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## **LIMPOPO PROVINCIAL REVENUE AND EXPENDITURE REPORT AS AT 31 AUGUST 2014**

### **1. Purpose**

To provide National Treasury with a report on provincial Revenue and Expenditure as at 31 August 2014

### **2. Background**

In terms of chapter 5, section 40 (4) (a) of the Public Finance Management Act (PFMA) of 1999, Act No. 29 of 1999 as amended, the Accounting officer of a department must at the beginning of a financial year provide the relevant treasury in the prescribed format with a breakdown of the anticipated revenue and expenditure of that department for that financial year.

In addition, Section 40 (4) (b) stipulates that the designated Accounting officer of a department must submit information to the provincial treasury in the prescribed format on actual revenue and expenditure for the preceding month and the amounts anticipated for that month in terms of section 40 (4) (a). Section 40 (4) (c) stipulates that Accounting officer of a department must submit within 15 (fifteen) days of the end of each month to the Provincial Treasury and Executive Authority the information for that month, projected expenditure and revenue collection for the remainder of the current financial year and when necessary explanations on any material variances and a summary of the steps to be taken to ensure that the projected expenditure and revenue remain within budget.

The expenditure and revenue trends for the period under review is based on departmental August 2014 In-Year Monitoring (IYM) report submission by departments in terms of section 40(4) (b) of the PFMA. Departmental submissions are analysed in terms of the projected expenditure, projected cash requests and actual expenditure as recorded in the IYM submissions. The explanations provided for the variances were provided by departments as per the IYM variance report and where necessary further clarity was sought from departments.

### 3. Discussion

Provincial Treasury Instruction Note 3 of 2012 issued on 28 April 2012 outlines the legislative requirements and process for IYM submissions. Given the challenges faced by departments in providing substantial reasons for variances in projection and expenditure Provincial Treasury Instruction Note 09 of 2012 and 4 of 2013 were issued giving further directives on the information requirements.

#### 3.1. Cash Management

Cash allocation letters for 2014/15 financial year were issued to departments indicating cash available for each payment run as well as the processes to be followed by departments to enable Provincial Treasury to release payment tapes. Schedule of payments runs were also sent to departments to enable them to inform service providers of the dates of payments as they serve them with invoices for services rendered:-

- Persal runs are scheduled 4 times a month, i.e. the 15th for normal salaries, 22<sup>nd</sup> for Educators' salaries, last Wednesday of the month for Supplementary payments (claims) and month-end for probation and contract employees and Third Party deductions.
- BAS runs (payments of suppliers) are scheduled twice, i.e. for the 15<sup>th</sup> and for month-end.

These systems and processes were put in place to ensure that service delivery continues without disruptions relating to cash flow problems as well as to alleviate cash flow challenges experienced in the previous financial year.

#### 3.2 Cash Allocations Vs Actual Expenditure Vs Actual Funds Transferred

An analysis of cash projections, actual expenditure and actual funds transferred indicates departments' ability to plan, budget and spend. Table 1 below provides cash flow projections, actual expenditure and transfers to departments from April 2014 to August 2014.

Departments	Opening Bank Balances at 01-Apr-14	Cash Allocation 31-Aug-14	Actual Expenditure 31-Aug-14	Tranfers To Departments 31-Aug-14	Variance Cash allocation Vs Actual Expenditure		Variance Actual Expenditure Vs Funds Transferred	
					Amount	%	Amount	%
Education	615 023	9 977 530	10 086 198	9 948 024	-108 668	-1.1%	138 174	1.4%
Health	196 242	6 227 626	5 740 868	5 943 107	486 758	7.8%	-202 239	-3.5%
Social Development	48 090	591 406	491 581	510 191	99 825	16.9%	-18 610	-3.8%
Public Works	82 408	351 466	325 792	326 899	25 674	7.3%	-1 107	-0.3%
Agriculture	53 306	668 513	556 264	550 414	112 249	16.8%	5 850	1.1%
Roads & Transport	323 345	1 551 516	928 692	907 840	622 824	40.1%	20 852	2.2%
CoGSTHA	176 843	836 667	487 628	696 425	349 039	41.7%	-208 797	-42.8%
Sport, Arts & Culture	32 062	153 021	95 928	105 227	57 093	37.3%	-9 299	-9.7%
Safety & Security and Liaison	5 344	40 718	40 718	28 727	-	0.0%	11 991	29.4%
Office of the Premier	2 195	145 266	138 645	136 347	6 621	4.6%	2 298	1.7%
Provincial Legislature	420	113 779	128 994	133 002	-15 215	-13.4%	-4 008	-3.1%
Provincial Treasury	43 731	165 399	127 138	133 781	38 261	23.1%	-6 643	-5.2%
Economic Development, Environmental & Tourism	34 025	445 924	436 982	448 065	8 942	2.0%	-11 083	-2.5%
<b>Total</b>	<b>1 613 034</b>	<b>21 268 830</b>	<b>19 585 428</b>	<b>19 868 049</b>	<b>1 683 403</b>	<b>7.9%</b>	<b>-282 621</b>	<b>-1.4%</b>
<b>Summary Per Fund</b>								
Equitable Share		17 577 795	17 761 167	18 571 385	-183 371	-1.0%	-810 218	-4.6%
Conditional Grant		3 691 035	1 824 261	1 296 664	1 866 774	50.6%	527 597	28.9%
<b>Total</b>		<b>21 268 830</b>	<b>19 585 428</b>	<b>19 868 049</b>	<b>1 683 403</b>	<b>7.9%</b>	<b>-282 621</b>	<b>-1.4%</b>

When comparing actual expenditure to the cash flow projections or cash allocations, departments under-spent the cash allocations by R1.683 billion or 7.9 percent. It should be clear that the under-spending has nothing to do with availability of cash or Treasury interruptions as Treasury has given cash allocations and processes well upfront.

On the other hand transfers to departments were R282.6 million or 1.4 percent more than actual expenditure.

### 3.3 Month-end Bank Balances

Table 2: Month-end Provincial Bank Balances

Departments	R'000											
	30-Apr	31-May	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	31-Dec	31-Jan	28-Feb	31-Mar
Premier	2 139 813.36	161 361.17	205 730.04	241 030.65	81 842.66							
Legislature	2 895 216.02	(1 893 116.74)	8 075 973.38	264 120.34	359 479.67							
Education	57 648 358.24	59 440 384.18	4 848 537.09	60 391 180.87	104 030 020.23							
Agriculture	18 711 667.10	5 511 983.13	21 734 357.13	1 261 933.38	19 949 152.32							
Treasury	20 293 489.92	34 679 183.68	12 806 688.57	10 791 676.71	11 035 426.33							
LEDET	33 459 979.63	6 257 096.95	16 907 150.94	31 919 003.54	3 748 953.79							
Health	324 113 162.90	324 090 164.86	9 601 403.23	1 109 503.52	6 723 328.38							
Roads & Transport	37 184 095.48	333 315 379.33	102 998 064.91	2 238 268.70	16 478 839.62							
Public Works	4 500 538.95	12 155 187.53	9 325 541.02	16 056 568.62	19 845 975.73							
Safety, Security & Liaison	1 384 261.95	350 381.22	403 300.97	1 585 672.02	293 189.81							
CoGHSTA	169 197 808.82	424 853.62	1 300 419.57	746 368.58	-2 152 567.77							
Social Development	10 736 996.19	6 436 405.79	10 425 221.23	537 174.56	1 230 414.53							
Sports	2 769 502.83	237 106.21	984 423.96	519 203.14	337 356.57							
<b>Sub-Total PMGs</b>	<b>685 034 891.39</b>	<b>781 166 370.93</b>	<b>199 616 812.04</b>	<b>127 661 704.63</b>	<b>181 961 411.87</b>	-	-	-	-	-	-	-
Exchequer Account	132 762 486.49	190 901 988.46	288 350 109.81	255 701 772.76	379 064 427.93							
<b>Group Balance</b>	<b>817 797 377.88</b>	<b>972 068 359.39</b>	<b>487 966 921.85</b>	<b>383 363 477.39</b>	<b>561 025 839.80</b>	-	-	-	-	-	-	-
CPD Investment Account (Reserve Bank)	3 621 456 079.13	3 665 505 868.32	3 705 892 012.97	4 501 356 439.99	4 728 223 073.37							
<b>Total Available Cash Balance</b>	<b>4 439 253 457.01</b>	<b>4 637 574 227.71</b>	<b>4 193 858 934.82</b>	<b>4 884 719 917.38</b>	<b>5 289 248 913.17</b>	-	-	-	-	-	-	-

The payments processes put in place are to ensure that all payments to suppliers/payees released as per schedule are effected on the action date of the relevant tapes released. The objective is to enhance cash management and that suppliers receive payments as per the payments stubs. This also assists the province in maintaining smaller cash balances in commercial bank accounts where lower interest is earned and to optimize interest returns in the CPD (Provincial account in South African Reserve Bank) account.

At the end of August 2014 the province had a total favorable bank balance of R5.289 billion comprising R4.728 billion in the CPD account and R561.025 million in the commercial bank accounts (viz. departmental PMG accounts and the Exchequer account).

### 3.4 Interest Performance

Table 3: INTEREST EARNED : 2014/15 FINANCIAL YEAR  
R'000

Institution	2014/15												Total
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	
Commercial Bank (FNB)	-												
Commercial Bank (SBSA)	5 264	2 061	2 772	2 359	1 571								14 027
CPD (SA Reserve Bank)	12 273	22 140	18 899	25 180	26 864								105 356
<b>Total</b>	<b>17 537</b>	<b>24 201</b>	<b>21 671</b>	<b>27 539</b>	<b>28 435</b>	-	-	-	-	-	-	-	<b>119 383</b>

INTEREST EARNED : 2013/14 FINANCIAL YEAR  
R'000

Institution	2013/14												Total
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	
Commercial Bank (FNB)	2 277	1 617	510		104								4 508
Commercial Bank (SBSA)	-	-	933	1 750	1 498								4 181
CPD (SA Reserve Bank)	7 937	13 898	11 796	13 863	16 374								63 868
<b>Total</b>	<b>10 214</b>	<b>15 515</b>	<b>13 239</b>	<b>15 613</b>	<b>17 976</b>	-	-	-	-	-	-	-	<b>72 557</b>

When compared to the same period in the previous year as indicated in the table above interest revenue grows from R72.557 million in 2013/14 to R119.383 million for 2014/15. Interest earned in the CPD account alone grew from R63.868 million to R105.356 million.

#### 4. Provincial overall expenditure as at 31 August 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 Aug 2014	Actual spending as % of Main budget	(Over)	Under	%(Over)/ under of Main budget
Education	24 965 895	-	24 965 895	24 965 895	25 547 028	10 086 198	40.4%	-581 133	-	-2.3%
Health	14 371 045	-	14 371 045	14 371 045	14 901 710	5 740 868	39.9%	-530 665	-	-3.7%
Social Development	1 468 887	-	1 468 887	1 468 887	1 468 887	491 581	33.5%	-	-	0.0%
Public Works	928 600	-	928 600	928 600	928 600	325 792	35.1%	-	-	0.0%
Agriculture	1 602 228	-	1 602 228	1 602 228	1 602 228	556 264	34.7%	-	-	0.0%
Roads And Transport	3 524 895	-	3 524 895	3 524 895	3 524 895	928 692	26.3%	-	-	0.0%
Co-Operative Governance Human Settlements	2 158 033	-	2 158 033	2 158 033	2 158 033	487 628	22.6%	-	-	0.0%
Sport, Art And Culture	302 358	-	302 358	302 358	302 358	95 928	31.7%	-	-	0.0%
Safety, Security And Liaison	84 402	-	84 402	84 402	81 598	31 944	37.8%	-	2 804	3.3%
Office Of The Premier	335 616	-	335 616	335 616	335 616	138 645	41.3%	-	-	0.0%
Legislature	248 515	-	248 515	248 515	269 515	128 994	51.9%	-21 000	-	-8.5%
Provincial Treasury	357 797	-	357 797	357 797	357 797	127 138	35.5%	-	-	0.0%
Economic Development Environment And Tourism	1 111 277	-	1 111 277	1 111 277	1 111 277	436 982	39.3%	-	-	0.0%
<b>Total</b>	<b>51 459 548</b>	<b>-</b>	<b>51 459 548</b>	<b>51 459 548</b>	<b>52 589 542</b>	<b>19 576 654</b>	<b>38.0%</b>	<b>-1 132 798</b>	<b>2 804</b>	<b>-2.2%</b>
<i>Economic classification</i>							<b>Net</b>	<b>-1 129 994</b>		
<b>Current payments</b>	<b>43 748 680</b>	<b>-</b>	<b>43 748 680</b>	<b>43 748 680</b>	<b>44 536 757</b>	<b>17 425 044</b>	<b>39.8%</b>	<b>-788 077</b>	<b>-</b>	<b>-1.8%</b>
Compensation of employees	36 116 633	-	36 116 633	36 116 633	36 752 386	14 972 578	41.5%	-635 754	-	-1.8%
Goods and services	7 631 642	-	7 631 642	7 631 642	7 783 965	2 452 073	32.1%	-152 323	-	-2.0%
Interest and rent on land	405	-	405	405	405	393	97.0%	-	-	0.0%
<b>Transfers and subsidies</b>	<b>5 482 755</b>	<b>-</b>	<b>5 482 755</b>	<b>5 482 755</b>	<b>5 555 098</b>	<b>1 614 532</b>	<b>29.4%</b>	<b>-72 344</b>	<b>-</b>	<b>-1.3%</b>
<b>Payments for capital assets</b>	<b>2 228 114</b>	<b>-</b>	<b>2 228 114</b>	<b>2 228 114</b>	<b>2 497 687</b>	<b>537 077</b>	<b>24.1%</b>	<b>-269 573</b>	<b>-</b>	<b>-12.1%</b>
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>of which: NPNC</i>	<i>13 114 802</i>	<i>-</i>	<i>13 114 802</i>	<i>13 114 802</i>	<i>13 339 469</i>	<i>4 066 998</i>	<i>31.0%</i>	<i>-224 667</i>	<i>-</i>	<i>-1.7%</i>
<b>Total</b>	<b>51 459 548</b>	<b>-</b>	<b>51 459 548</b>	<b>51 459 548</b>	<b>52 589 542</b>	<b>19 576 653</b>	<b>38.0%</b>	<b>-1 129 994</b>	<b>-</b>	<b>-2.2%</b>
* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)							<b>Net</b>	<b>-1 129 994</b>		

The overall provincial spending as at 31 August 2014 amounts to R19.5 billion or 38.0 percent of the total available budget of R51.5 billion while departments projected to spend R21.2 billion or 41.2 percent. Previous year spending was at R17.9 billion or 37.1 percent of the budget of R48.4 billion. The Province has projected an over spending of R1.1 million under the department of Education, Health and Legislature at the end of financial year. On the other hand the department of Safety and Security has projected to underspend by R2.8 million or 3.3 percent while the rest of other departments have projected to break-even.

The projected over-expenditure is caused by the overall payment improvement of condition of services and payment of teacher development programme in the department of Education, and the absorption of Community Health Professionals and Interns that take place in January each year, 2012/13 liabilities (pay-progression and performance bonus) that could not be addressed in the 2013/14 financial year due financial constraints in the department of Health. The projected overspending in Legislature is due to transfers to political parties and the purchase of office equipment for new Members of Legislature.

The highest expenditure in terms of departments is recorded in Legislature at 51.9 percent, Education at 40.4 percent and Office of the Premier at 41.3 percent. The lowest spending department is CoGHSTA at 22.6 percent and Roads and Transport at 26.3 percent. Most of the expenditure is incurred under Compensation of Employees (CoE) which is at 41.5 percent.

#### 4.1. Spending per economic classification

##### 4.1.1. Compensation of Employees budget and expenditure

Table 5: Limpopo budgets and expenditure: Compensation of employees as at 31 August 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 Aug 2014	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	20 405 986	-	20 405 986	20 405 986	20 695 814	8 512 305	41.7%	-289 828	-	-1.4%
Health	10 234 791	-	10 234 791	10 234 791	10 579 455	4 276 491	41.8%	-344 665	-	-3.4%
Social Development	752 604	-	752 604	752 604	752 604	302 023	40.1%	-	-	0.0%
Public Works	615 799	-	615 799	615 799	615 799	244 528	39.7%	-	-	0.0%
Agriculture	1 015 758	-	1 015 758	1 015 758	1 015 758	404 210	39.8%	-	-	0.0%
Roads And Transport	1 078 064	-	1 078 064	1 078 064	1 078 064	401 339	37.2%	-	-	0.0%
Co-Operative Governance Human Settlements	763 429	-	763 429	763 429	763 429	329 260	43.1%	-	-	0.0%
Sport,Art And Culture	135 129	-	135 129	135 129	135 129	51 174	37.9%	-	-	0.0%
Safety,Security And Liason	60 032	-	60 032	60 032	57 586	22 445	37.4%	-	2 446	4.1%
Office of the Premier	226 299	-	226 299	226 299	226 299	97 895	43.3%	-	-	0.0%
Legislature	147 674	-	147 674	147 674	147 674	60 698	41.1%	-	-	0.0%
Treasury	229 247	-	229 247	229 247	233 579	90 529	39.5%	-4 332	-	-1.9%
Economic Development	451 821	-	451 821	451 821	451 196	179 681	39.8%	-	625	0.1%
<b>Total</b>	<b>36 116 633</b>	<b>-</b>	<b>36 116 633</b>	<b>36 116 633</b>	<b>36 752 386</b>	<b>14 972 578</b>	<b>41.5%</b>	<b>-638 825</b>	<b>3 071</b>	<b>-1.8%</b>
								<b>Net</b>	<b>-635 754</b>	

\* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)

The overall CoE spending is at R15 billion or 41.5 percent against the annual projection of R15.2 billion or 42.1 percent of total annual budget of R36.1 billion. The provincial spending pattern is slightly below the projection due to the non-filling of critical funded positions. The province projects to overspend by R635.7 million or 1.8 percent.

The highest percentage spending department is Office of the Premier at R97.9 million or 43.3 percent followed by CoGHSTA at R329.2 million or 43.1 percent, Health at R4.2 billion or 41.8 percent and Education at R8.5 billion or 41.7 percent. The high spending in CoGHSTA is due to the payment of arrears to traditional leaders which will be addressed during the adjustment budget.

The Department of Education projects to overspend its budget by R289.8 million or 1.4 percent due to the cost of living adjustment. The Department of Health projects to over spend its budget by R344.7 million or 3.4 percent. The projected over spending is due to the payment of the 2012/13 pay progression and performance bonuses that could not be addressed in 2013/14. The improvement on condition of services is 0.9 percent above the budgeted amount of 6.5 percent (translating to 7.4%). Provincial Treasury projected an overspending of R4.3 million or 1.9 percent. The overspending will be offset by savings in other items.



## 4.1.2. Goods and Services

Table 6 : Limpopo budgets and expenditure: Goods and services as at 31 August 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 Aug 2014	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	2 177 001	-	2 177 001	2 177 001	2 228 233	615 745	28.3%	-51 232	-	-2.4%
Health	3 134 796	-	3 134 796	3 134 796	3 233 796	1 076 089	34.3%	-99 000	-	-3.2%
Social Development	204 613	-	204 613	204 613	204 613	76 730	37.5%	-	-	0.0%
Public Works	206 410	-	206 410	206 410	206 410	57 166	27.7%	-	-	0.0%
Agriculture	354 008	-	354 008	354 008	354 008	101 544	28.7%	-	-	0.0%
Roads And Transport	779 135	-	779 135	779 135	779 135	260 575	33.4%	-	-	0.0%
Co-Operative Governance Human Settlements And	161 335	-	161 335	161 335	161 335	65 076	40.3%	-	-	0.0%
Sport,ArtAnd Culture	136 034	-	136 034	136 034	135 634	39 357	28.9%	-	400	0.3%
Safety,Security And Liason	23 114	-	23 114	23 114	22 756	9 472	41.0%	-	358	1.5%
Office of the Premier	98 605	-	98 605	98 605	98 605	36 525	37.0%	-	-	0.0%
Legislature	36 155	-	36 155	36 155	45 891	19 295	53.4%	-9 736	-	-26.9%
Treasury	122 525	-	122 525	122 525	116 500	33 437	27.3%	-	6 025	4.9%
Economic Development	197 911	-	197 911	197 911	197 049	61 062	30.9%	-	862	0.4%
<b>Total</b>	<b>7 631 642</b>	<b>-</b>	<b>7 631 642</b>	<b>7 631 642</b>	<b>7 783 965</b>	<b>2 452 073</b>	<b>32.1%</b>	<b>-159 968</b>	<b>7 645</b>	<b>-2.0%</b>
								<b>Net</b>	<b>-152 323</b>	

\* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)

The overall spending on Goods and Services is at R2.4 billion or 32.1 percent against the projection of R2.9 billion or 8.3 percent of the total budget of R7.6 billion. The province projects to overspend by R152.3 million. The highest percentage spending department is Legislature and Safety, Security and Liaison at R19.3 million or 53.4 percent and R9.4 million or 41.0 percent respectively. The lowest percentage spending is recorded at Provincial Treasury at 27.3 percent due to the delay in submission of invoices by service providers. The following departments projected to overspend:-

- Education – R51.2 million or 2.4 percent due to payment of teacher development programme, school monitoring, communication services and operating payments.
- Health – R99 million or 3.2 percent due to payment of electricity, IT services and other non-negotiable items
- Legislature – R9.7 million or 26.9 percent due to payment on SOPA activities.

## 4.1.3. Transfers and subsidies

Table 7: Limpopo budgets and expenditure: Transfers and subsidies as at 31 August 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 Aug 2014	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	1 269 011	-	1 269 011	1 269 011	1 269 011	589 879	46.5%	-	-	0.0%
Health	477 704	-	477 704	477 704	539 703	294 219	61.6%	-62 000	-	-13.0%
Social Development	446 724	-	446 724	446 724	446 724	106 370	23.8%	-	-	0.0%
Public Works	47 050	-	47 050	47 050	47 050	13 956	29.7%	-	-	0.0%
Agriculture	159 894	-	159 894	159 894	159 894	35 969	22.5%	-	-	0.0%
Roads And Transport	1 324 582	-	1 324 582	1 324 582	1 324 582	230 972	17.4%	-	-	0.0%
Co-Operative Governance Human Settlements	1 230 802	-	1 230 802	1 230 802	1 230 802	92 085	7.5%	-	-	0.0%
Sport,Art And Culture	5 995	-	5 995	5 995	6 395	3 453	57.6%	-400	-	-6.7%
Safety,Security And Liason	-	-	-	-	-	-	-	-	-	-
Office of the Premier	6 969	-	6 969	6 969	6 969	3 326	47.7%	-	-	0.0%
Legislature	60 556	-	60 556	60 556	67 320	47 672	78.7%	-6 764	-	-11.2%
Treasury	3 000	-	3 000	3 000	4 693	2 611	87.0%	-1 693	-	-56.4%
Economic Development	450 468	-	450 468	450 468	451 955	194 020	43.1%	-1 487	-	-0.3%
<b>Total</b>	<b>5 482 755</b>	<b>-</b>	<b>5 482 755</b>	<b>5 482 755</b>	<b>5 555 098</b>	<b>1 614 532</b>	<b>29.4%</b>	<b>-72 344</b>	<b>-</b>	<b>-1.3%</b>
								<b>Net</b>	<b>-72 344</b>	

\* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)

The province spent R1.6 billion or 29.4 percent of the total budget of R5.5 billion on Transfers and subsidies against a projection of R2.2 billion or 39.5 percent. The highest percentage spending departments are Health, Legislature and Provincial Treasury at 61.6 percent, 78.7 and 87.0 percent respectively. The lowest percentage spending department is CoGHSTA at R92.1 million or 7.5 percent of its total budget of R1.2 billion. The province is projecting to overspend its budget by R72.3 million or 1.3 percent in the following departments ,Health – R62.0 million or 13.0 percent , Legislature – R6.8 million or 11.2 percent, Sport, Arts and Culture - R0.400 million or 6.7 percent , Provincial Treasury – R1.6 million or 56.4 percent and Economic Development at R1.4 million or 0.3 percent. The high percentage spending in Legislature is due to payment to political parties in proportion to their seats in the Legislature while the other department is due to leave gratuities.

#### 4.1.4. Payment for Capital Assets

Table 8: Limpopo budgets and expenditure: Payments for capital assets as at 31 August 2014

	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 Aug 2014	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
<b>R thousand</b>										
Education	1 113 897	-	1 113 897	1 113 897	1 353 970	368 269	33.1%	-240 073	-	-21.6%
Health	523 755	-	523 755	523 755	548 755	94 068	18.0%	-25 000	-	-4.8%
Social Development	64 946	-	64 946	64 946	64 946	6 458	9.9%	-	-	0.0%
Public Works	59 341	-	59 341	59 341	59 341	10 142	17.1%	-	-	0.0%
Agriculture	72 568	-	72 568	72 568	72 568	14 541	20.0%	-	-	0.0%
Roads And Transport	343 114	-	343 114	343 114	343 114	35 806	10.4%	-	-	0.0%
Co-Operative Governance Human Settlements And	2 467	-	2 467	2 467	2 467	1 207	48.9%	-	-	0.0%
Sport,Art And Culture	25 200	-	25 200	25 200	25 200	1 944	7.7%	-	-	0.0%
Safety,Security And Liason	1 256	-	1 256	1 256	1 256	27	2.1%	-	-	0.0%
Office of the Premier	3 743	-	3 743	3 743	3 743	899	24.0%	-	-	0.0%
Legislature	4 130	-	4 130	4 130	8 630	1 329	32.2%	-4 500	-	-109.0%
Treasury	3 025	-	3 025	3 025	3 025	561	18.5%	-	-	0.0%
Economic Development	10 672	-	10 672	10 672	10 672	1 826	17.1%	-	-	0.0%
<b>Total</b>	<b>2 228 114</b>	<b>-</b>	<b>2 228 114</b>	<b>2 228 114</b>	<b>2 497 687</b>	<b>537 077</b>	<b>24.1%</b>	<b>-269 573</b>	<b>-</b>	<b>-12.1%</b>
							<b>Net</b>	<b>-269 573</b>		

\* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)

The overall expenditure on Payment for Capital Assets is at R537.1 million or 24.1 percent of the total budget of R2.2 billion against the projection of R867.3 million or 38.9 percent. The highest percentage spending department is CoGHSTA at R1.2 million or 48.9 percent of the budget of R2.5 million, Education at R368.3 million or 33.1 percent of the total budget of R1.1 billion. The percentage spending on the following departments is very low; Social Development, Roads and Transport, Safety and Security and Sport, Arts and Culture at 9.9 percent, 10.4 percent 2.1 and 7.7 and percent respectively. The department of Education projects to overspend by R 240.1 million or 21.6 percent due to reprioritization of water and sanitation projects at schools and storm damaged schools.

## 4.2. Equitable share spending

	Main Appropriation	Actual spending to August 2014	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Over or under spending
Education	22 374 049	9 184 058	41.0%	13 531 051	22 715 109	-341 060
Health	12 474 437	5 258 532	42.2%	7 746 571	13 005 103	-530 666
Social Development	1 466 115	490 929	33.5%	975 186	1 466 115	-
Sport, Arts & Culture	159 800	64 989	40.7%	94 811	159 800	-
Safety & Security	84 402	40 718	48.2%	43 684	84 402	-
Premier	335 616	138 645	41.3%	196 971	335 616	-
Co-operative Governace, Human Settlements and Traditional Affairs	936 774	399 622	42.7%	537 152	936 774	-
Legislature	248 515	128 994	51.9%	140 521	269 515	-21 000
Public Works	926 348	324 822	35.1%	601 526	926 348	-
Provincial Treasury	357 797	127 138	35.5%	230 659	357 797	-
Agriculture	1 305 075	497 966	38.2%	807 109	1 305 075	-
Roads and Transport	2 101 215	668 491	31.8%	1 432 724	2 101 215	-
Economic Development, Environment and Tourism	1 109 175	436 263	39.3%	672 912	1 109 175	-
<b>Total</b>	<b>43 879 318</b>	<b>17 761 167</b>	<b>40.5%</b>	<b>27 010 877</b>	<b>44 772 044</b>	<b>-892 726</b>
<b>Provincial expenditure Economic classification 2013 14</b>						
Current payments	40 615 295	16 488 194	40.6%	24 917 994	41 406 188	-790 881
Compensation of employees	35 270 742	14 644 842	41.5%	21 264 107	35 908 949	-638 207
Goods and Services	5 344 553	1 843 352	34.5%	3 653 875	5 497 227	-152 674
Other	405	393	97.0%	12	405	-
Transfers and subsidies	2 902 395	1 216 302	41.9%	1 758 437	2 974 739	-72 344
Payment for Capital Assets	361 223	56 278	15.6%	334 445	390 724	-29 501
Payments for financial Assets	0	0	0.0%	-	0	-
<b>Total</b>	<b>43 879 318</b>	<b>17 761 167</b>	<b>40.5%</b>	<b>27 010 876</b>	<b>44 772 044</b>	<b>-892 726</b>

Provincial equitable share spending is at R17.7 billion or 40.5 percent of the total budget of R43.9 billion. The highest percentage spending departments on equitable share are Legislature at 51.9 percent, Safety and Security at 48.2 percent, CoGHSTA at 42.7 percent and Health at 42.2 percent.

The departments of Education, Health and Legislature are projecting over expenditure of R892.7 million, which comprise R341.0 million, R530.7 million and R21.0 million respectively. These projected overspending are caused by the payment for leave gratuity and teacher development training, payment of 2012/13 liabilities (pay-progression and performance bonus) that could not be addressed in the 2013/14 financial year due financial constraints, payment to political parties. The lowest spending departments are Social Development and Roads and Transport at R490.9 million or 33.5 percent of the total budget of R1.5 billion and 31.8 percent of the total budget of R2.1 billion.



### 4.3. Conditional Grants (CG) Spending Performance

	Main Appropriation	Actual spending to August 2014	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Over or under spending
Education	2 591 846	902 140	34.8%	1 929 779	2 831 919	(240 073)
Health	1 896 608	482 336	25.4%	1 414 272	1 896 608	-
Social Development	2 772	652.00	23.5%	2 120	2 772	-
Sport, Arts & Culture	142 558	30 939	21.7%	111 619	142 558	-
Co-operative Governace, Human Settlements and Traditional Affairs	1 221 259	88 006	7.2%	1 133 253	1 221 259	-
Agriculture	297 153	58 298	19.6%	238 855	297 153	-
Roads and Transport	1 423 680	260 201	18.3%	1 163 479	1 423 680	-
Public Works	2 252	970	43.1%	1 282	2 252	-
Economic Development, Environment and Tourism	2 102	719	34.2%	1 383	2 102	-
<b>Total</b>	<b>7 580 230</b>	<b>1 824 261</b>	<b>24.1%</b>	<b>5 996 042</b>	<b>7 820 303</b>	<b>(240 073)</b>

Economic classification						
<b>Current payments</b>	<b>3 132 979</b>	<b>944 002</b>	<b>30.1%</b>	<b>2 188 977</b>	<b>3 132 979</b>	<b>-240 073</b>
Compensation of employees	845 890	332 682	39.3%	513 208	845 890	-
Goods and Services	2 287 089	611 320	26.7%	1 675 769	2 287 089	-
Other				-	0	-
<b>Current transfers and subsidies</b>	<b>2 580 360</b>	<b>398 231</b>	<b>15.4%</b>	<b>2 182 129</b>	<b>2 580 360</b>	<b>-</b>
<b>Payments for capital assets</b>	<b>1 866 891</b>	<b>482 028</b>	<b>25.8%</b>	<b>1 624 936</b>	<b>2 106 964</b>	<b>-240 073</b>
<b>Payments for financial assets</b>				-	0	-
<b>Total</b>	<b>7 580 230</b>	<b>1 824 261</b>	<b>24.1%</b>	<b>5 996 042</b>	<b>7 820 303</b>	<b>-240 073</b>

**Conditional grants expenditure as at 31 August 2014**

R thousand	Main Appropriation	Provincial Actual Payments	Actual Payments as a % of main budget
<b>Agriculture</b>	<b>297 153</b>	<b>58 298</b>	<b>19.6%</b>
Comprehensive Agricultural Support Programme Grant	225 873	48 503	21.5%
Ilima/Letsema Projects Grant	46 062	4 588	10.0%
EPWP Incentive allocation	15 040	3 032	20.2%
Land Care Programme Grant	10 178	2 175	21.4%
<b>Sport, Arts and Culture</b>	<b>142 558</b>	<b>30 939</b>	<b>21.7%</b>
Mass Sport and Recreation Programme	59 446	17 972	30.2%
EPWP Incentive allocation	2 102	484	23.0%
Community Library Services Grant	81 010	12 483	15.4%
<b>Education</b>	<b>2 591 846</b>	<b>902 140</b>	<b>34.8%</b>
HIV and Aids (Life Skills Education) Grant	31 085	873	2.8%
Further Education and Training Colleges Grant	404 504	169 798	42.0%
National School Nutrition Programme Grant	991 153	356 543	36.0%
Infrastructure Grant	1 103 048	369 302	33.5%
Infrastructure Grant (Flood damage)	20 277	-	0.0%
Dinaledi School grant	11 340	12	0.1%
Social sector EPWP grant	13 280	5 423	40.8%
EPWP Incentive allocation	2 000	-	0.0%
Technical Secondary Schools Recapitalisation Grant	15 159	189	1.2%
<b>Health</b>	<b>1 896 608</b>	<b>482 336</b>	<b>25.4%</b>
Comprehensive HIV and Aids Grant	978 132	259 645	26.5%
Nursing colleges	-	-	0.0%
Infrastructure Grant	-	-	0.0%
Health Professions Training and Development Grant	116 207	30 271	26.0%
EPWP Social Sector	2 089	445	0.0%
EPWP Incentive grant	2 580	1 762	68.3%
Health insurance grant	7 000	1 779	25.4%
Hospital Revitalisation Grant	467 442	85 179	18.2%
National Tertiary Services Grant	323 158	103 255	32.0%
<b>Co-operate Governance , Human Settlements and Traditional Affairs</b>	<b>1 221 259</b>	<b>88 006</b>	<b>7.2%</b>
Housing Disaster Management	-	-	0.0%
Disaster : Flood Damage	-	-	-
Integrated Housing & Human Settlements Development Grant	1 195 874	88 006	7.4%
Human Settlement Development (flood repair)	5 701	-	-
<b>Earmarked additions for the FF mining towns</b>	<b>17 540</b>	-	-
T habazimbi	7 171	-	-
Greater Tubatse	1 684	-	-
Elias Motsoaledi	3 255	-	-
Lephalale	4 720	-	-
Fetakgomo	710	-	-
EPWP Incentive allocation	2 144	-	0.0%
<b>Public Works</b>	<b>2 252</b>	<b>970</b>	<b>43.1%</b>
Devolution of Property Rate Funds Grant	-	-	0.0%
EPWP incentive grant	2 252	970	43.1%
<b>Economic Development</b>	<b>2 102</b>	<b>719</b>	<b>34.2%</b>
EPWP Incentive grant	2 102	719	34.2%
<b>Social Development</b>	<b>2 772</b>	<b>652</b>	<b>23.5%</b>
EPWP Incentive grant	2 772	652	23.5%
<b>Roads and Transport</b>	<b>1 423 680</b>	<b>260 201</b>	<b>18.3%</b>
Transport Disaster Management	-	-	0.0%
Infrastructure Grant	1 127 310	158 182	14.0%
Public Transport Operation grant	291 852	99 950	34.2%
EPWP Incentive grant	4 518	2 069	45.8%
<b>Total</b>	<b>7 580 230</b>	<b>1 824 261</b>	<b>24.1%</b>

The CGs' overall expenditure is very low at R1.8 billion or 24.1 percent of the total budget of R7.6 billion. The highest spending department on CGs is Education at R902.1 million or 34.8 percent of the total budget of R2.6 billion. On the other hand, CoGHSTA is the lowest spending department on CGs at R 88.0 million or 7.2 percent.

#### **4.3.1. Agriculture**

The department has spent R58.3 million or 19.6 percent of the total budget of R297.1 million. The expenditure is very low due to failure by IDT to get contractors to finalize the projects. Capital projects have not yet started, delay in submitting the procurement plans by districts and SCM related challenges.

- Letsema- spent R4.6 million or 10.0 percent of the projected R18.4 million at end August 2014. The under spending is because it is a seasonal grant and the delay in submissions of procurement plans and invoices by service providers. Department was advised to consider speeding up their procurement processes as it appears to be the main cause of challenges in spending.
- Land care – spent R2.2 million or 21.4 percent. Projected to spend R4.5 million during and up to the end of August 2014. The under spending is due to the fact that some projects are still undergoing procurement processes and the involvement of land care committees in the recruitment of workers.
- CASP – Spent R48.5 million or 21.5 percent. Projected to spend R125.5 million up to the end of August 2014. The under spending is due to re-commitment of all 2013/14 projects on the system to receiving and processing invoices. The expenditure on Fetsa Tlala is expected to pick up during summer period.

#### **4.3.2. Sport, Arts and Culture**

Overall expenditure is at R30.9 million or 21.7 percent. Non filling of vacant posts in both Library and Mass Sport Participation grants which were done in 2013/14 but disputed. An investigation into the filling of the posts is still ongoing. There is also a delay in the appointment of contractors.

- Community Library Services- spent R12.5 million or 15.4 percent. Projected to spend R33.6 million to the end of August 2014. The underspending is due to the fact that the planned building of three libraries for 2014/15 have not yet started.
- Mass Sport- spent R17.9 million or 30.2 percent. Projected to spend R25.2 million. The underspending is due to non filling of vacant positions.
- EPWP spent R0.484 million or 23.0 percent. Projected to spend R1.2 million by the end of August 2014.

The department was therefore advised in the quarterly meeting on CGs to ensure that procurement processes commence earlier since projects are always delayed due to processes that involved other stakeholders and implementing agent.

#### **4.3.3. Education**

Overall spending by the department is at R902.1 million or 34.8 percent of the total budget of R2.6 billion. The expenditure is still low due to the delay in developing tender specification

and transferring of feeding scheme funds by the department to schools. The department projected to spend R1.7 billion by the end of August 2014.

- HIV and Aids – spent R0.873 million or 2.8 percent. Projected to spend R30.2 million at the end of August 2014. The under spending is due to the delay in the procurement processes. The delay in approving the business plan led to stopping of the first payment by National Treasury.
- Further Education and Training – spent R169.8 million or 42.0 percent. Spending is mostly on accruals which are mainly caused by the funding model. Projected to spend R234.7 million at the end of August 2014. The spending is in line with straight line projection.
- National School Nutrition Programme- spent R356.5 million or 36.0 percent. Projected to spend R634.6 million at the end of August 2014. Discussions are being held by the sector department into decentralization of funding for the grant to schools.
- Infrastructure grant- spent R369.3 million or 33.5 percent. The grant projected to spend R733.7 million at the end of August 2014. The under spending is due to delay in processing invoices pending the dispute between IDT and the department. Though the spending is low in terms of straight line projection, the department is projecting to overspend by R240.1 million at the end of financial year.
- Infrastructure grant ( flood damaged) – No spending
- Dinaledi School – Spent R0.012. The department projected to spend R11.3 million at the end of August 2014. The delay in spending is due to the fact that the department's procurement plan is not yet approved.
- EPWP (Social sector) spent R5.4 million or 40.8 percent.
- EPWP ( Incentive allocation) – no spending
- Technical Secondary School- spend R0.189 million or 1.0 percent. Projected to spend R14.9 million. The under spending is due to the delay in the procurement processes.

#### 4.3.4. Health

The overall spending on CG is R482.3 million or 25.4 percent of the total budget of R1.8 billion. The highest percentage spending grant is EPWP Incentive grant at 68.3 percent. The overall CG spending in this department is low due the delay in finalization of business plans as a result of a directive from the Minister to review the business plans in the department (i.e. Hospital Facilities Revitalization grant) to include laundry equipment. The delay in the verification of medicine deliveries affected the spending on ARV budget. The department projected to have spent R790.2 million by the end of August 2014.

- HIV and Aids – spent R259.6 million or 26.5 percent. Two hundred Data capturers not yet absorbed on level 4. Payment for contracted General Practitioners for traditional male circumcision not yet processed. Pharmaceutical depot drugs in the process of being paid and expenditure will reflect in the report for the following month. Medical equipment (Colposcopes) ordered in May are still not yet delivered.
- HPTD – spend R30.3 million or 26.0 percent. The under spending is due to the delay in the procurement processes.
- EPWP (Social sector) spent R0.445 million. The first tranche was a top up on the available balance from 2013/14 financial year. The second tranche was only due in August 2014 and much of the spending will be realized in the month of September 2014.

- Health Insurance grant – spent R1.8 million or 25.4 percent .Delay in the procurement of the referral system which was caused by some technicality in the submission of the winning bid, also led to the delay in signing of the contract.
- Hospital Revitalization grant – spent R85.2 million or 18.2 percent. For HRG and HIG Infrastructure Projects, delays are in terms of projects under construction as well as the finalization of retention projects. Program review to include critical hospital refurbishment activities.
- National Tertiary Services – spent R103.2 million or 32.0 percent. Delay in the procurement process and deliveries of various items impacted on the spending.

#### **4.3.5. Roads and Transport**

Overall spending is at R260.2 million or 18.3 percent. The spending is low due to delay in procurement processes. There are projects that are still on the tendering stage. Bid to supply cement and cold asphalt, painting materials was done during the month of July 2014 and deliveries will be done throughout the financial year.

- Infrastructure grant – spend R158.2 million or 14.0 percent. The under spending is due to the delay in the procurement processes at Head Office. Transfer to RAL will be done this quarter as the institution have submitted the certificate of compliance giving assurance that funds will be utilized for the identified projects for 2014/15.
- Public Transport Operations – spend R99.9 million or 34.2 percent. Claims for the month of August will only be paid during September 2014 which confirms payment after the services have been rendered.
- EPWP – spend R2.1 million or 45.8 percent

#### **4.3.6. Public Works**

The department recorded spending of R0.970 million or 43.1 percent due to amongst others the delay in signing of Service Level Agreements (SLA) with the implementing agents.

#### **4.3.7. Social Development**

Spending by the department is at R0.652 or 23.5 percent. Payment of stipend will be made in the month of September and will soon improve on spending for the programme.



## 5. Provincial own revenue performance

### 5.1 Own Provincial Revenue receipts

The table below reflects Own Provincial Revenue receipts as at 31 August 2014

Departments	Main appropriation	Projections to August 2014	Projections as % of budget	Actual to August 2014	Actual collection as % of the budget	Projected remainder of year	Estimated total revenue	Over / Under Collection	previous yr original Budget 2013/14	Previous yr Actual to August 2013	Actual collection as % of the budget
Office of the Premier	658	271	41.2%	344	52.3%	387	731	73	654	504	77.1%
Provincial Legislature	249	74	29.7%	36	14.4%	178	214	-38	257	74	28.8%
Education	50 704	16 462	32.5%	16 351	32.2%	34 242	50 593	-111	44 612	14 540	32.6%
Agriculture	8 497	1 825	21.5%	2 068	24.3%	6 091	8 159	243	9 316	2 626	28.2%
Provincial Treasury	143 731	62 194	43.3%	96 941	67.4%	81 536	178 477	34 747	1 366	8 543	625.4%
Economic Development	84 825	32 548	38.4%	73 683	86.9%	49 273	122 956	41 135	60 577	26 247	43.3%
Health	135 572	41 381	30.5%	54 193	40.0%	83 588	137 781	12 812	120 708	33 885	28.1%
Roads and Transport	402 208	147 610	36.7%	146 592	36.4%	255 616	402 208	-1 018	356 456	131 948	37.0%
Public Works	35 698	15 027	42.1%	11 529	32.3%	20 670	32 199	-3 498	28 797	11 421	39.7%
Safety & Security	77	30	39.0%	122	158.5%	47	169	92	873	41	4.7%
Co-operative governance	2 925	539	18.4%	1 586	54.2%	1 339	2 925	1 047	2 500	920	36.8%
Social Development	2 637	901	34.2%	3 482	132.1%	1 736	5 218	2 581	2 511	1 529	60.9%
Sport, Arts & Culture	921	176	19.1%	1 119	121.5%	745	1 864	943	910	144	15.8%
<b>Total provincial receipts</b>	<b>868 702</b>	<b>319 038</b>	<b>36.7%</b>	<b>408 045</b>	<b>47.0%</b>	<b>535 449</b>	<b>943 494</b>	<b>89 007</b>	<b>629 537</b>	<b>232 422</b>	<b>36.9%</b>

#### Summary of Provincial Own Receipt by Economic Classification

Departments	Main appropriation	Projections to AUG 2014	Projections as % of budget	Actual to AUG 2014	Actual collection as % of the budget	Projected remainder of year	Estimated total revenue	Over / Under Collection	previous yr original Budget 2013/14	Previous yr Actual to AUG 2013	Actual collection as % of the budget
Tax receipts	373 159	138 225	37.0%	148 403	39.8%	225 475	373 878	10 178	320 336	131 339	41.0%
Sales of goods and services other than capital assets	258 144	89 436	34.6%	92 423	35.8%	161 601	254 024	2 987	218 550	69 459	31.8%
Transfers received from:	-	-	-	-	-	-	-	0	-	(473)	-
Fines, penalties and forfeit	50 089	18 314	36.6%	16 956	33.9%	35 908	52 864	-1 358	47 686	12 357	25.9%
Interest, dividend and rent on land	142 741	61 778	43.3%	97 738	68.5%	81 176	178 915	35 960	416	7 546	1813.9%
Sales of capital assets	13 046	1 000	7.7%	1 117	8.6%	13 198	14 316	117	14 077	-	0.0%
Revenue financial assets	31 523	10 285	32.6%	51 408	163.1%	18 090	69 498	41 123	28 472	12 194	42.8%
<b>Total departmental receipt</b>	<b>868 702</b>	<b>319 038</b>	<b>36.7%</b>	<b>408 045</b>	<b>47.0%</b>	<b>535 449</b>	<b>943 494</b>	<b>89 007</b>	<b>629 537</b>	<b>232 422</b>	<b>36.9%</b>

Provincial own revenue target for 2014/15 financial year is R868.7 million. To date, an amount of R408.0 million or 47.0 percent has been collected against set projections of R319.0 million or 36.7 percent. In overall, there is an over collection of R89.0 million or 10.2 percent which is influenced mainly by the departments of Economic Development, Environment and Tourism on surrender of unspent funds by Limpopo Tourism Agency and transfer of revenue generated by public entities; Provincial Treasury on interest earned from positive bank balances; and Health as a result of improved management of patient fee collection as well as improved collection of doctors' and health practitioners' residential rental dwellings. The overall projected outcome of the Province indicates an over collection of R167.9 million or 19.3 percent by 31<sup>st</sup> March 2015.

### 5.2 Nine departments that collected above their set monthly projections

#### 5.2.1 Office of the Premier (Target R0.658 million)

As at 31 August 2014, the institution collected R0.344 million or 52.3 percent against set projections of R0.271 million or 41.2 percent. Over collection is mainly due to sale of capital assets that collected R0.056 million without a budget. Collection is 33.3 percent less than that of the previous corresponding period of 65.0 percent.

### **5.2.2 Agriculture (Target R8.5 million)**

An amount of R2.1 million or 24.3 percent has been collected against projections of R1.8 million or 21.5 percent. Over collection of R0.3 million is mainly influenced by R0.713 million collected on sale of capital assets which was not projected for the period under review.

### **5.2.3 Provincial Treasury (Target R143.7 million)**

As at 31 August 2014 collection is R96.9 million or 67.4 percent against set projections of R62.2 million or 43.3 percent. Over collection of R34.7 million is due to interest earned on favourable bank balances.

### **5.2.4 Economic Development (Target R84.8 million)**

The department collected R73.7 million or 86.9 percent compared to the projected amount of R32.5 million or 38.4 percent. The over collection of R41.1 million is mainly contributed by surrender of unspent funds by Limpopo Tourism Agency, improved revenue from public entities as well as more court fines revenue relating to transgression on the National Environmental Management Act and penalty on late payment. Collection is 43.6 percent more than that of the previous corresponding period of 43.3 percent.

### **5.2.5 Health (Target R135.6 million)**

Collection as at 31 August 2014 is R54.2 million or 40.0 percent compared to projections of R41.4 million or 30.5 percent. The over collection of R12.8 million is mainly due to the improved management of patient fees, once off recovery of previous year interdepartmental debts and increased collection of residential rentals from health professionals. Collection is 11.9 percent more than that of the previous corresponding period of 28.1 percent.

### **5.2.6 Safety, Security and Liaison (Target R0.077 million)**

The department collected R0.122 million or 158.5 percent against set projections of R0.030 million or 39.0 percent. Over collection is mainly attributed to once off recovery of staff debts

amounting to R0.091 million. The department collected 158.5 percent which is far more than the target and as compared to that of the previous corresponding period of 4.7 percent.

#### **5.2.7 Co-operative Governance (Target R2.9 million)**

Collection as at 31 August 2014 is R1.6 million or 54.2 percent against set projections of R0.5 million or 18.4 percent. Over collection is mainly due to sale of capital assets which was not projected for collection during the period as well as recoveries on Government Motor Transport (GMT) which was not budgeted for. Collection is more than 38.8 percent of the previous corresponding period.

#### **5.2.8 Social Development (Target R2.6 million)**

The department collected R3.5 million or 132.1 percent against projections of R0.901 million or 34.2 percent. More collection is due to financial related transactions - recovery of previous years' shared service fees amounting to R2.068 million from SASSA. Collection is 71.2 percent less than that of the previous corresponding period of 60.9 percent.

#### **5.2.9 Sport, Arts and Culture (Target R0.921 million)**

Actual collection is R1.1 million or 121.5 percent against set projections of R0.176 million or 19.1 percent. Over collection is due to recovery of previous year's debts (R1.0 million) emanating from Entrance fees proceeds on Mapungubwe Arts Festival that was held in March 2014. Collection is 105.5 percent more than that of the previous corresponding period of 15.8 percent.

### **5.3 Four departments that collected below their projections**

#### **5.3.1 Provincial Legislature (Target R0.249 million)**

Provincial Legislature collected an amount of R0.036 or 14.4 percent compared to projections of R0.074 million or 29.7 percent. Under collection is due to non-sale of tender documents to date as projected. Collection is 14.4 percent less than that of the previous corresponding period of 28.8 percent.

#### **5.3.2 Education (Target R50.7 Million)**

The department collected R16.4 million or 32.2 percent against projections of R16.5 million or 32.5 percent. Under collection is mainly influenced by financial related transactions – poor recovery of previous year's debts. Collection is 0.4 percent less than that of the previous corresponding period of 32.6 percent.

### 5.3.3 Roads and Transport (Target R402.2 Million)

Department of Roads and Transport collected R146.6 million or 36.4 percent against set projections of R147.6 million or 36.7 percent. Under collection is influenced by low collection of abnormal load as well as the reduction of registration and operation fees effect from 1 January 2014. In the previous corresponding period, collection was below at R131.9 million or 37.0 percent.

### 5.3.4 Public Works (Target R35.7 million)

Collection as at 31 August 2014 is R11.5 million or 32.3 percent against set projections of R15.0 million or 42.1 percent. Collection is below projections mainly due poor collection and recovery of rental dwelling fees. Collection is 7.4 percent less than that of the previous corresponding period of 39.7 percent.

## 5.4 Provincial Own revenue per economic classification

Table 12: Provincial Own revenue per economic classification

Departments	Main appropriation	Projections to AUG 2014	Projections as % of budget	Actual to AUG 2014	Actual collection as % of the budget	Projected remainder of year	Estimated total revenue	Over / Under Collection	previous yr original Budget 2013/14	Previous yr Actual to AUG 2013	Actual collection as % of the budget
Tax receipts	373 159	138 225	37.0%	148 403	39.8%	225 475	373 878	10 178	320 336	131 339	41.0%
Sales of goods and services other than	258 144	89 436	34.6%	92 423	35.8%	161 601	254 024	2 987	218 550	69 459	31.8%
Transfers received from:	-	-	-	-	-	-	-	0	-	(473)	-
Fines, penalties and forfeit	50 089	18 314	36.6%	16 956	33.9%	35 908	52 864	-1 358	47 686	12 357	25.9%
Interest, dividend and rent on land	142 741	61 778	43.3%	97 738	68.5%	81 176	178 915	35 960	416	7 546	1813.9%
Sales of capital assets	13 046	1 000	7.7%	1 117	8.6%	13 198	14 316	117	14 077	-	0.0%
Revenue financial assets	31 523	10 285	32.6%	51 408	163.1%	18 090	69 498	41 123	28 472	12 194	42.8%
<b>Total departmental recei</b>	<b>868 702</b>	<b>319 038</b>	<b>36.7%</b>	<b>408 045</b>	<b>47.0%</b>	<b>535 449</b>	<b>943 494</b>	<b>89 007</b>	<b>629 537</b>	<b>232 422</b>	<b>36.9%</b>

### 5.4.1 Tax receipts (Target R373.2 million)

Collection on Tax Receipts as at 31 August 2014 amounts to R148.4 million or 39.8 percent against set projections of R138.2 million or 37.0 percent. The improved collection of R10.2 million is mainly attributed by the department of Roads and Transport because of the appointment of fifty additional Post Offices for renewal of motor vehicle licenses.

### 5.4.2 Sale of goods & services non capital assets (Target R226.2 million)

As at 31 August 2014 collection is R92.4 million or 35.8 percent against set projections of R89.4 million or 34.6 percent. The over collection is mainly as a result of improved

management of patient fees as well as increased collection on doctors' and health practitioners' residential rentals by the Department of Health.

#### **5.4.3 Fines, penalties and forfeits (Target R50.1 million)**

Fines, penalties and forfeits collected R17.0 million or 33.9 percent against projections of R18.3 million or 36.6 percent. Less collection of traffic fines by Road and Transport which is mainly due to commission of R1.714 million deducted from the item as a payment to the service provider 'Total Client Service Co Ltd' for administration of outstanding traffic fines.

#### **5.4.4 Interest, dividend and rent on land (Target R142.741 million)**

Collection as at 31 August 2014 is R97.7 million or 68.5 percent against set projections of R61.8 million or 43.3 percent. Over collection is influenced by more interest earned on favourable bank balances recorded by Provincial Treasury.

#### **5.4.5 Sale of capital assets (Target R13.046 million)**

The item collected R1.1 million or 8.6 percent against a projection of R1.0 million of R7.7 million. Over collection is influenced by Cooperative Governance & Traditional Affairs that collected R0.714 before the initial anticipated date, while Economic Development, Public Works and Office of the Premier disposed of absolute assets without a budget.

#### **5.4.6 Financial transactions in assets and liabilities (Target R31.523 million)**

Collection as at 31 August 2014 amounts to R51.4 million or 163.1 percent against set projections of R10.3 million or 32.6 percent. Over collection is mainly due to surrender of unspent funds and previous year revenue by Limpopo Tourism Agency under the department of Economic Development & Tourism amounting to R25.0 million.

### **6. Infrastructure Management**

#### **6.1 Provincial Budget and Expenditure Comparisons over three Financial Years (2012/13, 2013/14 and 2014/15) as at 31 August.**

The overall Provincial Infrastructure budgets are reducing year on year and expenditure deteriorates each year. As at 31 August 2014, the Provincial Infrastructure expenditure stood at R1.3 billion, this represents an increase of R 501.9 million from the previous month. The total expenditure represents twenty three percent (23%) of the Provincial infrastructure budget as at 31 August 2014. The expenditure as at 31 July 2014 stood at fourteen percent (14%) or R819.3 million.



All the infrastructure departments had submitted their IRM data files at the compilation of this report. According to the provincial projections taken from the 2014 Planning IRMs, the expenditure was supposed to be in the region of about R1.9 million, which represents thirty three percent (33%). The province is ten percent (10%) or R609 million below its own projected expenditure.

The Provincial Infrastructure budget for the current is as follows:

Main appropriation: R5.1billion (against the R5.8 billion contained in the August 2014 IRM).

The table below shows the Projected Infrastructure Over/Under Expenditure over three Financial Years ((2012/13, 2013/14 and 2014/15) as at 31 August.

**Table 13: Provincial Budget and Expenditure Comparisons over three Financial Years (2012/13, 2013/14 and 2014/15) as at 31 August.**

<b>Table 1: Infrastructure Expenditure Comparison as at 31 August year-on-year</b>									
<b>Department</b>	<b>Budget (R'000)</b>			<b>Expenditure (R'000)</b>			<b>% Expenditure</b>		
	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
<b>Education</b>	<b>959 831</b>	<b>997 599</b>	<b>1 123 325</b>	<b>196 760</b>	<b>259 852</b>	<b>368 270</b>	<b>20%</b>	<b>26%</b>	<b>33%</b>
Current	94 180	196 720	224 665	16 746	12 222	1 590	18%	6%	1%
Capital	865 651	800 879	898 660	180 014	247 630	366 680	21%	31%	41%
<b>Agriculture</b>	<b>178 742</b>	<b>171 951</b>	<b>159 049</b>	<b>15 063</b>	<b>37 735</b>	<b>21 932</b>	<b>8%</b>	<b>22%</b>	<b>14%</b>
Current	8 500	4 856	5 375	-	-	-	0%	0%	0%
Capital	170 242	167 095	153 674	15 063	37 735	21 932	9%	23%	14%
<b>Health</b>	<b>727 000</b>	<b>600 727</b>	<b>594 747</b>	<b>349 428</b>	<b>84 829</b>	<b>108 116</b>	<b>48%</b>	<b>14%</b>	<b>18%</b>
Current	74 135	143 285	127 305	25 787	49 788	22 937	35%	-	18%
Capital	652 865	457 442	467 442	323 641	35 041	85 179	50%	-	18%
<b>Roads and Transport</b>	<b>2 241 146</b>	<b>2 118 571</b>	<b>2 551 116</b>	<b>795 624</b>	<b>307 964</b>	<b>666 426</b>	<b>36%</b>	<b>15%</b>	<b>26%</b>
Current	827 685	1 347 257	1 496 287	264 521	225 583	427 244	32%	17%	29%
Capital	1 413 461	771 314	1 054 829	531 103	82 381	239 182	38%	11%	23%
<b>Social Development</b>	<b>65 400</b>	<b>95 639</b>	<b>52 912</b>	<b>60 746</b>	<b>6 367</b>	<b>3 241</b>	<b>93%</b>	<b>7%</b>	<b>6%</b>
Current	-	-	-	-	-	-	-	-	-
Capital	65 400	95 639	52 912	60 746	6 367	3 241	93%	7%	6%
<b>Sports, Arts and Culture</b>	<b>42 250</b>	<b>22 500</b>	<b>28 342</b>	<b>11 518</b>	<b>5 052</b>	<b>2 812</b>	<b>27%</b>	<b>22%</b>	<b>10%</b>
Current	8 550	2 500	5 342	-	376	868	0%	15%	16%
Capital	33 700	20 000	23 000	11 518	4 676	1 944	34%	23%	8%
<b>CoGHSTA</b>	<b>1 471 617</b>	<b>1 327 742</b>	<b>1 219 115</b>	<b>416 292</b>	<b>126 541</b>	<b>88 006</b>	<b>28%</b>	<b>10%</b>	<b>7%</b>
Current	-	-	-	-	-	-	-	-	-
Capital	1 471 617	1 327 742	1 219 115	416 292	126 541	88 006	28%	10%	7%
<b>LEDET</b>		<b>63 102</b>	<b>63 273</b>			<b>52 932</b>		<b>0%</b>	<b>84%</b>
Current	-	16 600	25 500	-	-	26 162	-	0%	103%
Capital	-	46 502	37 773	-	-	26 770	-	0%	71%
<b>Public Works</b>	<b>53 395</b>	<b>59 765</b>	<b>59 439</b>	<b>4 443</b>	<b>6 781</b>	<b>9 577</b>	<b>8%</b>	<b>11%</b>	<b>16%</b>
Current	3 000	9 613	7 847	417	1 293	1 269	14%	13%	16%
Capital	50 395	50 152	51 592	4 026	5 488	8 308	8%	11%	16%
<b>TOTAL</b>	<b>5 739 381</b>	<b>5 457 596</b>	<b>5 851 318</b>	<b>1 849 874</b>	<b>835 121</b>	<b>1 321 312</b>	<b>32%</b>	<b>15%</b>	<b>23%</b>
Subtotal (Current)	1 016 050	1 720 831	1 892 321	307 471	289 262	480 070	30%	17%	25%
Subtotal (Capital)	4 723 331	3 736 765	3 958 997	1 542 403	545 859	841 242	33%	15%	21%

Table 2: Infrastructure Expenditure (Actual vs Projected) Comparison as at 31 August year-on-year

Department	Budget (R'000)			Actual Expenditure (R'000)			Projected Expenditure for remainder of FY (R'000)			(Over)/Under Expenditure		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
<b>Education</b>	<b>969 831</b>	<b>997 599</b>	<b>1 123 326</b>	<b>196 760</b>	<b>259 852</b>	<b>368 270</b>	<b>492 195</b>	<b>737 747</b>	<b>852 842</b>	<b>-276 876</b>	<b>-</b>	<b>-97 787</b>
Current	94 180	196 720	224 665	16 746	12 222	1 590	51 824	102 506	31 382	25 610	81 992	191 693
Capital	865 651	800 879	898 660	180 014	247 630	366 680	440 371	635 241	821 460	245 266	-81 992	-289 480
<b>Agriculture</b>	<b>178 742</b>	<b>171 951</b>	<b>159 049</b>	<b>16 063</b>	<b>37 735</b>	<b>21 932</b>	<b>163 679</b>	<b>134 216</b>	<b>137 117</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current	8 500	4 856	5 375	-	-	-	8 500	4 856	5 375	-	-	-
Capital	170 242	167 095	153 674	15 063	37 735	21 932	155 179	129 360	131 742	-	-	-
<b>Health</b>	<b>727 000</b>	<b>600 727</b>	<b>594 747</b>	<b>349 428</b>	<b>84 829</b>	<b>108 116</b>	<b>404 269</b>	<b>516 898</b>	<b>547 609</b>	<b>-26 697</b>	<b>-</b>	<b>-60 878</b>
Current	74 135	143 285	127 305	25 787	49 788	22 937	62 892	93 497	104 368	-14 544	-	-
Capital	652 865	457 442	467 442	323 641	35 041	85 179	341 377	422 401	443 241	-12 153	-	-60 878
<b>Roads and Transport</b>	<b>2 241 146</b>	<b>2 118 571</b>	<b>2 551 116</b>	<b>795 624</b>	<b>307 964</b>	<b>666 426</b>	<b>1 445 522</b>	<b>1 810 607</b>	<b>1 884 690</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current	827 685	1 347 257	1 496 287	264 521	225 583	427 244	891 072	1 121 571	1 069 043	-327 908	103	-
Capital	1 413 461	771 314	1 054 829	531 103	82 381	239 182	554 450	689 036	815 647	327 908	-103	-
<b>Social Development</b>	<b>65 400</b>	<b>95 639</b>	<b>52 912</b>	<b>60 746</b>	<b>6 367</b>	<b>3 241</b>	<b>20 301</b>	<b>89 272</b>	<b>49 671</b>	<b>-15 647</b>	<b>-</b>	<b>-</b>
Current	-	-	-	-	-	-	-	-	-	-	-	-
Capital	65 400	95 639	52 912	60 746	6 367	3 241	20 301	89 272	49 671	-15 647	-	-
<b>Sport, Arts and Culture</b>	<b>42 250</b>	<b>22 500</b>	<b>28 342</b>	<b>11 518</b>	<b>5 052</b>	<b>2 812</b>	<b>30 732</b>	<b>11 368</b>	<b>14 628</b>	<b>-</b>	<b>6 080</b>	<b>10 902</b>
Current	8 550	2 500	5 342	-	376	868	8 550	4 318	1 500	-	-2 194	2 974
Capital	33 700	20 000	23 000	11 518	4 676	1 944	22 182	7 050	13 128	-	8 274	7 928
<b>CoGHSTA</b>	<b>1 471 617</b>	<b>1 327 742</b>	<b>1 219 115</b>	<b>416 292</b>	<b>126 541</b>	<b>88 006</b>	<b>1 055 325</b>	<b>1 201 201</b>	<b>1 133 253</b>	<b>-</b>	<b>-</b>	<b>-2 144</b>
Current	-	-	-	-	-	-	-	-	-	-	-	-
Capital	1 471 617	1 327 742	1 219 115	416 292	126 541	88 006	1 055 325	1 201 201	1 133 253	-	-	-2 144
<b>LEDET</b>	<b>-</b>	<b>63 102</b>	<b>63 273</b>	<b>-</b>	<b>-</b>	<b>52 932</b>	<b>-</b>	<b>63 102</b>	<b>27 085</b>	<b>-</b>	<b>-</b>	<b>-16 744</b>
Current	-	16 600	25 500	-	-	26 162	-	16 600	6 967	-	-	-7 629
Capital	-	46 502	37 773	-	-	26 770	-	46 502	20 118	-	-	-9 115
<b>Public Works</b>	<b>53 395</b>	<b>59 765</b>	<b>59 439</b>	<b>4 443</b>	<b>6 781</b>	<b>9 577</b>	<b>48 952</b>	<b>52 984</b>	<b>49 862</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current	3 000	9 613	7 847	417	1 293	1 269	2 583	8 320	6 578	-	-	-
Capital	50 395	50 152	51 592	4 026	5 488	8 308	46 369	44 664	43 284	-	-	-
<b>GRAND TOTAL</b>	<b>5 739 381</b>	<b>5 457 596</b>	<b>5 851 318</b>	<b>1 849 874</b>	<b>835 121</b>	<b>1 321 312</b>	<b>3 660 975</b>	<b>4 616 395</b>	<b>4 696 657</b>	<b>228 532</b>	<b>6 080</b>	<b>-166 651</b>
Subtotal (Current)	1 016 050	1 720 831	1 892 321	307 471	289 262	480 070	1 025 421	1 351 668	1 225 213	-316 842	79 901	187 038
Subtotal (Capital)	4 723 331	3 736 765	3 958 997	1 542 403	545 859	841 242	2 635 554	3 264 727	3 471 444	545 374	-73 821	-353 689

The province projects to overspend its infrastructure budget by an amount of R166.7 million with the departments of Education, Health, Economic Development and CoGHSTA projecting to overspend by R97.8 million, R60.9 million, R16.7 million and R2.1 million respectively as at 31 August 2014. The department of Sport, Arts and Culture is the only department projecting to underspend by R10.9 million as at 31 August 2014. The department of Economic Development has so far spent R52.9 million or eighty four percent (84%) of its infrastructure budget, this reflects an increase of seventy two percent (72%) from the previous month or an expenditure of R45.5 million in one month. The department has never spent such an amount not even in a single year. Over the past financial years, the department failed to spend a budget of less than three million in the construction of market stalls. All the other departments projects to break even.

## 6.2 Conditional Grants Infrastructure Expenditure as at 31 August 2014

Table 14: Conditional Grants Infrastructure Expenditure as at 31 August 2014

Table 3: Limpopo Infrastructure Conditional Grants Expenditure as at 31 August 2014				
Department	Number of Projects	Adjusted Budget (R'000)	Provincial Actual Payments (R'000)	Actual Payments as a % of Budget
<b>Agriculture</b>	<b>63</b>	<b>88 575</b>	<b>13 063</b>	<b>15%</b>
Comprehensive Agricultural Support Programme Grant	63	88 575	13 063	15%
<b>Sport, Arts and Culture</b>	<b>63</b>	<b>28 342</b>	<b>2 812</b>	<b>10%</b>
Community Library Service Grant	63	28 342	2 812	10%
<b>Education</b>	<b>1 756</b>	<b>1 121 825</b>	<b>364 211</b>	<b>32%</b>
Education Infrastructure Grant	1 737	1 104 007	363 564	33%
School Infrastructure Backlogs Grant	1	50	-	-
Technical Secondary Schools Recapitalisation Grant	18	17 768	647	4%
<b>Health</b>	<b>142</b>	<b>221 676</b>	<b>84 660</b>	<b>38%</b>
Health Facility Revitalisation Grant	7	27 742	-	0%
Health Facility Revitalisation Grant - HIG Component	63	68 946	49 306	72%
Health Facility Revitalisation Grant - HRG Component	57	106 418	33 677	32%
Health Facility Revitalisation Grant - NCSG Component	15	18 570	1 677	9%
<b>CoGHSTA</b>		<b>1 219 115</b>	<b>88 006</b>	<b>7%</b>
Integrated Housing & Human Settlements Development Grant		1 219 115	88 006	7%
<b>Roads and Transport</b>	<b>167</b>	<b>1 840 925</b>	<b>422 608</b>	<b>23%</b>
Provincial Roads Maintenance Grant	167	1 840 925	422 608	23%
<b>Total</b>	<b>2 191</b>	<b>4 520 458</b>	<b>975 360</b>	<b>22%</b>

Source: IRM August 2014 (Except for CoGHSTA from August 2014 IYM)

The overall performance on the grant spending was at twenty two percent (22%) as at 31 August 2014, an increase of twelve percent (12%) from 31 July 2014. This is twenty percent (20%) below the norm, which points to poor spending.

The record does not augur well for the province. As these are grants, it is not good for the province given that the failure to spend may result in the withholding and even withdrawal thereby making it difficult for the province to deliver services.

The changes that have been proposed in terms of grant funding are onerous and the province needs to start demonstrating that it does have the capacity to deliver on infrastructure.

It is of concern as a lesson was learnt in the previous financial year that the failure to spend on conditional grants does have consequences, which is bad for the province. This is a matter of emphasis.

## 7. Conclusion

The overall provincial spending for the month of August amounts to R19.5 billion or 38.0 percent of the total available budget of R51.5 billion. Of the R19.5 billion total expenditure, R17.8 billion is on equitable share and only R1.8 billion is on Conditional grant. The Province notes with concern the underperformance in Conditional grants expenditure.

It is regrettable to note the projected over-spending by the Department of Education and Health on Compensation of Employees and further discussions will be held with the departments to clearly understand the extent of these projections.

Furthermore, the Provincial Treasury is concerned with the continuous under spending on conditional grants and infrastructure and has introduced an additional reporting requirement for IYM reporting in order to monitor under performance by departments and isolate conditional grant including provincial earmarked priorities spending in line with business plans. Continuous engagement with department on Conditional grant spending in order to establish challenges within the departments.

The Provincial Treasury intends to improve the situation through close monitoring of the spending patterns of the provincial budget by the introduction of quarterly expenditure bilateral meetings with the management of departments, inclusive of political heads and also by Conditional Grants expenditure / performance monitoring meetings with departmental Conditional Grants managers and Chief Financial Officers.



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**Gavin Pratt CA (SA)**  
Head of Department  
Provincial Treasury



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**Date**