116 848         | 1 427 544         | 403 281            | 1 303 433              | 1 303 433          | 158 562               | -                 | -                 |
| <b>Surplus/(deficit) after financing</b>         | <b>1 501 973</b>  | <b>1 282 857</b>  | <b>620 593</b>    | <b>-</b>           | <b>-</b>               | <b>(1 431 894)</b> | <b>-</b>              | <b>-</b>          | <b>-</b>          |

### 2.3. Financing

The provincial government has through the years accumulated surpluses from underspending of voted funds by departments and in 2019/20 financial year, an amount of R158.6 million is made available to augment the provincial budget. Furthermore, an amount of R1.0 billion and R641.4 million in 2020/21 and 2021/22 respectively is reserved for contingencies and for provincial priority projects which are still on planning phase.

## **CHAPTER 3: BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK**

### **3.1 The relationship between Strategic planning and budget**

Strategic Planning is the key element in ensuring that government priorities are planned for and implemented. The strategic planning and prioritisation is the starting point for the preparation of the departmental budget submission. Departments compile their five-year strategic plans which is then supported by Annual Performance Plans indicating what the department intends to achieve in the coming financial year and the following two MTEF years. All departmental priorities and targets as indicated on the Strategic Plans. Annual Performance Plans are then costed and budgeted for in MTEF budget and reviewed on annual basis. This process ensures that the executive authority is accountable for service delivery against the allocated budget.

### **3.2 The Budget Allocation Strategies**

Limpopo Treasury remains committed to reprioritising the limited resources between competing priorities of provincial departments through extensive consultation with departments and public entities. The Executive Budget Committee continues to play a fundamental role in ensuring better alignment of the budget allocations to policy priorities within the expenditure control framework.

Departmental priorities are discussed during the Medium Term Expenditure Committee Hearings (MTEC's) which is held between the Provincial Treasury and departments/ public entities within the context of applicable baseline allocations. These consultative and collaborative budget hearings (MTEC's) are held to provide support to the Executive Council Budget Committee. These hearings provide a strong basis in ensuring that jointly agreed allocations achieve key policy priorities while maintaining fiscal discipline. These interactions capacitate Provincial Treasury to understand the departmental needs in order to provide a comprehensive motivation



for allocation of limited resources to the Executive Council Budget Committee for considerations and approval by the Executive Council.

The Provincial Government is implementing the fiscal consolidation package as part of the fiscal strategy with the aim of stabilising the economy and limiting government spending. Implementation of cost containment measures still remain a key priority for the Province. This aims to reduce departmental spending on non-essential items and direct the funds to core service delivery. The province is also focusing on revenue enhance initiatives which aims to boost the provincial revenue.

The implementation of PERSAL block as set out in the Provincial Personnel Management Framework and the Instruction Note 7 of 2016, continues to bear fruits in reducing the provincial high wage bill. Provincial departments are prioritizing personnel budgets to provide for critical posts only and the budget for compensation of employees is ring-fenced. The implementation of the cost containment measures linked to procurement reforms has also been successfully applied to reduce and contain expenditure on non-essential goods and services.

### **3.3 Provincial Budget Process**

The provincial budget process is a continuous cycle that runs from April to March every year. The provincial budget process is aligned to the National Treasury budget process schedule which is issued every year together with MTEF Technical guidelines. The following outline illustrates the timetable for one year's budget process:

- National Treasury issues MTEF guidelines to provincial Treasuries in June detailing how the MTEF 1st draft budget should be prepared and submitted. These guidelines are customised by the Provincial Treasury and issued to provincial departments and public entities in July;
- Provincial Treasury conducts MTEC hearings in September;
- National Treasury issues preliminary allocation letters to the Provincial Treasury in November,

- Department submit the 2nd draft MTEF budget documents to Provincial Treasury in November. Budget documents are analysed, consolidated and submitted to National Treasury for further analysis;
- Provincial Treasury attends the Benchmark exercise at National Treasury in December, where the allocation is analysed in terms of growth rates and alignment to National outcomes;
- National and Provincial Treasury meet departments and discuss budget growth rates and issues raised in the Benchmark and
- Provincial Treasury provide responses to issues raised during the Benchmark;
- The Provincial Executive Council Budget Committee convenes in February to consider the departmental allocations and recommendations made by National Treasury;
- In February, National Treasury issues the final allocation letters to Provincial Treasury to prepare the final budget for approval by the Executive Council for the coming MTEF period and tabling to the Provincial Legislature.

### **3.4 The role of Provincial Treasury**

The Provincial Treasury drives the budget reform process and ensures the efficient use of the scarce resources through realisation of public sector objectives such as poverty reduction and support towards national growth and prosperity. In its efforts to promote good governance, Limpopo Provincial Treasury attaches great focus in the management and utilisation of public resources. Section 18 sub-section 1 (a) and (b) of the Public Finance Management Act (PFMA) of 1999 (Act No.1 of 1999), mandates the Provincial Treasuries to manage the provincial financial affairs within their jurisdictional areas, through the preparation of a provincial budget and exercise control over the implementation thereof by provincial departments and public entities.

Limpopo Provincial Treasury played a significant role of ensuring that the budget preparation process for 2019 MTEF was seamless. As one of its responsibilities, Provincial Treasury lays down the budget submission instructions and ensures that the required budget documents are submitted on time and in the correct format. The following activities were performed by Provincial Treasury during the 2019 budget process:



- Customised and issued the Provincial Budget Process Schedule to departments and entities.
- Issued customised provincial MTEF guidelines and formats to departments;
- Conducted workshops with all departments and public entities on guidelines, formats, database completion and key assumptions on budget preparations;
- Conducted MTEC Hearings;
- Issued preliminary and final allocation letters;
- Analysed each departments and public entities budget document submissions for alignment and corrections;
- Prepared presentations to the Executive Council recommending the budget allocation per department for approval;
- Briefed the Portfolio committee on Finance on the provincial fiscal policy framework.

### **3.5 The role of Departments**

Departments play a vital role in the budget process, both in terms of planning and alignment of priorities within the available funding. Departments and public entities ensure that their activities and mandates are prioritised and adequately funded. This include assessing the credibility of the plans and alignment of the sectoral programmes with the budget. The primary responsibilities of the departments and public entities in the budget process include:

- Consultation with relevant stakeholders;
- Alignment of strategic plans, Annual Performance Plans (APPs) with the budget;
- Submission of budget bidding in line with the departmental mandates for consideration;
- Submission of budget documents as per the MTEF guidelines issued by Provincial Treasury;
- Participation during the MTEC hearing; and
- Ensuring that allocated funds are spent prudently.



## CHAPTER 4: RECEIPTS

### 4.1 Overall Position

The province derives its receipts from equitable share, conditional grants, provincial own revenue and reserves. The equitable share allocation of the province is R58.9 billion in 2019/20 and grows to R66.8 billion in 2021/22. The conditional grant allocation for 2019/20 financial year is R9.1 billion and grows to R10.3 billion in 2021/22. The provincial own revenue for 2019/20 is R1.3 billion in 2019/20 and increases to R1.5 billion in 2021/22 supported by the provincial revenue enhancement strategies. The provincial own revenue grows by 5.6 percent in 2019/20 and 5.4 percent in 2021/22 financial years.

These estimates are derived at after rigorous discussions with departments. In 2019/20 financial year, the Provincial Treasury will be implementing the revenue retention strategy to further motivate provincial institutions to increase their revenue baselines. The province also allocated an amount R158.6 million from the provincial revenue fund reserves to make available total of R69.5 billion in 2019/20 financial year.

**Table 11: Summary of Provincial Receipts**

| R thousand  | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|---|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|   | 2015/16           | 2016/17           | 2017/18           | 2018/19            |                        |                   | 2019/20               | 2020/21           | 2021/22           |
| <b>Transfer receipts from national</b>                |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Equitable share                                       | 45 866 202        | 48 708 568        | 51 960 337        | 55 178 775         | 55 178 775             | 55 178 775        | 58 964 758            | 62 986 213        | 66 778 856        |
| Conditional grants                                    | 7 347 625         | 7 891 829         | 7 932 755         | 8 544 269          | 8 765 310              | 8 765 310         | 9 060 993             | 9 530 337         | 10 318 874        |
| <b>Total Transfer receipts from national</b>          | <b>53 213 827</b> | <b>56 600 397</b> | <b>59 893 092</b> | <b>63 723 044</b>  | <b>63 944 085</b>      | <b>63 944 085</b> | <b>68 025 751</b>     | <b>72 516 550</b> | <b>77 097 730</b> |
| <b>Tax receipts</b>                                   | <b>409 938</b>    | <b>458 530</b>    | <b>501 514</b>    | <b>518 925</b>     | <b>545 330</b>         | <b>545 330</b>    | <b>604 232</b>        | <b>663 796</b>    | <b>736 232</b>    |
| Casino taxes  | 56 600            | 58 749            | 59 604            | 73 774             | 58 436                 | 58 436            | 59 897                | 60 496            | 62 311            |
| Horse racing taxes                                    | 18 001            | 26 130            | 30 860            | 32 001             | 42 601                 | 42 601            | 46 972                | 46 504            | 50 574            |
| Liquor licences                                       | 3 300             | 3 424             | 3 369             | 3 800              | 3 663                  | 3 663             | 3 857                 | 4 069             | 4 293             |
| Motor vehicle licences                                | 332 037           | 370 227           | 407 681           | 409 350            | 440 630                | 440 630           | 493 506               | 552 727           | 619 054           |
| Sales of goods and services other than capital assets | 240 563           | 260 792           | 278 537           | 287 932            | 286 373                | 286 372           | 305 312               | 322 123           | 339 156           |
| Transfers received                                    | 149               | 204               | 20                | -                  | 5 413                  | 5 413             | 5 700                 | 6 013             | 6 344             |
| Fines, penalties and forfeits                         | 59 797            | 71 833            | 62 127            | 78 763             | 52 064                 | 52 064            | 54 823                | 57 734            | 60 910            |
| Interest, dividends and rent on land                  | 319 258           | 406 419           | 348 962           | 303 287            | 289 719                | 289 719           | 281 727               | 266 580           | 244 140           |
| Sales of capital assets                               | 14 993            | 18 322            | 41 356            | 11 748             | 20 329                 | 20 329            | 12 791                | 13 437            | 14 061            |
| Transactions in financial assets and liabilities      | 215 443           | 252 866           | 93 132            | 46 513             | 47 942                 | 47 942            | 52 014                | 60 643            | 64 563            |
| <b>Total Provincial own receipts</b>                  | <b>1 260 141</b>  | <b>1 468 966</b>  | <b>1 325 648</b>  | <b>1 247 168</b>   | <b>1 247 169</b>       | <b>1 247 169</b>  | <b>1 316 599</b>      | <b>1 390 327</b>  | <b>1 465 406</b>  |
| <b>Total Provincial receipts</b>                      | <b>54 473 968</b> | <b>58 069 363</b> | <b>61 218 740</b> | <b>64 970 212</b>  | <b>65 191 254</b>      | <b>65 191 254</b> | <b>69 342 350</b>     | <b>73 906 877</b> | <b>78 563 136</b> |

## 4.2 Equitable Share

Section 214 of the Constitution requires that an Act of Parliament provides for the equitable division of revenue raised nationally among the spheres of government and for the determination of each province's equitable share of the that revenue. Each province's equitable share is determined through the equitable share formula which is reviewed and updated annually using new data and taking into account recommendations from the Financial and Fiscal Commission (FFC).

The province received R58.9 billion in 2019/20, R62.9 billion in 2020/21; and R66.8 billion in 2021/22 financial year. Included in these allocations are function shift in the Department of Social Development on food relieve and translation of social worker grant to equitable share. New allocations in the equitable share include, Provincial Treasury allocation on Municipal Interventions and Infrastructure Capacitation, Health Cuban Doctor Programme and Education a once-off allocation of Sanitary Dignity project. Details on these allocations are included in Chapter 2, Table 9.

## 4.3 Conditional Grants

Conditional grants are the allocation that provinces receive from the national share designed to achieve specific objectives with conditions that each recipient department must adhere to. The purpose of conditional grants is to address inter-governmental policy matters in all provinces. The province is allocated R9.1 billion in 2019/20, R9.5 billion in 2020/21 and R10.3 billion in 2021/22 financial years. The province receives 3.4 percent increase in 2019/20 and 5.6 percent increase over the MTEF.

Due to the stimulus package introduced by the President of the Republic during the MTBPS, which implies that reprioritisation and fiscal consolidation, grants such as Comprehensive HIV/AIDS grant, Comprehensive Agriculture Support Programmes (CASP), Education Infrastructure grant were reprioritised and new grants such as Human Resource Capacitation grant is introduced in the Department of Health. The table below refers:

**Table 12: Summary of National Conditional Grant transfers by vote**

| R thousand   | Outcome          |                  |                  | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                  |                   |
|--|------------------|------------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|-------------------|
|  | 2015/16          | 2016/17          | 2017/18          |                    |                        |                  | 2018/19               | 2019/20          | 2020/21           |
| <b>Vote 3</b>  | <b>1 919 982</b> | <b>2 088 243</b> | <b>2 019 768</b> | <b>2 349 648</b>   | <b>2 385 382</b>       | <b>2 385 382</b> | <b>2 460 517</b>      | <b>2 646 847</b> | <b>2 818 629</b>  |
| National School Nutrition Programme                    | 991 122          | 1 087 090        | 1 113 968        | 1 229 299          | 1 255 019              | 1 255 019        | 1 292 011             | 1 363 072        | 1 438 041         |
| HIV/AIDS (Life Skills Education)                       | 24 238           | 23 486           | 22 886           | 27 116             | 28 964                 | 28 964           | 29 124                | 31 137           | 32 849            |
| Education Infrastructure Grant                         | 863 797          | 938 072          | 838 734          | 1 011 680          | 1 011 680              | 1 011 680        | 1 050 160             | 1 175 467        | 1 266 336         |
| EPWP Incentive Allocation                              | 2 672            | 1 876            | 2 211            | 2 134              | 2 134                  | 2 134            | 2 385                 | -                | -                 |
| Social Sector (EPWP) Grant                             | 2 482            | 3 175            | 2 379            | 14 355             | 14 355                 | 14 355           | 14 196                | -                | -                 |
| Learners with profound intellectual Disabilities Grant | -                | -                | 4 666            | 21 700             | 23 688                 | 23 688           | 26 839                | 28 932           | 30 523            |
| Maths, Science and Technology Grant                    | 35 671           | 34 544           | 34 924           | 43 364             | 49 542                 | 49 542           | 45 802                | 48 239           | 50 880            |
| <b>Vote 4</b>  | <b>329 331</b>   | <b>332 349</b>   | <b>321 918</b>   | <b>345 387</b>     | <b>395 303</b>         | <b>395 303</b>   | <b>342 345</b>        | <b>361 568</b>   | <b>389 230</b>    |
| Land Care Programme                                    | 9 903            | 10 429           | 13 672           | 12 603             | 47 803                 | 47 803           | 12 863                | 13 570           | 14 316            |
| Comprehensive Agriculture Support Programme            | 263 806          | 253 570          | 237 159          | 256 521            | 271 237                | 271 237          | 246 542               | 268 605          | 290 679           |
| EPWP Incentive Allocation                              | 5 285            | 4 475            | 3 731            | 5 000              | 5 000                  | 5 000            | 7 686                 | -                | -                 |
| ILima/Letsema Projects                                 | 50 337           | 63 875           | 67 356           | 71 263             | 71 263                 | 71 263           | 75 254                | 79 393           | 84 235            |
| <b>Vote 06</b>   | <b>2 481</b>     | <b>3 443</b>     | <b>2 567</b>     | <b>3 376</b>       | <b>3 376</b>           | <b>3 376</b>     | <b>3 563</b>          | <b>-</b>         | <b>-</b>          |
| EPWP Incentive Allocation                              | 2 481            | 3 443            | 2 567            | 3 376              | 3 376                  | 3 376            | 3 563                 | -                | -                 |
| <b>Vote 7</b>  | <b>1 879 185</b> | <b>2 066 168</b> | <b>2 311 781</b> | <b>2 720 840</b>   | <b>2 811 194</b>       | <b>2 811 194</b> | <b>3 073 250</b>      | <b>3 321 449</b> | <b>3 754 177</b>  |
| Health Professions Training and Development            | 117 554          | 124 779          | 131 684          | 139 366            | 139 366                | 139 366          | 147 168               | 155 262          | 163 801           |
| Health Facility Revitalisation                         | 357 322          | 378 900          | 416 805          | 536 898            | 625 405                | 625 405          | 457 951               | 484 830          | 522 832           |
| Comprehensive HIV and AIDS                             | 1 065 528        | 1 170 424        | 1 366 911        | 1 600 516          | 1 602 363              | 1 602 363        | 1 947 302             | 2 167 956        | 2 525 491         |
| <i>of which</i>  |                  |                  |                  |                    |                        |                  |                       |                  |                   |
| Community Outreach Services Component                  | -                | -                | -                | -                  | -                      | -                | 258 929               | 273 429          | 445 789           |
| Comprehensive HIV AIDS Grant Component                 | -                | -                | -                | -                  | -                      | -                | 1 598 159             | 1 776 843        | 1 962 848         |
| Malaria Control  | -                | -                | -                | -                  | -                      | -                | 45 366                | 70 370           | 66 937            |
| Tuberculosis Component                                 | -                | -                | -                | -                  | -                      | -                | 44 848                | 47 314           | 49 917            |
| National Tertiary Services                             | 312 393          | 362 361          | 366 283          | 387 560            | 387 560                | 387 560          | 409 263               | 436 684          | 460 702           |
| Human Papillomavirus Vaccine Grant                     | -                | -                | -                | 27 471             | 27 471                 | 27 471           | 29 009                | 30 604           | 32 287            |
| EPWP Integrated Grant                                  | 1 079            | -                | -                | 2 000              | 2 000                  | 2 000            | 2 000                 | -                | -                 |
| EPWP Social Sector Incentive Grant                     | 17 826           | 21 975           | 30 098           | 27 029             | 27 029                 | 27 029           | 37 299                | -                | -                 |
| Human Resource Capacity Grant                          | -                | -                | -                | -                  | -                      | -                | 43 258                | 46 113           | 49 064            |
| National Health Insurance                              | 7 483            | 7 729            | -                | -                  | -                      | -                | -                     | -                | -                 |
| <b>Vote 8</b>  | <b>298 298</b>   | <b>326 129</b>   | <b>345 640</b>   | <b>356 809</b>     | <b>356 809</b>         | <b>356 809</b>   | <b>376 790</b>        | <b>402 035</b>   | <b>424 147</b>    |
| Public Transport Operations                            | 298 298          | 326 129          | 345 640          | 356 809            | 356 809                | 356 809          | 376 790               | 402 035          | 424 147           |
| <b>Vote 9</b>  | <b>976 853</b>   | <b>997 357</b>   | <b>1 136 431</b> | <b>1 131 500</b>   | <b>1 168 618</b>       | <b>1 168 618</b> | <b>1 164 021</b>      | <b>1 164 114</b> | <b>1 253 439</b>  |
| Provincial Roads Maintenance Grant                     | 969 733          | 992 531          | 1 130 534        | 1 124 146          | 1 161 264              | 1 161 264        | 1 158 253             | 1 164 114        | 1 253 439         |
| EPWP Integrated Grant                                  | 7 120            | 4 826            | 5 897            | 7 354              | 7 354                  | 7 354            | 5 768                 | -                | -                 |
| <b>Vote 10</b>   | <b>2 078</b>     | <b>-</b>         | <b>2 000</b>     | <b>2 000</b>       | <b>2 000</b>           | <b>2 000</b>     | <b>2 000</b>          | <b>-</b>         | <b>-</b>          |
| EPWP Integrated Allocation                             | 2 078            | -                | 2 000            | 2 000              | 2 000                  | 2 000            | 2 000                 | -                | -                 |
| <b>Vote 11</b>   | <b>1 129 138</b> | <b>1 518 880</b> | <b>1 255 778</b> | <b>1 312 187</b>   | <b>1 312 187</b>       | <b>1 312 187</b> | <b>1 339 523</b>      | <b>1 333 757</b> | <b>1 361 631</b>  |
| EPWP Incentive Allocation                              | 829              | 636              | 2 000            | 2 000              | 2 000                  | 2 000            | 2 026                 | -                | -                 |
| Human Settlement Development                           | 1 128 309        | 1 518 244        | 1 253 778        | 1 285 681          | 1 285 681              | 1 285 681        | 1 301 677             | 1 098 807        | 1 079 035         |
| <i>of which</i>  |                  |                  |                  |                    |                        |                  |                       |                  |                   |
| Human Settlement Development (flood repair)            | 5 701            | 34 182           | -                | 29 678             | 29 678                 | 29 678           | -                     | -                | -                 |
| Earmarked additions for the ff mining towns            | 17 540           | 66 330           | -                | 66 330             | 66 330                 | 66 330           | -                     | -                | -                 |
| Thabazimbi   | 7 171            | 27 100           | -                | 27 100             | 27 100                 | 27 100           | -                     | -                | -                 |
| Greater Tubatse  | 1 684            | 6 430            | -                | 6 430              | 6 430                  | 6 430            | -                     | -                | -                 |
| Elias Motsoaledi                                       | 3 255            | 12 300           | -                | 12 300             | 12 300                 | 12 300           | -                     | -                | -                 |
| Lephalale  | 4 720            | 17 800           | -                | 17 800             | 17 800                 | 17 800           | -                     | -                | -                 |
| Fetakgomo( LIM 476)                                    | 710              | 2 700            | -                | 2 700              | 2 700                  | 2 700            | -                     | -                | -                 |
| Mogalakwena  | -                | -                | -                | -                  | -                      | -                | -                     | -                | -                 |
| Housing Disaster Management                            | -                | -                | -                | 24 506             | 24 506                 | 24 506           | -                     | -                | -                 |
| Informal Settlements upgrading Partnership Grant       | -                | -                | -                | -                  | -                      | -                | -                     | 197 160          | 282 596           |
| Title DeedsRestoration Grant                           | -                | -                | -                | -                  | -                      | -                | 35 820                | 37 790           | -                 |
| <b>Vote 12</b>   | <b>3 188</b>     | <b>11 197</b>    | <b>91 450</b>    | <b>127 200</b>     | <b>130 439</b>         | <b>130 439</b>   | <b>81 181</b>         | <b>73 616</b>    | <b>77 665</b>     |
| EPWP Incentive Allocation                              | 3 188            | 11 197           | 8 973            | 8 008              | 8 008                  | 8 008            | 2 000                 | -                | -                 |
| EPWP Social Sector                                     | -                | -                | -                | -                  | -                      | -                | 10 189                | -                | -                 |
| Early Childhood Development                            | -                | -                | 35 693           | 68 561             | 71 800                 | 71 800           | 68 992                | 73 616           | 77 665            |
| Social work employment grant                           | -                | -                | 46 784           | 50 631             | 50 631                 | 50 631           | -                     | -                | -                 |
| <b>Vote 13</b>   | <b>183 762</b>   | <b>192 774</b>   | <b>186 146</b>   | <b>195 322</b>     | <b>200 002</b>         | <b>200 002</b>   | <b>217 803</b>        | <b>226 951</b>   | <b>239 956</b>    |
| Mass Participation and Sport Development Grant         | 63 417           | 66 391           | 67 407           | 67 679             | 68 558                 | 68 558           | 71 489                | 75 451           | 79 651            |
| Community Library Services                             | 118 404          | 124 544          | 116 743          | 125 643            | 129 444                | 129 444          | 144 314               | 151 500          | 160 305           |
| EPWP Incentive Allocation                              | 1 941            | 1 839            | 1 996            | 2 000              | 2 000                  | 2 000            | 2 000                 | -                | -                 |
| <b>Total conditional grants</b>                        | <b>6 724 296</b> | <b>7 536 540</b> | <b>7 673 479</b> | <b>8 544 269</b>   | <b>8 765 310</b>       | <b>8 765 310</b> | <b>9 060 993</b>      | <b>9 530 337</b> | <b>10 318 874</b> |

**Specific grants within the various departments are outlined below.**

### **Vote 3: Department of Education**

The department will receive conditional grants amounting to R2.5 billion in 2019/20, R2.6 billion in 2020/21 and R2.8 billion in 2021/22 financial year. The conditional grants will be used for HIV/AIDS (Life Skills), Learners with Profound Intellectual Disabilities, National School Nutrition Programme, Education Infrastructure, Math, Science and Technology, Social Sector Extended Public Works Programme (EPWP), Extended Public Works Programme and Integrated. The conditional grants increase throughout the outer years of the MTEF except the Social Sector EPWP and EPWP Intergrated grants as these allocations are based on performance.

### **Vote 4: Department of Agriculture**

The department will receive conditional grants amounting to R342.3 million in 2019/20, R361.6 million in 2020/21 and R389.2 million is 2021/22 financial year. The conditional grants will be used mainly for Land Care, Comprehensive Agriculture Support Programmes and Ilima / Letsema projects and EPWP Integrated.

### **Vote 6: Department of Economic Development, Environment and Tourism**

The department has been allocated R3.6 million for EPWP Integrated grant for the year 2019/20 financial year.

### **Vote 7: Department of Health**

An amount of R3.1 billion has been allocated to the department as a conditional grant for the year 2019/20, R3.3 billion in 2020/21 and R3.8 billion in 2021/22 financial year. Over the 2019 MTEF the department will have the following conditional grants; - Comprehensive HIV/AIDS, Health Professional Training and Development Grant, Health Facility Revitalisation, Human Papillomavirus Vaccine, Human Resources Capacitation, National Tertiary Services, EPWP Integrated and EPWP Social Sector.

The Human Resources Capacitation Grant is new grant allocated for employment of Health Professionals in the Province.

#### **Vote 8: Department of Transport**

The department will receive Public Transport Operations Grants of R376.8 million in 2019/20 financial year, it increases to R402.0 million in 2020/21 and R424.2 million in 2021/22 financial year.

#### **Vote 9: Department of Public Works, Roads and Infrastructure**

The department will receive conditional grants amounting R1.2 billion in 2019/20 and 2020/21 financial year and increase to R1.3 billion in 2021/22 financial year. The conditional grants will be used mainly for Provincial Road Maintenance, Provincial Road Maintenance (Flood Repairs) and EPWP Intergrated.

#### **Vote 10: Community Safety**

The department has been allocated R2.0 million for EPWP Incentive grant for the year 2019/20 financial year.

#### **Vote 11: Department Cooperative Governance, Human Settlements & Traditional Affairs**

The department will receive grant amounting to R1.3 billion in 2019/20 and 2020/21 financial year. The grant will increase to R1.4 billion in 2021/22 financial year. The conditional grant is mainly for Integrated Housing and Human Settlements Development, Information Settlement Upgrading Partnership, Title Deed Restoration and implementation of EPWP Integrated programme.

#### **Vote 12: Department of Social Development**

The department has been allocated conditional grant of R81.2 million for 2019/20 financial year. The grant funding will decline to R73.6 million in 2020/21 and increase



to R77.7 million in 2021/22 financial year. The grants funding will be used for Early Childhood Development, EPWP Integrated and EPWP Social Sector.

### **Vote 13: Department of Sports Arts and Culture**

The department has been allocated conditional grant amounting to R217.8 million in 2019/20, R227.0 million in 2020/21 and R240.0 million in 2021/22 financial year. The grant will be used mainly for Mass Participation and Sport Development, Community Library Services and EPWP Intergrated.

#### **4.4 Provincial Own Receipts (Own Revenue)**

The South African economy is currently recovering from a technical recession after two consecutive quarters of negative growth in 2018. The economic growth realized in recent times is much lower than the targets as set in the Limpopo Development Plan and the National Development Plan. The repressed economic growth will lead to under collection in the amount of national taxes revenue and given that the total debt levels are rising, South Africa and the Limpopo Province is facing a fiscal constraint. As a result, the Provincial Share of Revenue perpetually reduces despite the increasing population and developmental needs of citizens.

Section 227 of the Constitution of the Republic of South Africa mandate all Provinces to raise own revenue for the purpose of augmenting the Provincial Share of Revenue. The aforementioned revenue is not deductible from the share of revenue raised nationally or from other allocations made to Provinces out of national government revenue. Thus the own revenue generated will aid Provinces to address the provincial spending priorities. In Limpopo, own revenue is generated from twelve (12) Departments and three (3) Schedule 3C public entities. Own revenue generated by Limpopo Legislature and two (2) Schedule 3D public entities are retained by such institutions in terms of the requirement of the Public Finance Management Act and as per the guidelines by the Department of Public Service and Administration “The Machinery of Government”.

In 2019/20 financial year, the Limpopo own revenue collection is projected at R1.316 billion or 1.8 percent of the total provincial receipts. Department of Transport remains the largest provincial own revenue contributor at 44.1 percent mainly on motor vehicle licenses taxes. Initiatives are in place to improve access to public services through the extension of multipurpose centres and the introduction of K53 Testing Ground's project which will ultimately enhance revenue collection.

Provincial Treasury is the second largest in revenue collection at 21.3 percent from interest earned on bank balances. Interest earned on provincial bank balances is not sustainable since it depends much on the spending behaviour of the departments, - the more departments spend, the lower the accumulation of Provincial cash balances, and thus the lower the interest earned. To this end, departments are supported through the quarterly revenue enhancement bilateral meetings to identify and implement revenue enhancement projects.

The Department of Health is the third revenue contributor at 14.7 percent mainly from the collection of patient fees. The implementation of the Electronic Data Interchange and Patient Verification System through Revenue Enhancement Allocation is yielding positive results not only for revenue maximisation but also contribute to patient billing efficiencies. Following the Department of Health is the Department of Economic Development, Environment and Tourism at 12.1 percent primarily from casino and horse racing taxes. In 2019/20 financial year, the Province invest R32.0 million in infrastructure development of resorts for Limpopo Economic Development, Environment and Tourism to support the implementation of provincial own revenue enhancement projects.

Other Departments contribute 7.8 percent mainly through Department of Agriculture and Public Works, Road and Infrastructure with potential to generate more revenue on property rentals; and boarding services and tuition fees respectively. The increasing expenditure trend over the MTEF period and year on year reduction of equitable share, necessitate the province to continuously exert more efforts towards maximisation of own revenue generation and ensuring efficient and effective revenue management. The implementation of the Provincial Revenue Retention Strategy which considers the 2018/19 revenue collection outcomes, shall encourage



Departments and Public Entities to manage revenue collection effectively through the retention of revenue surpluses.

**Table 13: Provincial Own Revenue per vote**

| R thousand  | Outcome          |                  |                  | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                  |                  |
|---|------------------|------------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
|   | 2015/16          | 2016/17          | 2017/18          |                    |                        |                  | 2018/19               | 2019/20          | 2020/21          |
| Vote 1: Office of the Premier   | 1 834            | 1 186            | 752              | 567                | 617                    | 617              | 583                   | 608              | 652              |
| Vote 2: Provincial Legislature  | 316              | 186              | 630              | 234                | 744                    | 744              | 246                   | 260              | 274              |
| Vote 3: Education   | 63 781           | 67 488           | 63 106           | 41 264             | 40 981                 | 40 981           | 43 826                | 46 597           | 49 160           |
| Vote 4: Agriculture and Rural Development                                   | 13 222           | 13 101           | 14 709           | 12 579             | 12 579                 | 12 579           | 11 722                | 12 003           | 12 689           |
| Vote 5: Provincial Treasury   | 302 970          | 407 906          | 346 307          | 300 000            | 287 997                | 287 997          | 280 874               | 265 636          | 243 149          |
| Vote 6: Economic Development, Environment and Tourism                       | 124 557          | 123 473          | 135 550          | 160 918            | 150 941                | 150 941          | 158 941               | 167 683          | 176 905          |
| Vote 7: Health  | 135 609          | 169 761          | 181 367          | 168 177            | 177 700                | 177 700          | 193 610               | 204 259          | 215 493          |
| Vote 8: Transport   | 419 630          | 472 466          | 502 978          | 524 149            | 528 806                | 528 806          | 584 740               | 649 140          | 720 705          |
| Vote 9: Public Works, Roads and Infrastructure                              | 156 871          | 187 679          | 70 166           | 28 355             | 34 877                 | 34 877           | 30 438                | 31 962           | 33 566           |
| Vote 10: Community Safety   | 253              | 168              | 264              | 232                | 122                    | 122              | 94                    | 105              | 111              |
| Vote 11: Co-operative Governance, Human Settlements and Traditional Affairs | 35 987           | 8 715            | 4 845            | 4 784              | 5 773                  | 5 773            | 5 119                 | 5 415            | 5 730            |
| Vote 12: Social Development   | 3 424            | 14 752           | 2 763            | 3 969              | 3 969                  | 3 969            | 4 182                 | 4 292            | 4 528            |
| Vote 13: Sport, Arts and Culture  | 1 687            | 2 085            | 2 211            | 1 940              | 2 063                  | 2 063            | 2 224                 | 2 368            | 2 444            |
| <b>Total Provincial own receipts</b>  | <b>1 260 141</b> | <b>1 468 966</b> | <b>1 325 648</b> | <b>1 247 168</b>   | <b>1 247 169</b>       | <b>1 247 169</b> | <b>1 316 599</b>      | <b>1 390 327</b> | <b>1 465 406</b> |

The table above portrays the history of own receipts per vote from the 2015/16 financial year to 2017/18 financial year, and the collection estimates over 2019 MTEF period. The Provincial own revenue estimates increase from the original estimates of R1.247 billion in 2018/19 to R1.316 billion in 2019/20 financial year which represent an increase of 5.6 percent.

### **Vote 1: Office of the Premier**

Main sources of revenue of the Office are Commission on Insurance and Parking fees. The revenue target of the Office grows by negative 5.5 percent and 4.8 percent over the MTEF. The negative growth in 2019/20 is influenced by once off sale of capital assets and growth over the MTEF is inflationary related.

### **Vote 2: Provincial Legislature**

The main source of revenue in the Legislature is Commission on Insurance. The revenue target of the institution is growing by negative 66.9 in 2019/20 and 5.4 percent over the MTEF. The negative growth in 2019/20 is due to once off sale of capital assets and growth over the MTEF is inflationary related.



### **Vote 3: Education**

The main source of revenue is Commission on Insurance. The revenue target of the department is growing by 6.9 in 2019/20 and 6.0 percent over the MTEF period. The growth is mainly influenced by anticipated increase collection on commission on insurance.

### **Vote 4: Agriculture**

The main sources of revenue are Commission on insurance and Agricultural produce. The departmental revenue target is growing by negative 6.8 in 2019/20 and minimal growth of 0.3 percent over the MTEF. Negative growth is mainly influenced by anticipated reduction of sale of animal feeds which will be offered for free to farmers.

### **Vote 5: Provincial Treasury**

The main source of revenue in Provincial Treasury is interest received from favourable bank balances. The revenue target of the department is growing at a negative growth 6.4 percent in 2019/20 and negative 6.8 percent over the MTEF. The negative growth is due to volatile nature of interests earned on favourable provincial bank balance.

### **Vote 6: Economic Development, Environment and Tourism**

The main sources of revenue in this department are casino, horse racing taxes, hunting permits and tourism revenue (Accommodation, entrance fee etc.). The revenue target of the department grows by 5.3 per cent and 3.2 percent over the MTEF due to inflationary related factors.

### **Vote 7: Health**

The main source of revenue for the department is health patient fees and rentals. The revenue target of the department is growing by 9.0 and 8.6 percent over the MTEF. The growth is influenced by improved collection of patient fees due to implementation of Electronic Data Interchange (EDI) and Patient Verification System for efficient billing.



### **Vote 8: Transport**

Motor vehicle licences is the primary source of revenue by the Department of Transport. The revenue target of the department is growing by 10.6 and 11.2 percent over the MTEF. Abnormal growth in 2019/20 and over the MTEF is due to anticipated increase of motor vehicle license fee tariffs over the MTEF and improved recovery of Municipality debts.

### **Vote 9: Public Works, Roads & Infrastructure**

Department of Public Works, Roads and Infrastructure is the custodian of state properties in the Province. The largest source of revenue is thus rental of properties. The revenue target of the department is growing by negative 12.7 percent in 2019/20 and 5.8 percent over the MTEF. Negative growth in 2019/20 is due to once off sale of capital assets during 2018/19 financial year and growth over the MTEF is inflationary related.

### **Vote 10: Community Safety**

Department of Community Safety contribute revenue mainly from Commission on Insurance and parking fees. The revenue target of the department is growing by negative 23.0 percent and negative 21.8 percent over the MTEF. Negative growth is mainly due to once off sale of capital assets and recovery of previous years' debts items.

### **Vote 11: Co-operative Governance, Human Settlement and Traditional Affairs**

Main source of revenue is Commission on Insurance and Parking fees. The revenue target of the department is growing by negative 11.3 percent and growth of 6.2 percent over the MTEF. Negative growth is due to unpredictable interest earned from implementing Agents for funds transferred for projects, and growth over the MTEF is inflationary related.

## Vote 12: Social Development

Department of Social Development contributes own revenue primarily from Commission on Insurance. The revenue target of the department is growing by 5.4 percent and 4.5 percent over the MTEF due to inflation related factors.

## Vote 13: Sport, Arts and Culture

The largest source of revenue for the Department is Entrance fees from hosting Mapungubwe Arts Festival. The revenue target of the department is growing by 7.8 in 2019/20 and 8.0 percent over the MTEF. The growth over the MTEF is because of anticipated improvement in the collection of Entrance fee from Mapungubwe Arts Festival.

### 4.5 Donor Funding

**Table 14: Summary of provincial donor funding**

| R thousand  | Outcome       |               |              | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |          |          |
|---|---------------|---------------|--------------|--------------------|------------------------|------------------|-----------------------|----------|----------|
|   | 2015/16       | 2016/17       | 2017/18      | 2018/19            |                        |                  | 2019/20               | 2020/21  | 2021/22  |
| Vote 06 : Economic Development, Environment and Tourism | 5,198         | 671           | 92           | 1,266              | 1,266                  | 1,266            | -                     | -        | -        |
| Vote 07 : Health  | -             | -             | 1,961        | 3,412              | 3,412                  | 3,412            | -                     | -        | -        |
| Vote 09 : Public Works, Roads and Infrastructure        | -             | 849           | 12           | -                  | -                      | -                | -                     | -        | -        |
| Vote 12 : Social Development                            | 15,296        | 12,000        | 4,005        | 14,220             | 14,220                 | 14,220           | 7,800                 |          |          |
| Vote 13 : Sport, Arts and Culture                       | 1,300         | -             | 2,929        | 2,539              | 2,539                  | 2,539            | -                     | -        | -        |
|   | <b>21,794</b> | <b>13,520</b> | <b>8,999</b> | <b>21,437</b>      | <b>21,437</b>          | <b>21,437</b>    | <b>7,800</b>          | <b>.</b> | <b>.</b> |

An amount of R7.8 million will be received by Department of Social Development from HWSETA (donor) for training and development of interns during 2019/20 financial year. Department of Economic Development; Health; Public Works and Sport, Arts and Culture are no longer receiving financial assistance from donors.



## CHAPTER 5: PAYMENTS

### 5.1 Overall Position

The provincial expenditure grows from R66.5 billion in 2018/19 to R69.5 billion in 2019/20 and further grows to R72.8 billion in 2020/21 and to R77.9 billion in 2021/22 financial years. The expenditure growth is 4.5 percent in 2019/20 and 7.3 percent in 2021/22. The 2019 MTEF budget is presented in times of economic distress which includes reductions to both the provincial equitable share and conditional grants.

**Table 15: Summary of provincial payments and Estimates per vote**

| R thousand  | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|---|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|   | 2015/16           | 2016/17           | 2017/18           | 2018/19            |                        |                   | 2019/20               | 2020/21           | 2021/22           |
| Vote 1: Office of the Premier                                       | 340 674           | 371 031           | 401 714           | 420 680            | 420 680                | 420 680           | 443 476               | 467 867           | 493 132           |
| Vote 2: Provincial Legislature                                      | 297 960           | 321 008           | 340 987           | 360 927            | 417 309                | 417 309           | 375 755               | 396 400           | 418 012           |
| Vote 3: Education   | 25 118 175        | 26 826 203        | 29 020 420        | 30 607 772         | 30 834 506             | 30 834 506        | 32 291 008            | 34 095 860        | 36 265 889        |
| Vote 4: Agriculture and Rural Development                           | 1 620 258         | 1 689 801         | 1 708 212         | 1 917 354          | 1 967 270              | 1 967 270         | 2 000 770             | 2 111 206         | 2 233 347         |
| Vote 5: Provincial Treasury   | 363 722           | 441 152           | 427 560           | 472 850            | 472 850                | 472 309           | 506 841               | 534 159           | 562 644           |
| Vote 6: Economic Development, Environment and Tourism               | 1 153 443         | 1 312 225         | 1 681 908         | 1 665 374          | 1 665 374              | 1 665 374         | 1 722 710             | 1 805 669         | 1 903 175         |
| Vote 7: Health  | 15 432 089        | 17 217 613        | 18 387 177        | 19 511 420         | 19 701 774             | 21 092 334        | 20 777 068            | 21 997 146        | 23 853 727        |
| Vote 8: Transport   | 1 727 714         | 1 871 614         | 1 960 378         | 2 106 228          | 2 106 228              | 2 106 228         | 2 227 547             | 2 374 961         | 2 502 369         |
| Vote 9: Public Works, Roads and Infrastructure                      | 2 685 343         | 2 988 778         | 3 292 600         | 3 118 176          | 3 555 294              | 3 553 970         | 3 616 964             | 3 375 334         | 3 684 066         |
| Vote 10: Community Safety   | 82 656            | 92 552            | 103 915           | 109 714            | 111 714                | 111 714           | 117 638               | 121 998           | 128 586           |
| Vote 11: Co-operative Governance, Human Settlements and Traditional | 2 185 684         | 2 679 638         | 2 428 857         | 2 624 006          | 2 714 006              | 2 714 006         | 2 720 467             | 2 737 903         | 2 841 601         |
| Vote 12: Social Development   | 1 585 497         | 1 662 209         | 1 816 889         | 1 986 729          | 2 039 968              | 2 083 168         | 2 181 129             | 2 296 582         | 2 470 808         |
| Vote 13: Sport, Arts and Culture                                    | 378 780           | 429 531           | 455 074           | 472 264            | 487 714                | 487 714           | 519 537               | 534 730           | 564 355           |
| <b>Total</b>  | <b>52 971 995</b> | <b>57 903 354</b> | <b>62 025 691</b> | <b>65 373 494</b>  | <b>66 494 686</b>      | <b>67 926 581</b> | <b>69 500 910</b>     | <b>72 849 815</b> | <b>77 921 711</b> |

### 5.2 Payments by Vote

#### Vote 1: Office of the Premier

The Office of the Premier is allocated a budget allocation of R443.5 million in 2019/20, R467.9 million in 2020/21 and further increases to R493.1 million during 2021/22. The allocation increases by 5.4 percent over the MTEF. The funding includes allocation of R6.2 million for SMS Capacity Building, Provincial Evaluation Plan and Disaster Recovery Site.

## **Vote 2: Provincial Legislature**

The Provincial Legislature is allocated a budget of R375.8 million for 2019/20 financial year. Their budget increases to R396.4 million in 2020/21 and R418.0 million for the 2021/22 financial year.

## **Vote 3: Education**

The Department of Education receives an allocation of R32.3 billion in 2019/20, R34.1 billion in 2020/21 and R36.3 billion in 2021/22 financial year. The 2019/20 allocation includes R2.5 billion for Conditional Grants and R594.2 million from own revenue. The allocation increase by 4.7 percent in 2019/20 and 6.4 percent in 2021/22.

## **Vote 4: Agriculture**

The Department of Agriculture and Rural Development is allocated a budget of R2.0 billion in 2019/20 financial year to deliver its mandate of which R342.3 million is for Conditional Grants. The budget increases by 1.7 percent in 2019/20 and 5.8 percent in 2021/22 financial year.

## **Vote 5: Provincial Treasury**

The Provincial Treasury receives a budget allocation of R506.8 million in 2019/20, R534.2 million in 2020/21 and R562.5 million during 2021/22 financial year. The budget allocation is increasing by 7.2 percent in 2019/20 and 5.3 percent in 2021/22. The allocation includes an amount of R23.9 million for Provincial Infrastructure Support Programmes and R9.6 million for Municipalities Interventions.

## **Vote 6: Economic Development, Environment and Tourism**

The Department of Economic Development is allocated a budget of R1.7 billion in 2019/20, of which R3.6 million is for a Conditional Grant and R757.0 million is for transfers to Public Entities. The allocation increases by 3.4 percent in 2019/20 and 4.6 percent over the MTEF period.



### **Vote 7: Health**

Health receives an allocation of R20.8 billion in 2019/20, R22.0 billion in 2020/21 and R23.8 in 2021/22 financial year. Included in the 2019/20 allocation is R3.1 billion for Conditional Grants and R520.2 million from own revenue. The allocation increases by 5.5 percent in 2019/20 and 8.4 percent in 2021/22 financial year.

### **Vote 8: Transport**

The department is allocated R2.2 billion in 2019/20 financial year of which R376.8 million is for a conditional grant and R53.2 million is for transfer payments to the entity Gateway Airport Authority Limited (GAAL). The allocation is increasing by 5.8 percent in 2019/20 and 5.4 percent in 2021/22 financial year.

### **Vote 9: Public Works, Roads and Infrastructure**

The Department receives a budget allocation of R3.6 billion in 2019/20, R3.4 billion in 2020/21 and R3.7 billion in 2021/22 financial years. The allocation includes R1.2 billion for conditional grants and R1.4 billion to be transferred to Roads Agency Limpopo (RAL) for operational costs and roads maintenance and upgrading.

### **Vote 10: Community Safety**

The Department of Community Safety receives a budget allocation of R117.6 million in 2019/20, R122.0 million in 2020/21 and R128.6 million in 2021/22 financial year. The allocation includes R2.0 million is for EPWP Incentives Grant. The budget allocation increases by 5.3 percent in 2019/20 and 5.4 percent in 2021/22.

### **Vote 11: Co-Operative Governance, Human Settlements and Traditional Affairs**

The Department is allocated budget of R2.7 billion in 2019/20 and in 2020/21 and R2.8 billion in 2021/22 financial year. The allocation makes provision for the delivery of quality housing through the Human Settlement Development Grant which is allocated

an amount of R1.3 billion in 2019/20 financial year. The budget allocation increases by 0.2 percent in 2019/20 and 3.8 percent in 2021/22.

### **Vote 12: Social Development**

The Department is allocated a budget of R2.2 billion in 2019/20, R2.3 billion in 2020/21 and R2.5 billion in 2021/22 financial year. The allocation increases by 6.9 percent in 2019/20 and 7.6 percent in 2021/22 financial year. The allocation includes conditional grant allocations of R81.2 million in 2018/19 financial year.

### **Vote 13: Sport, Arts and Culture**

The total allocation of the department amounts to R519.5 million in 2019/20, R534.7 million in 2020/21 and R564.4 million in 2021/22 financial years. The allocation increases by 6.5 percent in 2019/20 and 5.5 percent in 2021/22 financial year. An amount of R217.8 million is allocated for conditional grants in 2019/20 financial year.

## **5.3 Payments by Economic Classification**

The provincial budget is allocated to departments which in turn distributes to various items in line with the economic classification as prescribed by the Standard Chart of Account (SCOA) which are: Compensation of Employees, Goods and Services, Transfers and subsidies and Payments for Capital Assets.



**Table 16: Payments by economic classification**

| R thousand  | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|---|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|   | 2015/16           | 2016/17           | 2017/18           |                    |                        |                   | 2018/19               | 2019/20           | 2020/21           |
| <b>Current payments</b>                             | <b>44 776 572</b> | <b>48 460 867</b> | <b>51 762 152</b> | <b>55 460 764</b>  | <b>55 885 321</b>      | <b>57 308 613</b> | <b>59 300 122</b>     | <b>62 596 796</b> | <b>66 538 938</b> |
| Compensation of employees                           | 37 753 155        | 40 107 796        | 42 582 425        | 45 956 168         | 45 868 686             | 46 248 721        | 49 191 590            | 51 881 913        | 54 808 661        |
| Goods and services                                  | 7 022 932         | 8 352 723         | 9 179 117         | 9 503 677          | 10 015 716             | 11 058 973        | 10 107 562            | 10 713 860        | 11 729 199        |
| Interest and rent on land                           | 485               | 349               | 610               | 920                | 920                    | 920               | 970                   | 1 023             | 1 078             |
| <b>Transfers and subsidies</b>                      | <b>6 061 628</b>  | <b>7 408 763</b>  | <b>7 948 068</b>  | <b>7 827 310</b>   | <b>8 456 954</b>       | <b>8 457 273</b>  | <b>8 185 421</b>      | <b>8 164 057</b>  | <b>8 554 304</b>  |
| Provinces and municipalities                        | 96 538            | 116 799           | 101 386           | 95 014             | 86 495                 | 86 495            | 74 459                | 78 863            | 83 191            |
| Departmental agencies and accounts                  | 1 405 801         | 1 768 912         | 2 266 714         | 1 909 011          | 2 288 224              | 2 288 224         | 2 311 966             | 2 054 563         | 2 165 419         |
| Foreign governments and international organisations | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Public corporations and private enterprises         | 651 890           | 692 213           | 696 506           | 736 834            | 736 834                | 736 834           | 742 361               | 814 951           | 858 976           |
| Non-profit institutions                             | 2 090 004         | 2 547 400         | 2 868 740         | 3 124 858          | 3 089 995              | 3 089 995         | 3 005 241             | 3 118 879         | 3 256 997         |
| Households  | 1 817 395         | 2 283 439         | 2 014 722         | 1 961 592          | 2 255 407              | 2 255 725         | 2 051 394             | 2 096 801         | 2 189 721         |
| <b>Payments for capital assets</b>                  | <b>2 097 641</b>  | <b>1 865 905</b>  | <b>2 278 617</b>  | <b>2 085 421</b>   | <b>2 061 497</b>       | <b>2 069 695</b>  | <b>2 015 367</b>      | <b>2 088 962</b>  | <b>2 828 469</b>  |
| Buildings and other fixed structures                | 1 635 532         | 1 348 134         | 1 815 856         | 1 680 356          | 1 605 162              | 1 613 362         | 1 507 404             | 1 570 943         | 1 981 272         |
| Machinery and equipment                             | 461 759           | 515 929           | 459 284           | 401 285            | 451 726                | 451 724           | 502 819               | 513 826           | 844 884           |
| Heritage assets                                     | -                 | -                 | 793               | -                  | 180                    | 180               | -                     | -                 | -                 |
| Specialised military assets                         | -                 | -                 | -                 | -                  | -                      | -                 | 35                    | 40                | 42                |
| Biological assets                                   | -                 | 772               | 1 650             | 2 167              | 2 167                  | 2 167             | 4 509                 | 3 533             | 1 617             |
| Land and sub-soil assets                            | -                 | -                 | 66                | -                  | -                      | -                 | -                     | -                 | -                 |
| Software and other intangible assets                | 350               | 1 070             | 968               | 1 612              | 2 262                  | 2 262             | 600                   | 620               | 654               |
| <b>Payments for financial assets</b>                | <b>36 154</b>     | <b>167 819</b>    | <b>36 854</b>     | <b>-</b>           | <b>90 913</b>          | <b>90 999</b>     | <b>-</b>              | <b>-</b>          | <b>-</b>          |
| <b>Total economic classification</b>                | <b>52 971 995</b> | <b>57 903 354</b> | <b>62 025 691</b> | <b>65 373 495</b>  | <b>66 494 686</b>      | <b>67 926 580</b> | <b>69 500 910</b>     | <b>72 849 815</b> | <b>77 921 710</b> |

### 5.3.1. Current Payments

The province has allocated R59.3 billion in 2019/20, R62.6 billion and R66.5 billion in 2020/21 and 2021/22 respectively for current payments. The allocation reflects a positive growth of 5.8 percent over the MTEF. Included in the current payments allocation for 2019/20 financial year is R49.2 billion or 70.8 percent for Compensation of Employees which represents 6.8 percent growth in 2019/20 and 5.4 percent over the MTEF. The province's allocation of compensation of employees is ring-fenced to curb the ever increasing budget.

A total amount of R10.1 billion, R10.7 billion and R11.7 billion is allocated to goods and services for 2019/20, 2020/21 and 2021/22 respectively. Goods and Services budget grows by 0.9 percent in 2019/20 and 7.6 percent over the MTEF. The increase is mainly influenced by savings realised from compensation of employees and additional funding made available from provincial own revenue and cash reserves for the promotion of programmes and projects that enhance economic growth within the province.



### 5.3.2. Transfers and subsidies

The provincial allocation on transfers and subsidies is mainly for transfers to Non-Profit Institutions and Organisations, households, departmental agencies and accounts and transfers to Public Entities and Municipalities. Total transfers and subsidies is decreasing by 3.2 percent from R8.4 billion in 2018/19 to R8.1 billion in 2019/20 and to R8.5 billion in 2021/22 financial year.

### 5.3.3. Payment for Capital Assets

The allocation for Payments for Capital Assets has reduced from R2.1 billion in 2018/19 to R2.0 billion in 2019/20. This classification includes allocation for construction of new infrastructure, purchase of office furniture, transport equipment and other machinery and equipment.

## 5.4 Payments by Policy Area

The table below shows the allocation in terms functional areas. The clustering of these departments is in line with the services they provide within the province as per the mandates in line with the plans.

**Table 17: Payments by policy area**

| R thousand  | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|---|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|   | 2015/16           | 2016/17           | 2017/18           | 2018/19            |                        |                   | 2019/20               | 2020/21           | 2021/22           |
| General public services   | 4 639 360         | 5 164 489         | 5 503 129         | 5 552 236          | 6 133 336              | 6 131 471         | 6 186 673             | 6 029 490         | 6 481 348         |
| Public order and safety   | 82 656            | 92 552            | 103 915           | 109 714            | 111 714                | 111 714           | 117 638               | 121 998           | 128 586           |
| Economic affairs  | 4 315 162         | 4 756 349         | 5 218 009         | 5 551 166          | 5 607 982              | 5 607 982         | 5 821 414             | 6 154 663         | 6 494 310         |
| Environmental protection  | 186 253           | 117 291           | 132 489           | 137 789            | 130 889                | 130 889           | 129 613               | 137 173           | 144 581           |
| Housing and community amenities                                   | 1 234 023         | 1 637 118         | 1 388 589         | 1 444 403          | 1 446 803              | 1 446 803         | 1 476 830             | 1 482 173         | 1 518 107         |
| Health  | 15 432 089        | 17 217 613        | 18 387 177        | 19 511 420         | 19 701 774             | 21 092 334        | 20 777 068            | 21 997 146        | 23 853 727        |
| Recreation, culture and religion                                  | 378 780           | 429 531           | 455 074           | 472 264            | 487 714                | 487 714           | 519 537               | 534 730           | 564 355           |
| Education   | 25 118 175        | 26 826 203        | 29 020 420        | 30 607 772         | 30 834 506             | 30 834 506        | 32 291 008            | 34 095 860        | 36 265 889        |
| Social protection   | 1 585 497         | 1 662 209         | 1 816 889         | 1 986 729          | 2 039 968              | 2 083 168         | 2 181 129             | 2 296 582         | 2 470 808         |
| <b>Total provincial payments and estimates by functional area</b> | <b>52 971 995</b> | <b>57 903 354</b> | <b>62 025 691</b> | <b>65 373 494</b>  | <b>66 494 686</b>      | <b>67 926 581</b> | <b>69 500 910</b>     | <b>72 849 815</b> | <b>77 921 711</b> |

Office of the Premier, Legislature and Provincial Treasury provides support to departments in terms of general public services and ensure that required legislations and policies are available to departments for implementation. Furthermore, the three departments provide support and training to other departments in order to effectively implement the plans as adopted by Legislature. These departments are allocated a total budget of R6.2 billion, R6.0 billion and R6.5 billion in 2019/20, 2020/21 and 2021/22 respectively.

The department of Community Safety is responsible for public order and safety and is allocated R117.6 million in 2019/20 financial year while economic affairs and environmental protection remains the responsibility of the Department of Economic Development, Environment and Tourism, Agriculture and Transport. These departments are allocated R6.0 billion in 2019/20 financial year.

Housing development is the competency of the department of Cooperative Governance, Human Settlement and Traditional Affairs which is allocated R1.5 billion, and R1.6 billion in 2019/20, 2020/21 and 2021/22 respectively. The Department of Sport, Arts and Culture oversees recreation, culture and religion programmes in the province. The department is allocated R519.5 million in 2019/20 financial year.

In line with the country's fiscal consolidation to provide basic and social services, the Department of Health, Education and Social development were tasked with that responsibility of ensuring that such services are provided to the public and 79.5 percent or R55.2 billion of the provincial budget is allocated to the three departments. The other functional area's payments are allocated in line with the services to be rendered and the mandates for the policy area.

## 5.5 INFRASTRUCTURE MANAGEMENT

Infrastructure investments facilitate economic activities and enable the Province to grow to its full potential. Government infrastructure budgets have come under significant pressure over the past two years due to lower economic growth and other competing priorities such as funding for higher education and compensation of employees. As a result, government has had to reduce infrastructure transfers at provincial and local government and at present, the Limpopo Provincial Government is not well placed to meet the growing infrastructure demands. Therefore, infrastructure which provides improvements or efficiencies in services, production or export capabilities, and which is delivered and maintained in a manner that minimises waste, time and effort in order to generate the maximum possible amount of value should be provided.

The delivery of infrastructure is the combination of planning, technical, administrative and managerial actions associated with construction, supply, refurbishment, rehabilitation, alteration, maintenance, operation or disposal through. In order to achieve this value chain, a provincial infrastructure comprehensive delivery strategy which is the Limpopo Infrastructure Delivery Management System (IDMS) is in place. The gradual improvements in the implementation of the IDMS are realised, but it should also be noted that many public infrastructure projects have been marred by weak project preparation, planning and execution caused by lack of technical expertise and institutional capacity. These institutional weaknesses often translate into lengthy delays, over or underspending, and quality concerns. These have been observed in the departments of Education and Health through the performance based incentive assessment feedback provided by National Treasury.

The other departments are doing well but this can be translated to the support through Government Technical Advisory Centre (GTAC) support and integration of the infrastructure strategic planning hub built environment professional into the infrastructure units of supported departments. However, there are concerns around the sustainability in the long-term. The critical concern is around the high vacancy rate in the infrastructure units in all departments except the department of Education and Agriculture. While the programme is working to build capacity in the Limpopo Public



Works Roads and Infrastructure (LDPWR&I) Infrastructure Hub, it is indicated that the contracts for some or most of the hub officials are coming to an end.

The initiative through the Office of the Premier to look at Organizational Development challenges related to infrastructure units of departments is highly welcome and it can be enhanced with Change Management. The integration and alignment of the Organizational Development and Change Management work that GTAC has done in the province is important. The work of GTAC and the initiative by Office of the Premier will form part of the strategy to transition into the infrastructure strategic planning hub. Case Study of the work done by GTAC team are in place and will be shared to create awareness of the successes and associated risks relating to the departments that received the support.

The rapid diagnosis process (RDP) has been finalised in Public Works Roads and Infrastructure and the report with findings, the analysis as well as the recommendations for further action is in place. The report identified required support on technical assistance services related to Organisational Development (OD) and Change Management (CM); the Development of a credible Immovable Asset Register (IAR); Technical advice on Transition Management of integrated project management information system; and Operationalisation of the Infrastructure HUB including Supply Chain Management (SCM) and the Standard for Infrastructure Procurement and Delivery Management (SIPDM). There is not yet a plan of action to implement the recommendations of the rapid diagnostic process undertaken as discussed above.

LDPWR&I acknowledge the challenges relating to capacity and has willingness to work with the LPT to build internal capacity. The critical concern is around the high vacancy rate in the infrastructure units in all departments in the province. While there is capacity in the LDPWR&I Infrastructure Hub, it is also important to note the contracts for some/most of the hub officials at various stages.

An engagement of the LDPWR&I Rapid Diagnostic to the MECs and HODs will be conducted to provide a way forward on the implementation of the recommendations. LDPWR&I is critical and strategic to the sustainability of infrastructure delivery and management in the province. The implementation of the rapid diagnostic

recommendations report can be used to manage the risks and ensure that there is capacity building in LDPWR&I and the province at large.

Infrastructure is continually required by the state and state-owned entities to deliver services to the citizens regardless of the capacity and institutional challenges that are eminent. In an effort to continue service provision for the citizens, the Limpopo Provincial Government has allocated R16.9 billion for the delivery of infrastructure over the 2019 Medium Term Expenditure Framework (MTEF) period. This allocation will fund infrastructure projects of various categories in line with the overall strategic objectives of the province and the project details are captured in the project list.

**Table 18: Summary of provincial infrastructure payments and estimates by vote**

| Rand thousand   | Outcome          |                  |                  | Main appropriati | Adjusted appropriati | Revised baseline | Medium term estimates |                  |                  |
|---|------------------|------------------|------------------|------------------|----------------------|------------------|-----------------------|------------------|------------------|
|   | 2015/16          | 2016/17          | 2017/18          | 2018/19          |                      |                  | 2019/20               | 2020/21          | 2021/22          |
| Vote 03: Education  | 1 064 384        | 829 216          | 1 301 995        | 1 013 426        | 1 013 426            | 1 013 426        | 1 051 986             | 1 177 394        | 1 369 032        |
| Vote 04: Agriculture and Rural Development                                  | 155 521          | 169 245          | 144 165          | 160 455          | 201 723              | 201 723          | 223 426               | 185 567          | 187 732          |
| Vote 06: Economic Development, Environment and Tourism                      | 51 230           | 34 167           | 63 364           | 54 481           | 57 806               | 64 678           | 45 267                | 53 741           | 76 023           |
| Vote 07: Health   | 602 206          | 678 526          | 652 027          | 729 277          | 797 784              | 797 784          | 656 200               | 695 176          | 749 053          |
| Vote 08: Transport  | 4 857            | 26 000           | 19 779           | 27 915           | 27 915               | 27 915           | 43 021                | 27 874           | 29 382           |
| Vote 09: Public Works, Roads and Infrastructure                             | 2 059 075        | 687 849          | 2 595 041        | 1 958 938        | 2 308 438            | 2 308 438        | 2 187 684             | 1 881 370        | 1 944 199        |
| Vote 11: Co-operative Governance, Human Settlements and Traditional Affairs | 1 128 309        | 1 518 244        | 1 254 461        | 1 287 681        | 1 287 681            | 1 287 681        | 1 337 497             | 1 333 757        | 1 361 631        |
| Vote 12: Social Development   | 23 170           | 23 545           | 30 138           | 37 705           | 45 205               | 45 205           | 47 846                | 56 548           | 59 590           |
| Vote 13: Sport, Arts and Culture  | 29 434           | 35 666           | 35 526           | 40 031           | 44 404               | 44 404           | 47 128                | 46 192           | 48 686           |
| <b>Total Infrastructure (including non infrastructure items)</b>            | <b>5 118 186</b> | <b>4 002 458</b> | <b>6 096 496</b> | <b>5 309 909</b> | <b>5 784 382</b>     | <b>5 791 254</b> | <b>5 640 055</b>      | <b>5 457 619</b> | <b>5 825 328</b> |

The Department of Public Works Roads & Infrastructure is allocated a budget of R2.2 billion or 38.8 percent, followed CoGHSTA with an allocation of R1.3 billion or 23.7 percent, the department of Education with R1.1 billion or 18.7 percent and the department of Health with R656.2 million or 11.6 percent. Limpopo Provincial Government infrastructure is mainly funded through conditional grants and Provincial Equitable Share.



**Table 19: Summary of provincial infrastructure payments and estimates by category**

| Rand thousand   | Outcome          |                  |                  | Main appropriation | Adjusted appropriation | Revised baseline | Medium term estimates |                  |                  |
|---|------------------|------------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
|   | 2015/16          | 2016/17          | 2017/18          |                    |                        |                  | 2018/19               | 2019/20          | 2020/21          |
| <b>Existing infrastructure assets</b>                 | <b>3 521 964</b> | <b>1 910 161</b> | <b>4 291 570</b> | <b>3 214 066</b>   | <b>3 517 550</b>       | <b>3 547 056</b> | <b>3 716 495</b>      | <b>3 490 407</b> | <b>3 836 900</b> |
| Maintenance and repairs                               | 1 588 913        | 333 845          | 1 028 473        | 1 254 899          | 1 281 629              | 1 286 256        | 2 047 055             | 1 963 804        | 2 169 812        |
| Upgrades and additions                                | 1 603 023        | 1 028 977        | 2 171 050        | 1 279 938          | 1 616 896              | 1 647 375        | 1 099 897             | 974 765          | 1 276 669        |
| Rehabilitation and refurbishment                      | 330 028          | 547 339          | 1 092 047        | 679 229            | 619 025                | 613 425          | 569 543               | 551 838          | 390 419          |
| <b>New infrastructure assets</b>                      | <b>328 720</b>   | <b>450 300</b>   | <b>410 679</b>   | <b>415 372</b>     | <b>544 911</b>         | <b>522 277</b>   | <b>387 816</b>        | <b>447 505</b>   | <b>374 662</b>   |
| <b>Infrastructure transfers</b>                       | <b>1 267 502</b> | <b>1 641 997</b> | <b>1 353 779</b> | <b>1 394 468</b>   | <b>1 437 048</b>       | <b>1 437 048</b> | <b>1 447 550</b>      | <b>1 434 194</b> | <b>1 507 292</b> |
| Infrastructure transfers - Current                    | -                | -                | 11 429           | 5 000              | 12 687                 | 12 687           | 3 750                 | 6 000            | 6 000            |
| Infrastructure transfers - Capital                    | 1 267 502        | 1 641 997        | 1 342 350        | 1 389 468          | 1 424 361              | 1 424 361        | 1 443 800             | 1 428 194        | 1 501 292        |
| <b>Infrastructure: Payments for financial assets</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>           | <b>-</b>               | <b>-</b>         | <b>-</b>              | <b>-</b>         | <b>-</b>         |
| <b>Infrastructure: Leases</b>                         | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>           | <b>-</b>               | <b>-</b>         | <b>-</b>              | <b>-</b>         | <b>-</b>         |
| <b>Non Infrastructure</b>                             | <b>-</b>         | <b>-</b>         | <b>40 468</b>    | <b>286 003</b>     | <b>284 873</b>         | <b>284 873</b>   | <b>88 194</b>         | <b>85 513</b>    | <b>106 474</b>   |
| <b>Total Infrastructure (including non infrastruc</b> | <b>5 118 186</b> | <b>4 002 458</b> | <b>6 096 496</b> | <b>5 309 909</b>   | <b>5 784 382</b>       | <b>5 791 254</b> | <b>5 640 055</b>      | <b>5 457 619</b> | <b>5 825 328</b> |

Over the 2019 MTEF, R16.9 billion is allocated across various investment categories. A budget of R1.2 billion or 7.1 percent is allocated towards new infrastructure mainly for construction of new clinics, libraries, schools, upgrades of gravel roads to tar, centres for place of safety and houses. The estimated budget allocation for rehabilitation and refurbishment is R1.5 billion or 8.9 percent, upgrading and additions of existing facilities is R3.3 or 19.8 percent billion and R 6.2 billion or 36.5 percent is allocated for maintenance.

The allocation is earmarked for infrastructure planning, equipping new facilities/assets, upgrading, rehabilitation/refurbishment and maintenance of Community Clinics, Health Centres, Nursing Campuses, EMS stations, Forensic Mortuaries, Provincial, Specialised and Tertiary Hospitals in the Department of Health. The department of Education prioritizes the allocations towards eradication of inappropriate school infrastructure, provision of sanitation facilities, and provision of water and maintenance of existing infrastructure.

The Department of Public Works Roads and Infrastructure is implementing major road constructions, rehabilitation and maintenance projects through the Roads Agency Limpopo (RAL), while households' projects are done internally. The Human Settlement payments are largely RDP houses as well as informal settlement development initiatives and housing developments; also amongst others basic services to households and units through Community Residential Units (CRU) programme.

In line with the National Development Plan (NDP), and working with all relevant stakeholders, the Provincial Treasury has taken a range of steps to reform SCM system focusing on infrastructure delivery. The Province developed and approved a Model SCM Policy Guideline for Infrastructure Procurement and Delivery Management. This generic policy guideline is applicable to all provincial departments and their entities in line with the Standard for Infrastructure Procurement and Delivery Management (SIPDM). Thus improving processes, rules and infrastructure to make it easier for the public sector and its private sector suppliers to transact.

## 6. Transfers

### 6.1. Transfers to Public Entities

The provincial Public Entities are allocated an amount of R2.2 billion in 2019/20 and R2.1 billion in 2021/22. Significant growth of 41.6 percent is realized at Roads Agency Limpopo due to allocation for committed roads projects. The budget allocation for LTA is growing at negative 9.2 percent due to reduction of rental allocation in 2019/20 financial year.

**Table 20: Transfers to Public Entities**

| R thousands   | Outcome          |                  |                  | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                  |                  |
|---|------------------|------------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
|   | 2015/16          | 2016/17          | 2017/18          | 2018/19            |                        |                  | 2019/20               | 2020/21          | 2021/22          |
| Vote 06 : Economic Development, Environment and Tourism | 466 083          | 506 151          | 799 324          | 2 331 562          | 2 331 353              | 746 571          | 757 057               | 790 664          | 833 359          |
| Vote 08 : Transport                                     | 45 300           | 59 838           | 47 573           | 77 524             | 90 519                 | 53 380           | 56 476                | 59 582           | 62 859           |
| Vote 09 : Public Works, Roads and Infrastructure        | 836 594          | 1 054 935        | 1 212 151        | 988 918            | 1 388 918              | 988 918          | 1 400 308             | 1 100 690        | 1 160 127        |
| <b>Total</b>  | <b>1 347 977</b> | <b>1 620 924</b> | <b>2 059 048</b> | <b>3 398 004</b>   | <b>3 810 790</b>       | <b>1 788 869</b> | <b>2 213 841</b>      | <b>1 950 936</b> | <b>2 056 345</b> |

### 6.2. Transfers to Local Government

An amount of R4.7 million is allocated by different departments to pay for the rates and taxes, motor vehicles licenses and water and electricity in 2019/20 financial year.

**Table 21: Provincial Transfer to Local Government**

|  | 2015/16       | 2016/17       | 2017/18       | 2018/19            |                        |                  | 2019/20               | 2020/21      | 2021/22      |
|--|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|--------------|--------------|
|  | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |              |              |
| <b>R thousand</b>                        |               |               |               |                    |                        |                  |                       |              |              |
| Category A                               | -             | -             | -             | -                  | -                      | -                | -                     | -            | -            |
| Category B                               | 1 505         | 1 235         | 1 820         | 3 150              | 3 150                  | 3 150            | 3 030                 | 3 198        | 3 372        |
| Category C                               | 17 856        | 25 118        | 26 428        | 17 362             | 17 362                 | 17 362           | 1 692                 | 1 786        | 1 884        |
| Unallocated                              | 647           | 679           | 713           | -                  | -                      | -                | -                     | -            | -            |
| <b>Total transfers to municipalities</b> | <b>20 008</b> | <b>27 032</b> | <b>28 961</b> | <b>20 512</b>      | <b>20 512</b>          | <b>20 512</b>    | <b>4 722</b>          | <b>4 984</b> | <b>5 256</b> |

**7. Personnel Numbers and Costs****Table 22: Summary of provincial personnel numbers and costs by vote**

| R thousands   | Outcome           |                   |                   |                   |                   |                   | Main appropriation |                   |                   |                   |                   |                   | Adjusted appropriation |                   |                   |                   |                   |                   | Revised estimate  |                   |                   |                   |                   |                   | Medium-term estimates |                   |  |  |  |  |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|--|--|--|--|
|   | 2015/16           |                   | 2016/17           |                   | 2017/18           |                   | 2018/19            |                   | 2018/19           |                   | 2018/19           |                   | 2018/19                |                   | 2019/20           |                   | 2020/21           |                   | 2021/22           |                   | 2019/20           |                   | 2020/21           |                   | 2021/22               |                   |  |  |  |  |
|   | Personnel Numbers | Cost              | Personnel Numbers | Cost              | Personnel Numbers | Cost              | Personnel Numbers  | Cost              | Personnel Numbers | Cost              | Personnel Numbers | Cost              | Personnel Numbers      | Cost              | Personnel Numbers | Cost              | Personnel Numbers | Cost              | Personnel Numbers | Cost              | Personnel Numbers | Cost              | Personnel Numbers | Cost              | Personnel Numbers     | Cost              |  |  |  |  |
| Vote 1: Office of the Premier   | 483               | 241 984           | 470               | 265 738           | 476               | 280 808           | 476                | 300 576           | 476               | 300 576           | 476               | 300 576           | 476                    | 300 576           | 476               | 318 611           | 476               | 337 728           | 476               | 357 992           | 476               | 357 992           | 476               | 357 992           | 476                   | 357 992           |  |  |  |  |
| Vote 2: Provincial Legislature  | 205               | 152 588           | 216               | 164 798           | 209               | 177 002           | 236                | 206 387           | 236               | 206 387           | 236               | 206 387           | 236                    | 206 387           | 236               | 203 913           | 236               | 215 742           | 236               | 227 609           | 236               | 227 609           | 236               | 227 609           | 236                   | 227 609           |  |  |  |  |
| Vote 3: Education   | 68 671            | 20 721 593        | 68 687            | 21 743 507        | 68 511            | 23 182 961        | 68 511             | 24 641 874        | 68 511            | 24 641 874        | 68 511            | 24 641 874        | 68 511                 | 24 641 874        | 68 511            | 25 957 635        | 68 511            | 27 370 036        | 68 511            | 28 845 636        | 68 511            | 28 845 636        | 68 511            | 28 845 636        | 68 511                | 28 845 636        |  |  |  |  |
| Vote 4: Agriculture   | 3 117             | 1 009 333         | 3 091             | 1 105 054         | 3 089             | 1 134 570         | 3 127              | 1 137 871         | 3 127             | 1 137 871         | 3 127             | 1 137 871         | 3 127                  | 1 137 871         | 3 130             | 1 205 830         | 3 130             | 1 284 087         | 3 108             | 1 351 851         | 3 108             | 1 351 851         | 3 108             | 1 351 851         | 3 108                 | 1 351 851         |  |  |  |  |
| Vote 5: Provincial Treasury   | 524               | 235 895           | 575               | 269 219           | 558               | 280 145           | 513                | 92 920            | 513               | 92 920            | 513               | 92 920            | 513                    | 92 920            | 524               | 112 432           | 527               | 119 064           | 527               | 125 494           | 527               | 125 494           | 527               | 125 494           | 527                   | 125 494           |  |  |  |  |
| Vote 6: Economic Development, Environment and Tourism                       | 1 488             | 452 220           | 1 463             | 511 975           | 1 406             | 520 756           | 1 389              | 580 982           | 1 389             | 580 982           | 1 389             | 580 982           | 1 389                  | 580 982           | 1 414             | 598 142           | 1 439             | 631 042           | 1 446             | 665 123           | 1 446             | 665 123           | 1 446             | 665 123           | 1 446                 | 665 123           |  |  |  |  |
| Vote 7: Health  | 36 742            | 11 352 270        | 35 025            | 12 216 485        | 34 474            | 12 978 967        | 34 266             | 14 642 517        | 34 266            | 14 642 517        | 34 266            | 14 642 517        | 34 266                 | 14 642 517        | 44 014            | 15 808 869        | 43 023            | 16 697 596        | 43 023            | 17 667 301        | 43 023            | 17 667 301        | 43 023            | 17 667 301        | 43 023                | 17 667 301        |  |  |  |  |
| Vote 8: Transport   | 2 666             | 786 835           | 2 713             | 852 458           | 2 738             | 921 852           | 2 764              | 944 777           | 2 764             | 944 777           | 2 764             | 944 777           | 2 764                  | 944 777           | 2 919             | 1 029 939         | 3 079             | 1 086 585         | 3 079             | 1 146 351         | 3 079             | 1 146 351         | 3 079             | 1 146 351         | 3 079                 | 1 146 351         |  |  |  |  |
| Vote 9: Public Works, Roads and Infrastructure                              | 3 641             | 928 105           | 4 656             | 965 940           | 3 063             | 1 023 253         | 3 198              | 1 101 046         | 3 198             | 1 101 046         | 3 198             | 1 101 046         | 3 198                  | 1 101 046         | 3 198             | 1 165 707         | 3 198             | 1 175 671         | 3 198             | 1 240 333         | 3 198             | 1 240 333         | 3 198             | 1 240 333         | 3 198                 | 1 240 333         |  |  |  |  |
| Vote 10: Community Safety   | 129               | 57 826            | 129               | 63 714            | 134               | 72 056            | 130                | 78 603            | 130               | 78 603            | 130               | 78 603            | 130                    | 78 603            | 133               | 84 811            | 133               | 87 638            | 140               | 92 878            | 140               | 92 878            | 140               | 92 878            | 140                   | 92 878            |  |  |  |  |
| Vote 11: Co-operative Governance, Human Settlements and Traditional Affairs | 3 908             | 834 920           | 3 715             | 948 148           | 3 820             | 981 399           | 3 787              | 1 039 111         | 3 787             | 1 039 111         | 3 787             | 1 039 111         | 3 787                  | 1 039 111         | 3 803             | 1 094 897         | 3 803             | 1 155 165         | 3 803             | 1 228 238         | 3 803             | 1 228 238         | 3 803             | 1 228 238         | 3 803                 | 1 228 238         |  |  |  |  |
| Vote 12: Social Development   | 3 440             | 834 679           | 3 028             | 904 612           | 3 191             | 995 415           | 3 274              | 1 084 112         | 3 274             | 1 084 112         | 3 274             | 1 084 112         | 3 274                  | 1 084 112         | 3 274             | 1 182 105         | 3 317             | 1 266 122         | 3 317             | 1 377 153         | 3 317             | 1 377 153         | 3 317             | 1 377 153         | 3 317                 | 1 377 153         |  |  |  |  |
| Vote 13: Sport, Arts and Culture  | 407               | 153 536           | 465               | 173 868           | 508               | 185 073           | 508                | 199 338           | 508               | 199 338           | 508               | 199 338           | 508                    | 199 338           | 546               | 220 471           | 545               | 234 348           | 542               | 247 002           | 542               | 247 002           | 542               | 247 002           | 542                   | 247 002           |  |  |  |  |
| <b>Total</b>  | <b>125 121</b>    | <b>37 781 784</b> | <b>124 130</b>    | <b>40 177 516</b> | <b>121 816</b>    | <b>42 734 258</b> | <b>121 867</b>     | <b>46 050 115</b> | <b>121 867</b>    | <b>46 050 115</b> | <b>121 867</b>    | <b>46 050 115</b> | <b>121 867</b>         | <b>46 050 115</b> | <b>131 855</b>    | <b>46 993 362</b> | <b>131 091</b>    | <b>51 660 884</b> | <b>131 074</b>    | <b>54 572 981</b> | <b>131 074</b>    | <b>54 572 981</b> | <b>131 074</b>    | <b>54 572 981</b> | <b>131 074</b>        | <b>54 572 981</b> |  |  |  |  |

The increase in the provincial personnel numbers is mainly in the Department of Health due to the stimulus package introduced by the President during the MTBPS. The increase will result in personnel numbers being at 131 855 in 2019/20 however continue to reduce in 2021/22. An amount of R49.0 billion has been allocated to service the current staff within government and filling of key and critical posts.

The province's percentage share of compensation of employees against the total budget is 70.0 percent which is a decrease as compared to 71.6 percent in 2016/17



financial year. The measures which have been put in place to monitor the provincial personnel numbers are bearing fruit and should be strengthened. Provincial Treasury together with Office of the Premier will strengthen monitoring of personnel matters in the province.

## 8. Payments on Training

**Table 23: Summary of provincial payments on training**

| R thousand  | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2015/16        | 2016/17        | 2017/18        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| Vote 1: Office of the Premier   | 2 724          | 3 316          | 6 641          | 4 982              | 4 982                  | 4 982            | 6 152                 | 3 081          | 3 250          |
| Vote 2: Provincial Legislature  | 1 279          | 1 020          | 758            | 1 241              | 1 241                  | 1 241            | 1 310                 | 1 382          | 1 458          |
| Vote 3: Education   | 64 550         | 67 971         | 71 370         | 75 509             | 75 509                 | 75 509           | 79 738                | 84 123         | 88 750         |
| Vote 4: Agriculture   | 10 259         | 11 535         | 11 791         | 12 601             | 12 601                 | 12 601           | 13 381                | 14 118         | 14 895         |
| Vote 5: Provincial Treasury   | 2 367          | 2 844          | 3 128          | 3 275              | 3 275                  | 3 275            | 3 496                 | 3 517          | 3 710          |
| Vote 6: Economic Development, Environment and Tourism                       | 9 924          | 10 423         | 7 626          | 11 586             | 11 586                 | 11 586           | 12 745                | 14 019         | 14 790         |
| Vote 7: Health  | 489 622        | 622 924        | 561 397        | 678 598            | 676 432                | 673 088          | 638 704               | 690 893        | 731 612        |
| Vote 8: Transport   | 2 822          | 4 829          | 3 976          | 6 030              | 6 030                  | 6 030            | 6 600                 | 6 600          | 6 963          |
| Vote 9: Public Works, Roads and Infrastructure                              | 1 542          | 10 159         | 10 710         | 11 130             | 11 130                 | 11 130           | 11 757                | 11 757         | 12 404         |
| Vote 10: Community Safety   | 1 165          | 1 416          | 1 054          | 1 027              | 1 027                  | 1 027            | 1 027                 | 1 061          | 1 120          |
| Vote 11: Co-operative Governance, Human Settlements and Traditional Affairs | 5 945          | 8 778          | 8 870          | 9 464              | 9 464                  | 9 464            | 9 859                 | 11 369         | 11 929         |
| Vote 12: Social Development   | 9 362          | 9 858          | 5 936          | 4 571              | 4 571                  | 4 571            | 4 669                 | 4 926          | 5 197          |
| Vote 13: Sport, Arts and Culture  | 966            | 1 363          | 1 460          | 1 540              | 1 540                  | 1 540            | 1 630                 | 1 640          | 1 650          |
| <b>Total</b>  | <b>602 527</b> | <b>756 435</b> | <b>694 717</b> | <b>821 554</b>     | <b>819 388</b>         | <b>816 044</b>   | <b>791 068</b>        | <b>848 486</b> | <b>897 728</b> |

Each department provided for training within their allocation in line with training development and also taking into consideration the requirement per Skills Levy Act. The province plan and budget for training that will close the gaps that are there and assist in delivery of services. The table above provides a summary of the amounts spent by departments on training and the MTEF budget include an amount of R791.0 million in 2019/20, R848.5 million in 2020/21 and R897.7 million in 2021/22 financial year respectively.

# ANNEXURES

**Table 24A.1: Details of information on provincial own receipts**

| R thousand  | Outcome          |                  |                  | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                  |                  |
|---|------------------|------------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
|   | 2015/16          | 2016/17          | 2017/18          | 2018/19            |                        |                  | 2019/20               | 2020/21          | 2021/22          |
| <b>Tax receipts</b>   | <b>409 938</b>   | <b>458 530</b>   | <b>501 514</b>   | <b>518 925</b>     | <b>545 330</b>         | <b>545 330</b>   | <b>604 232</b>        | <b>663 796</b>   | <b>736 232</b>   |
| Casino taxes  | 56 600           | 58 749           | 59 604           | 73 774             | 58 436                 | 58 436           | 59 897                | 60 496           | 62 311           |
| Horse racing taxes  | 18 001           | 26 130           | 30 860           | 32 001             | 42 601                 | 42 601           | 46 972                | 46 504           | 50 574           |
| Liquor licences   | 3 300            | 3 424            | 3 369            | 3 800              | 3 663                  | 3 663            | 3 857                 | 4 069            | 4 293            |
| Motor vehicle licences  | 332 037          | 370 227          | 407 681          | 409 350            | 440 630                | 440 630          | 493 506               | 552 727          | 619 054          |
| <b>Sales of goods and services other than capital assets</b>                    | <b>240 563</b>   | <b>260 792</b>   | <b>278 537</b>   | <b>287 932</b>     | <b>286 373</b>         | <b>286 372</b>   | <b>305 312</b>        | <b>322 123</b>   | <b>339 156</b>   |
| Sales of goods and services produced by department (excl. capital assets)       | 238 839          | 259 205          | 272 764          | 285 825            | 284 098                | 283 949          | 303 450               | 320 355          | 337 305          |
| Sales by market establishments  | 36 056           | 33 508           | 31 587           | 27 044             | 27 841                 | 27 841           | 29 060                | 30 516           | 32 045           |
| Administrative fees   | 29 441           | 32 266           | 35 463           | 39 979             | 42 782                 | 42 782           | 45 945                | 48 467           | 51 133           |
| Other sales   | 173 342          | 193 431          | 205 714          | 218 802            | 213 475                | 213 326          | 228 445               | 241 372          | 254 127          |
| <i>Of which</i>   |                  |                  |                  |                    |                        |                  |                       |                  |                  |
| <i>Patient Fees</i>   | 105 336          | 121 493          | 126 359          | 139 243            | 122 824                | 122 824          | 137 818               | 141 877          | 148 738          |
| Sales of scrap, waste, arms and other used current goods (excl. capital assets) | 1 724            | 1 587            | 5 773            | 2 107              | 2 274                  | 2 423            | 1 862                 | 1 768            | 1 851            |
| <b>Transfers received from:</b>   | <b>149</b>       | <b>204</b>       | <b>20</b>        | <b>-</b>           | <b>5 413</b>           | <b>5 413</b>     | <b>5 700</b>          | <b>6 013</b>     | <b>6 344</b>     |
| Other governmental units (Excl. Equitable share and conditional grants)         | -                | 80               | -                | -                  | 5 413                  | 5 413            | 5 700                 | 6 013            | 6 344            |
| Higher education institutions   | -                | -                | -                | -                  | -                      | -                | -                     | -                | -                |
| Foreign governments   | -                | -                | -                | -                  | -                      | -                | -                     | -                | -                |
| International organisations   | -                | -                | -                | -                  | -                      | -                | -                     | -                | -                |
| Public corporations and private enterprises                                     | 149              | 124              | 20               | -                  | -                      | -                | -                     | -                | -                |
| Households and non-profit institutions  | -                | -                | -                | -                  | -                      | -                | -                     | -                | -                |
| <b>Fines, penalties and forfeits</b>  | <b>59 797</b>    | <b>71 833</b>    | <b>62 127</b>    | <b>78 763</b>      | <b>52 064</b>          | <b>52 064</b>    | <b>54 823</b>         | <b>57 734</b>    | <b>60 910</b>    |
| <b>Interest, dividends and rent on land</b>                                     | <b>319 258</b>   | <b>406 419</b>   | <b>348 962</b>   | <b>303 287</b>     | <b>289 719</b>         | <b>289 719</b>   | <b>281 727</b>        | <b>266 580</b>   | <b>244 140</b>   |
| Interest  | 318 465          | 405 762          | 348 606          | 302 716            | 289 148                | 289 148          | 281 123               | 265 941          | 243 473          |
| Dividends   | -                | 223              | -                | -                  | -                      | -                | -                     | -                | -                |
| Rent on land  | 793              | 434              | 356              | 571                | 571                    | 571              | 604                   | 639              | 667              |
| <b>Sales of capital assets</b>  | <b>14 993</b>    | <b>18 322</b>    | <b>41 356</b>    | <b>11 748</b>      | <b>20 329</b>          | <b>20 329</b>    | <b>12 791</b>         | <b>13 437</b>    | <b>14 061</b>    |
| Land and sub-soil assets  | -                | -                | -                | -                  | -                      | -                | -                     | -                | -                |
| Other capital assets  | 14 993           | 18 322           | 41 356           | 11 748             | 20 329                 | 20 329           | 12 791                | 13 437           | 14 061           |
| <b>Financial transactions in assets and liabilities</b>                         | <b>215 443</b>   | <b>252 866</b>   | <b>93 132</b>    | <b>46 513</b>      | <b>47 942</b>          | <b>47 942</b>    | <b>52 014</b>         | <b>60 643</b>    | <b>64 563</b>    |
| <b>Total provincial own receipts</b>  | <b>1 260 141</b> | <b>1 468 966</b> | <b>1 325 648</b> | <b>1 247 168</b>   | <b>1 247 169</b>       | <b>1 247 169</b> | <b>1 316 599</b>      | <b>1 390 327</b> | <b>1 465 406</b> |





**Table 27A.4 (a): Details of payments by functional area**

| Function                         | Category  | Department   | Programme   |
|----------------------------------|---|--|---|
| General public services          | Legislative   | Premier  | Administration<br>Institutional Support<br>Policy & Governance  |
|                                  |   | Provincial Legislature   | Administration<br>Facilities for Members and Political Parties<br>Parliamentary Services  |
|                                  | Financial and fiscal affairs  | Provincial Treasury  | Administration<br>Sustainable Resource Management<br>Assets, Liabilities and Supply Chain Management<br>Financial Governance  |
| Public order and safety          | Police services   | Safety, Security and Liaison                                     | Administration<br>Civilian Oversight  |
| Economic Affairs                 | General economic affairs  | Economic Development, Environment and Tourism                    | Administration<br>Economic and Development<br>Tourism   |
|                                  | Agriculture   | Agriculture  | Administration<br>Sustainable Resource Management<br>Farmer Support and Development<br>Veterinary Services<br>Technology research and Development<br>Agricultural Economics<br>Structured Agricultural Training<br>Rural Development Coordination |
|                                  | Transport   | Transport  | Administration<br>Transport operations<br>Transport Regulations   |
| Environmental Protection         | Environmental protection  | Economic Development, Environment and Tourism                    | Environmental Affairs   |
| Housing and community amenities  | Housing development   | Cooperative Governance, Human Settlement and Traditional Affairs | Administration<br>Human Settlements<br>Cooperative Governance<br>Traditional Institutional Development  |
| Health                           | Outpatient service  | Health   | Administration<br>District health Services<br>Emergency Medical Services<br>Provincial Hospital Services<br>Central Hospital Services<br>Health Sciences and Training<br>Health Care Support Services<br>Health Facilities Management             |
|                                  | R&D health (CS)<br>Hospital services  |  |   |
| Recreation, culture and religion | Recreational and sporting services<br>Cultural services   | Sport, recreation, arts and culture                              | Administration<br>Cultural Affairs<br>Library and Archives<br>Sport and Recreation  |
| Education                        | Pre-primary and primary<br>Secondary education<br>Subsidiary service to education<br>Education not definable by level | Education  | Administration<br>Public Ordinary Schools<br>Independent Schools Subsidies<br>Public Special School<br>Early Childhood Development<br>Infrastructure Development<br>Auxiliary and Associated Services   |
| Social protection                | Social security services  | Social Development   | Administration<br>Social welfare services<br>Children and Families<br>Restorative Services<br>Development and Research  |



**Table 28A.4 (b): Details of Provincial payments and estimates by function area**

|  | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|--|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|  | 2015/16           | 2016/17           | 2017/18           | 2018/19            |                        |                   | 2019/20               | 2020/21           | 2021/22           |
| <b>R thousand</b>  |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| <b>General Public Services</b>                             |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Executive and Legislature                                  |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Office of the Premier                                      | 340 674           | 371 031           | 401 714           | 420 680            | 420 680                | 420 680           | 443 476               | 467 867           | 493 132           |
| Provincial Legislature                                     | 297 960           | 321 008           | 340 987           | 360 927            | 417 309                | 417 309           | 375 755               | 396 400           | 418 012           |
| Financial and Fiscal Services                              |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Provincial Treasury  | 363 722           | 441 152           | 427 560           | 472 850            | 472 850                | 472 309           | 506 841               | 534 159           | 562 644           |
| General Services (Public Works, Local Government)          | 3 637 004         | 4 031 298         | 4 332 868         | 4 297 779          | 4 822 497              | 4 821 173         | 4 860 601             | 4 631 064         | 5 007 560         |
| <b>Total: General Public Services</b>                      | <b>4 639 360</b>  | <b>5 164 489</b>  | <b>5 503 129</b>  | <b>5 552 236</b>   | <b>6 133 336</b>       | <b>6 131 471</b>  | <b>6 186 673</b>      | <b>6 029 490</b>  | <b>6 481 348</b>  |
| <b>Public Order and Safety</b>                             |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Police Services  | 82 656            | 92 552            | 103 915           | 109 714            | 111 714                | 111 714           | 117 638               | 121 998           | 128 586           |
| Safety and Liaison   | 82 656            | 92 552            | 103 915           | 109 714            | 111 714                | 111 714           | 117 638               | 121 998           | 128 586           |
| <b>Total: Public Order and Safety</b>                      | <b>82 656</b>     | <b>92 552</b>     | <b>103 915</b>    | <b>109 714</b>     | <b>111 714</b>         | <b>111 714</b>    | <b>117 638</b>        | <b>121 998</b>    | <b>128 586</b>    |
| <b>Economic Affairs</b>                                    |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| General Economic Affairs                                   |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Dept of Economic Affairs                                   | 967 190           | 1 194 934         | 1 549 419         | 1 527 585          | 1 534 485              | 1 534 485         | 1 593 097             | 1 668 496         | 1 758 594         |
| Agriculture and Rural Development                          |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Dept of Agriculture Affairs                                | 1 620 258         | 1 689 801         | 1 708 212         | 1 917 354          | 1 967 270              | 1 967 270         | 2 000 770             | 2 111 206         | 2 233 347         |
| Transport  |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Department of Transport                                    | 1 727 714         | 1 871 614         | 1 960 378         | 2 106 228          | 2 106 228              | 2 106 228         | 2 227 547             | 2 374 961         | 2 502 369         |
| <b>Total: Economic Affairs</b>                             | <b>4 315 162</b>  | <b>4 756 349</b>  | <b>5 218 009</b>  | <b>5 551 166</b>   | <b>5 607 982</b>       | <b>5 607 982</b>  | <b>5 821 414</b>      | <b>6 154 663</b>  | <b>6 494 310</b>  |
| <b>Environmental Protection</b>                            |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Environmental Protection                                   | 186 253           | 117 291           | 132 489           | 137 789            | 130 889                | 130 889           | 129 613               | 137 173           | 144 581           |
| <b>Total: Environmental Protection</b>                     | <b>186 253</b>    | <b>117 291</b>    | <b>132 489</b>    | <b>137 789</b>     | <b>130 889</b>         | <b>130 889</b>    | <b>129 613</b>        | <b>137 173</b>    | <b>144 581</b>    |
| <b>Housing and Community Amenities</b>                     |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Department of Housing                                      | 1 234 023         | 1 637 118         | 1 388 589         | 1 444 403          | 1 446 803              | 1 446 803         | 1 476 830             | 1 482 173         | 1 518 107         |
| <b>Total: Housing and Community Amenities</b>              | <b>1 234 023</b>  | <b>1 637 118</b>  | <b>1 388 589</b>  | <b>1 444 403</b>   | <b>1 446 803</b>       | <b>1 446 803</b>  | <b>1 476 830</b>      | <b>1 482 173</b>  | <b>1 518 107</b>  |
| <b>Health</b>  |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Outpatient services  | 1 352 322         | 1 544 609         | 1 409 171         | 1 709 635          | 1 710 242              | 1 712 931         | 1 616 260             | 1 721 220         | 1 831 639         |
| R and D Health (CS)  | 12 505 257        | 13 902 066        | 15 126 775        | 15 822 044         | 16 007 791             | 17 355 135        | 17 044 653            | 18 017 112        | 19 392 201        |
| Hospital Services  | 1 574 510         | 1 770 938         | 1 851 231         | 1 979 741          | 1 983 741              | 2 024 268         | 2 116 155             | 2 258 814         | 2 629 887         |
| <b>Total: Health</b>                                       | <b>15 432 089</b> | <b>17 217 613</b> | <b>18 387 177</b> | <b>19 511 420</b>  | <b>19 701 774</b>      | <b>21 092 334</b> | <b>20 777 068</b>     | <b>21 997 146</b> | <b>23 853 727</b> |
| <b>Recreation, Culture and Religion</b>                    |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Sporting and Recreational Affairs                          |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Sport, Arts and Culture                                    | 378 780           | 429 531           | 455 074           | 472 264            | 487 714                | 487 714           | 519 537               | 534 730           | 564 355           |
| <b>Total: Recreation, Culture and Religion</b>             | <b>378 780</b>    | <b>429 531</b>    | <b>455 074</b>    | <b>472 264</b>     | <b>487 714</b>         | <b>487 714</b>    | <b>519 537</b>        | <b>534 730</b>    | <b>564 355</b>    |
| <b>Education</b>   |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Education not defined by level                             | 25 118 175        | 26 826 203        | 29 020 420        | 30 607 772         | 30 834 506             | 30 834 506        | 32 291 008            | 34 095 860        | 36 265 889        |
| <b>Total: Education</b>                                    | <b>25 118 175</b> | <b>26 826 203</b> | <b>29 020 420</b> | <b>30 607 772</b>  | <b>30 834 506</b>      | <b>30 834 506</b> | <b>32 291 008</b>     | <b>34 095 860</b> | <b>36 265 889</b> |
| <b>Social protection</b>                                   |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Social Security Services                                   | 279 747           | 305 581           | 345 229           | 412 124            | 386 475                | 395 275           | 424 407               | 442 392           | 475 023           |
| Social Services and Population Development                 | 1 305 750         | 1 356 628         | 1 471 660         | 1 574 605          | 1 653 493              | 1 687 893         | 1 756 722             | 1 854 190         | 1 995 785         |
| <b>Total: Social protection</b>                            | <b>1 585 497</b>  | <b>1 662 209</b>  | <b>1 816 889</b>  | <b>1 986 729</b>   | <b>2 039 968</b>       | <b>2 083 168</b>  | <b>2 181 129</b>      | <b>2 296 582</b>  | <b>2 470 808</b>  |
| <b>Total provincial payments and estimates by policy :</b> | <b>52 971 995</b> | <b>57 903 354</b> | <b>62 025 691</b> | <b>65 373 494</b>  | <b>66 494 686</b>      | <b>67 926 581</b> | <b>69 500 910</b>     | <b>72 849 815</b> | <b>77 921 711</b> |



