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LIMPOPO PROVINCIAL REVENUE AND EXPENDITURE REPORT AS AT 31 MAY 2015

1. Purpose

To provide National Treasury with a report on Provincial Revenue and Expenditure as at 31 May 2015.

2. Background

The Limpopo Provincial Treasury hereby submit the May 2015 Provincial revenue and expenditure report for the provincial government. Kindly note that this is in accordance with chapter 5, section 40 (4) (b) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended by Act 29 of 1999, which requires the designated Accounting officer of a department to 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) and all other necessary information submitted to Provincial Treasury by departments in terms of section 40 (4) (c).

3. Discussion

The Limpopo provincial government revenue and expenditure trend for the period under review is based on the May 2015 In-Year Monitoring (IYM) reports from various provincial departments. Departmental submissions were duly analysed in terms of the projected expenditure, projected cash requests and actual expenditure as recorded in the IYM and Infrastructure Reporting Model (IRM) submissions. The explanations provided for the variances were provided by departments as per their IYM and IRM variance report and where necessary further clarity was sought from the departments in line with the requirements of the Provincial Treasury Instruction Notes 03 of 2012, 09 of 2012 and 04 of 2013.

4. Cash Management

Cash allocation letters for 2015/16 financial year will be 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, 22nd 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 15th 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.

4.1. 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 3 below provides cash flow projections, actual expenditure and transfers to departments during May 2015.

Table 4.1: Cash Allocation Vs Actual Expenditure Vs Funds Transferred as at 31 May 2015

Cash Allocations Vs Actual Expenditure Vs Actual Transfers as at 31 May 2015

Departments	Opening Bank Balances at 01-Apr-15	Cash Allocation 31-May-15	Actual Expenditure 31-May-15	Tranfers To Departments 31-May-15	Variance Cash allocation Vs Actual Expenditure		Variance Actual Expenditure Vs Funds Transferred	
					Amount	%	Amount	%
Education	508 149	4 055 903	3 500 229	2 971 016	555 674	13.7%	529 213	15.1%
Health	58 649	2 684 363	2 329 432	2 519 083	354 931	13.2%	-189 651	-8.1%
Social Development	30 358	183 247	166 464	151 501	16 783	9.2%	14 963	9.0%
Public Works	377 346	407 145	226 595	290	180 550	44.3%	226 305	99.9%
Agriculture	53 379	270 727	195 592	197 339	75 135	27.8%	-1 747	-0.9%
Roads & Transport	176 941	248 731	200 547	99 783	48 184	19.4%	100 764	50.2%
CoGSTHA	117 569	234 771	296 361	422 296	-61 590	-26.2%	-125 935	-42.5%
Sport, Arts & Culture	30 487	45 175	36 621	45 907	8 554	18.9%	-9 286	-25.4%
Safety & Security and Liaison	7 795	13 637	11 184	5 256	2 453	18.0%	5 928	53.0%
Office of the Premier	9 171	50 396	47 372	47 204	3 024	6.0%	168	0.4%
Provincial Legislature	4 321	46 886	48 202	48 299	-1 316	-2.8%	-97	-0.2%
Provincial Treasury	45 419	57 593	45 383	1 514	12 210	21.2%	43 869	96.7%
Economic Development, Environmental & Tourism	60 275	176 112	177 572	181 484	-1 460	-0.8%	-3 912	-2.2%
Total	1 479 859	8 474 686	7 281 554	6 690 972	1 193 132	14.1%	590 582	8.1%

Summary Per Fund

Equitable Share		7 078 339	6 726 122	5 749 488	352 217	5.0%	976 634	14.5%
Conditional Grant		1 396 347	555 432	941 484	840 915	60.2%	-386 052	-69.5%
Total		8 474 686	7 281 554	6 690 972	1 193 132	14.1%	590 582	8.1%

When comparing actual expenditure to the cash flow projections or cash allocations, departments under-spent the cash allocations by R1.193 billion or 14.1 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 R590.582 million or 8.1 percent less than actual expenditure.

4.2. Interest Performance

Table 4.2: Interest Performance as at 31 May 2015

INTEREST EARNED : 2015/16 FINANCIAL YEAR
R'000

Institution	2015/16												Total
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	
Commercial Bank (SBSA)	5 541	2 258											7 799
CPD (SA Reserve Bank)	14 442	22 676											37 118
Total	19 983	24 934	-	-	-	-	-	-	-	-	-	-	44 917

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 (SBSA)	5 264	2 061											7 325
CPD (SA Reserve Bank)	12 273	22 140											34 413
Total	17 537	24 201	-	-	-	-	-	-	-	-	-	-	41 738

It is important to note that in public sector, a favorable balance translates into inefficient and ineffective planning and service delivery, while an overdraft is only allowed in exceptional conditions. When compared to the same period in the previous year as indicated in the table above interest revenue grows from R41.738 million in 2014/15 to R44.917 million for 2015/16. Interest earned in the CPD account alone grew from R34.413 million to R37.118 million.

5. Provincial overall expenditure as at 31 May 2015

The overall provincial spending as at 31 May 2015 amounts to R7.3 billion or 13.8 percent of the total budget of R52.7 billion. Previous year spending was at R7.4 billion or 14.4 percent of the budget of R51.5 billion which present a 0.6 percent reduction. The highest spending departments are Health and Economic Development at 15.8 percent and 15.3 percent respectively.

Table 5.1: Provincial overall expenditure as at 31 May 2015

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2015	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	25 284 705	-	25 284 705	25 284 705	25 284 705	3 500 229	13.8%	-	-	0.0%
Health	14 754 136	-	14 754 136	14 754 136	14 754 136	2 329 432	15.8%	-	-	0.0%
Social Development	1 537 757	-	1 537 757	1 537 757	1 537 757	166 464	10.8%	-	-	0.0%
Public Works, Roads And Infrastructure	2 749 756	-	2 749 756	2 749 756	2 749 756	226 595	8.2%	-	-	0.0%
Agriculture	1 697 131	-	1 697 131	1 697 131	1 697 131	195 592	11.5%	-	-	0.0%
Transport	1 838 898	-	1 838 898	1 838 898	1 838 898	200 547	10.9%	-	-	0.0%
Co-Operative Governance Human Settlements	2 269 327	-	2 269 327	2 269 327	2 269 327	296 361	13.1%	-	-	0.0%
Sport, Arts And Culture	345 324	-	345 324	345 324	354 572	36 621	10.6%	-9 248	-	-2.7%
Safety, Security And Liaison	90 354	-	90 354	90 354	90 166	11 184	12.4%	-	188	0.2%
Office Of The Premier	352 150	-	352 150	352 150	352 150	47 372	13.5%	-	-	0.0%
Provincial Legislature	262 688	-	262 688	262 688	262 688	48 202	18.3%	-	-	0.0%
Provincial Treasury	385 180	-	385 180	385 180	385 180	45 383	11.8%	-	-	0.0%
Economic Development, Environment And Tourism	1 160 813	-	1 160 813	1 160 813	1 160 813	177 572	15.3%	-	-	0.0%
Total	52 728 219	-	52 728 219	52 728 219	52 737 279	7 281 554	13.8%	-9 248	188	0.0%
Economic classification								Net	-9 060	
Current payments	45 384 186	-	45 384 186	45 384 186	45 388 383	6 537 853	14.4%	-4 240	43	0.0%
Compensation of employees	38 426 999	-	38 426 999	38 426 999	38 426 956	5 807 825	15.1%	-	43	0.0%
Goods and services	6 956 771	-	6 956 771	6 956 771	6 961 011	730 028	10.5%	-4 240	-	-0.1%
Interest and rent on land	416	-	416	416	416	-	0.0%	-	-	0.0%
Transfers and subsidies	5 626 940	-	5 626 940	5 626 940	5 631 802	597 937	10.6%	-4 862	-	-0.1%
Payments for capital assets	1 717 093	-	1 717 093	1 717 093	1 717 093	145 453	8.5%	-	-	0.0%
Payments for financial assets	-	-	-	-	-	311	-	-	-	-
<i>of which: NPNC</i>	<i>12 584 127</i>	<i>-</i>	<i>12 584 127</i>	<i>12 584 127</i>	<i>12 593 229</i>	<i>1 328 276</i>	<i>10.6%</i>	<i>-9 102</i>	<i>-</i>	<i>-0.1%</i>
Total	52 728 219	-	52 728 219	52 728 219	52 737 278	7 281 554	13.8%	-9 102	43	0.0%
* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)								Net	-9 060	

The lowest spending department is Public Works, Roads and Infrastructure, Sport, Arts and Culture and Transport at 8.2 percent, 10.6 percent and 10.9 percent respectively. Most of the expenditure is incurred under Compensation of Employees (CoE) which is at 15.1 percent against the straight line projection of 16.7 percent.

The Province is projecting to overspend by R9.0 million under goods and services which is mainly under the department of Sport, Arts and Culture at 2.7 percent due to budget pressures on rental of office building amounting to R8.5 million.

5.1. Spending per Economic Classification

Table: 5.1.1. Compensation of Employees

	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2015	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
R thousand										
Education	21 515 773	-	21 515 773	21 515 773	21 515 773	3 175 969	14.8%	-	-	0.0%
Health	11 166 905	-	11 166 905	11 166 905	11 166 905	1 752 422	15.7%	-	-	0.0%
Social Development	764 629	-	764 629	764 629	764 629	130 758	17.1%	-	-	0.0%
Public Works, Roads and Infrastructure	969 610	-	969 610	969 610	969 610	144 000	14.9%	-	-	0.0%
Agriculture	1 076 175	-	1 076 175	1 076 175	1 076 175	153 478	14.3%	-	-	0.0%
Transport	748 761	-	748 761	748 761	748 761	113 917	15.2%	-	-	0.0%
Co-Operative Governance Human Settlements	809 026	-	809 026	809 026	809 026	142 423	17.6%	-	-	0.0%
Sport, Art And Culture	149 422	-	149 422	149 422	149 418	22 126	14.8%	-	4	0.0%
Safety, Security And Liaison	63 146	-	63 146	63 146	62 958	8 675	13.7%	-	188	0.3%
Office of the Premier	256 909	-	256 909	256 909	256 909	37 056	14.4%	-	-	0.0%
Legislature	150 651	-	150 651	150 651	150 801	23 263	15.4%	-150	-	-0.1%
Treasury	278 126	-	278 126	278 126	278 126	35 114	12.6%	-	-	0.0%
Economic Development	477 865	-	477 865	477 865	477 865	68 624	14.4%	-	-	0.0%
Total	38 426 998	-	38 426 998	38 426 998	38 426 956	5 807 825	15.1%	-150	192	0.0%
								Net	42	

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

The overall CoE spending is at R5.8 billion or 15.1 percent. The provincial spending is below the straight line projection of 16.6 percent. The highest percentage spending departments are Social Development and CoGHSTA at 17.1 percent and 17.6 percent respectively. The Department of Safety and Security project to underspend its budget by R0.188 million or 0.3 percent, while Legislature is projecting to overspend by R0.150 million or 0.1 percent.

Table: 5.1.2. Goods and Services

	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2015	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
R thousand										
Education	1 897 022	-	1 897 022	1 897 022	1 897 022	125 096	6.6%	-	-	0.0%
Health	2 844 906	-	2 844 906	2 844 906	2 840 827	380 236	13.4%	-	4 079	0.1%
Social Development	202 888	-	202 888	202 888	202 888	30 923	15.2%	-	-	0.0%
Public Works, Roads and Infrastructure	668 450	-	668 450	668 450	668 450	35 941	5.4%	-	-	0.0%
Agriculture	378 834	-	378 834	378 834	378 834	36 247	9.6%	-	-	0.0%
Transport	218 001	-	218 001	218 001	218 001	31 111	14.3%	-	-	0.0%
Co-Operative Governance Human Settlements And Trade	163 537	-	163 537	163 537	163 537	24 720	15.1%	-	-	0.0%
Sport, Art And Culture	144 940	-	144 940	144 940	153 446	12 630	8.7%	-8 506	-	-5.9%
Safety, Security And Liaison	26 284	-	26 284	26 284	26 284	2 418	9.2%	-	-	0.0%
Office of the Premier	82 787	-	82 787	82 787	82 787	8 805	10.6%	-	-	0.0%
Legislature	41 527	-	41 527	41 527	41 340	5 658	13.6%	-	187	0.5%
Treasury	94 076	-	94 076	94 076	94 076	7 557	8.0%	-	-	0.0%
Economic Development	193 520	-	193 520	193 520	193 520	28 686	14.8%	-	-	0.0%
Total	6 956 772	-	6 956 772	6 956 772	6 961 012	730 028	10.5%	-8 506	4 266	-0.1%
								Net	-4 240	

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

The overall spending on Goods and Services is at R728.2 million or 10.5 percent of the total allocated budget of R6.9 billion. The province projects to underspend by R4.2 million under

Sport ,arts and Culture at R8.5 million or 5.9 percent due to budget pressures on rental of office building amounting to R8.5 million. Health project to underspend by R4.1 million or 0.1 percent due to late submission of invoices by suppliers.

The highest percentage spending departments are Social Development and CoGHSTA at 15.2 percent and 15.1 percent respectively.

5.1.3. Transfers and subsidies

The province spent R597.9 million or 10.6 percent of the total budget of R5.6 billion on Transfers and subsidies. The province is projecting to overspend by R4.8 million under the department of Health and Sport, Arts and Culture. The amounts are committed on bursaries for the department of Health and payment of committed leave gratuity for 2014/15 in Sport, Arts and Culture.

Table: 5.1.3 Transfers and subsidies

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2016	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	1 085 121	–	1 085 121	1 085 121	1 085 121	169 293	15.6%	–	–	0.0%
Health	509 798	–	509 798	509 798	513 877	123 082	24.1%	-4 079	–	-0.8%
Social Development	496 709	–	496 709	496 709	496 709	4 009	0.8%	–	–	0.0%
Public works, Roads and Infrastructure	753 510	–	753 510	753 510	753 510	10 855	1.4%	–	–	0.0%
Agriculture	168 468	–	168 468	168 468	168 468	3 244	1.9%	–	–	0.0%
Transport	752 395	–	752 395	752 395	752 395	53 831	7.2%	–	–	0.0%
Co-Operative Governance Human Settlements	1 295 909	–	1 295 909	1 295 909	1 295 909	128 537	9.9%	–	–	0.0%
Sport,Art And Culture	8 562	–	8 562	8 562	9 308	1 533	17.9%	-746	–	-8.7%
Safety,Security And Liason	574	–	574	574	574	37	6.4%	–	–	0.0%
Office of the Premier	10 229	–	10 229	10 229	10 229	1 429	14.0%	–	–	0.0%
Legislature	58 522	–	58 522	58 522	58 559	19 281	32.9%	-37	–	-0.1%
Treasury	6 479	–	6 479	6 479	6 479	2 712	41.9%	–	–	0.0%
Economic Development	480 664	–	480 664	480 664	480 664	80 094	16.7%	–	–	0.0%
Total	6 626 940	–	6 626 940	6 626 940	6 631 802	597 937	10.6%	-4 862	–	-0.1%
<i>* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)</i>								Net	-4 862	

The highest percentage spending departments are Legislature and Health at 32.9 percent and 24.1 percent respectively.

5.1.4. Payment for Capital Assets

The overall provincial expenditure on Payment for Capital Assets is at R145.4 million or 8.5 percent of the total budget of R1.7 billion. The highest percentage spending department is Health at R73.7 million or 31.7 percent due the payment of accruals under Health Facilities and Revitalization grant. The province project to breakeven.

Table: 5.1.4. Payment for Capital Assets

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2015	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	786 789	–	786 789	786 789	786 789	29 560	3.8%	–	–	0.0%
Health	232 527	–	232 527	232 527	232 527	73 692	31.7%	–	–	0.0%
Social Development	73 531	–	73 531	73 531	73 531	774	1.1%	–	–	0.0%
Public Works, Roads and Infrastructure	358 186	–	358 186	358 186	358 186	35 799	10.0%	–	–	0.0%
Agriculture	73 654	–	73 654	73 654	73 654	2 623	3.6%	–	–	0.0%
Transport	119 741	–	119 741	119 741	119 741	1 688	1.4%	–	–	0.0%
Co-Operative Governance Human Settlements And Trade	855	–	855	855	855	681	79.6%	–	–	0.0%
Sport,Art And Culture	42 400	–	42 400	42 400	42 400	332	0.8%	–	–	0.0%
Safety,Security And Liason	350	–	350	350	350	54	15.4%	–	–	0.0%
Office of the Premier	2 225	–	2 225	2 225	2 225	82	3.7%	–	–	0.0%
Legislature	11 988	–	11 988	11 988	11 988	–	0.0%	–	–	0.0%
Treasury	6 500	–	6 500	6 500	6 500	–	0.0%	–	–	0.0%
Economic Development	8 348	–	8 348	8 348	8 348	168	2.0%	–	–	0.0%
Total	1 717 094	–	1 717 094	1 717 094	1 717 094	145 453	8.5%	–	–	0.0%
<i>* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)</i>								Net	–	

5.2. Equitable share spending

Table 5.2.1. Equitable share spending

Equitable share						
	Budget	Actual as at May 2015	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Variance
Education	23 371 679	3 396 249	14.5%	19 975 430	23 371 679	-
Health	13 023 735	2 080 893	16.0%	10 942 842	13 023 735	-
Social Development	1 534 567	166 464	10.8%	1 368 103	1 534 567	-
Public Works , Roads and Infrastructure	1 747 874	190 311	10.9%	1 557 563	1 747 874	-
Agriculture	1 369 664	184 677	13.5%	1 184 987	1 369 664	-
Transport	1 540 600	178 638	11.6%	1 361 962	1 540 600	-
CoGHSTA	983 450	169 079	17.2%	814 371	983 450	-
Sport, Arts & Culture	167 709	30 183	18.0%	146 774	176 957	(9 248)
Safety & Security	90 354	11 184	12.4%	78 982	90 166	188
Office of the Premier	350 072	47 372	13.5%	302 700	350 072	-
Legislature	262 688	48 202	18.3%	214 486	262 688	-
Treasury	385 180	45 383	11.8%	339 797	385 180	-
Economic Development	1 158 331	177 487	15.3%	980 844	1 158 331	-
Total	45 985 903	6 726 122	14.6%	39 268 841	45 994 963	(9 060)

Provincial equitable share spending is at R6.7 billion or 14.6 percent of the total budget of R45.9 billion. The highest percentage spending departments on equitable share are Legislature at 18.3 percent, Sports at 18.0 percent and CoGHSTA at 17.2 percent.

The lowest spending departments are Social Development and Public Works, Roads and Infrastructure at R166.4 million or 10.8 percent of the total budget of R1.5 billion and R190.3 million or 10.9 percent of budget of R1.7 billion.

5.3. Conditional grants

Table: 5.3.a. Conditional Grants (CG) Spending Performance

Summary Conditional Grant						
	Budget	Actual as at May 2015	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Variance
Education	1 913 026	103 980	5.4%	1 809 046	1 913 026	-
Health	1 730 401	248 539	14.4%	1 481 862	1 730 401	-
Social Development	3 190	-	0.0%	3 190	3 190	-
Public Works , Roads and Infrastructure	1 001 882	36 284	3.6%	965 598	1 001 882	-
Agriculture	327 467	10 915	3.3%	316 552	327 467	-
Transport	298 298	21 909	7.3%	276 389	298 298	-
CoGHSTA	1 285 877	127 282	9.9%	1 158 595	1 285 877	-
Sport, Arts & Culture	177 615	6 438	3.6%	171 177	177 615	-
Safety & Security	2 078	-	0.0%	2 078	2 078	-
Economic Development	2 482	85	3.4%	2 397	2 482	-
Total	6 742 316	555 432	8.2%	6 186 884	6 742 316	-

The table above portrays an update on provincial CG spending. The CGs' overall expenditure is very low at R555.4 million or 8.2 percent of the total budget of R6.7 billion. The highest spending departments on CGs are Health and CoGHSTA at R248.5 million or 14.4 percent of the total budget of R1.7 billion and R127.3 million or 9.9 percent of the budget of R1.2 billion respectively.

Table: 5.3 b. Limpopo Conditional Grant spending as at 31 May 2015

Table 10: Limpopo: Conditional Grants Expenditure as at 31 May 2015

R thousand	Main Appropriation	Provincial Actual Payments	Actual Payments as a % of main budget
Agriculture	327 467	10 915	3.3%
Comprehensive Agricultural Support Programme Grant	261 844	9 974	3.8%
Ilima/Letsema Projects Grant	50 337	935	1.9%
EPWP Incentive allocation	5 285	-	0.0%
Land Care Programme Grant	10 001	6	0.1%
Sport, Arts and Culture	177 615	6 438	3.6%
Mass Sport and Recreation Programme	63 459	1 992	3.1%
EPWP Incentive allocation	2 000	800	40.0%
Community Library Services Grant	112 156	3 646	3.3%
Education	1 913 026	103 980	5.4%
HIV and Aids (Life Skills Education) Grant	30 875	151	0.5%
National School Nutrition Programme Grant	1 030 799	69 772	6.8%
Infrastructure Grant	805 128	33 804	4.2%
Maths, Science and Technology	40 979	200	0.5%
Social sector EPWP grant	3 095	53	1.7%
EPWP Incentive allocation	2 150	-	0.0%
Health	1 730 402	248 539	14.4%
Comprehensive HIV and Aids Grant	1 056 976	115 304	10.9%
Nursing colleges	-	-	0.0%
Infrastructure Grant	-	-	0.0%
Health Professions Training and Development Grant	118 855	27 892	23.5%
EPWP Social Sector	20 650	3 102	15.0%
EPWP Incentive grant	2 000	23	1.2%
Health insurance grant	7 204	372	5.2%
Hospital Revitalisation Grant	194 255	62 329	32.1%
National Tertiary Services Grant	330 462	39 517	12.0%
Co-operate Governance , Human Settlements and Traditional Affairs	1 285 877	127 282	9.9%
Housing Disaster Management	-	-	0.0%
Disaster : Flood Damage	34 332	-	0.0%
Integrated Housing & Human Settlements Development Grant	1 249 545	127 282	10.2%
EPWP Incentive allocation	2 000	-	0.0%
Public Works	1 001 882	36 284	3.6%
Infrastructure Grant	994 762	36 270	3.6%
EPWP incentive grant	7 120	14	0.2%
Economic Development	2482	85	3.4%
EPWP Incentive grant	2482	85	3.4%
Social Develoment	3 190	-	0.0%
EPWP Incentive grant	3 190	-	0.0%
Transport	298 298	21 909	7.3%
Public Transport Operations Grant	298 298	21 909	7.3%
Total	6 740 239	555 432	8.2%

5.3.1. Agriculture

The department has spent R10.9 million or 3.3 percent of the total budget of R297.1 million mainly under CASP.

5.3.2. Sport, Arts and Culture.

The department recorded and overall CGs' expenditure of R6.4 million or 3.6 percent.

- **Community Library Services** - spent R3.6 million or 3.3 percent of the total budget of R112.1 million.
- **Mass Sport** - spent R2.0 million or 3.1 percent of the budget of R63.4 million.
- **EPWP** – spend R0.800 million or 40.0 percent.

5.3.3. Education

Overall spending by the department is at R103.9 million or 5.4 percent of the total budget of R1.9 billion.

- **HIV and Aids** – spent R0.151 million or 0.5 percent.
- **National School Nutrition Programme** – spent R69.8 million or 6.8 percent.
- **Infrastructure grant** – spent R33.8 million or 4.2 percent
- **Infrastructure grant** (flood damaged) – No spending
- **Math, Science and Technology** – R0.200 or 0.5 percent.
- **EPWP** (Social sector) – spent R0.053 or 1.7 percent.
- **EPWP** (Incentive allocation) – no spending

5.3.4. Health

The overall spending on CG is R79.5 million or 4.6 percent of the total budget of R1.7 billion.

- **HIV and Aids** – spent R115.3 million or 10.9 percent.
- **HPTD** – spend R27.9 million or 23.5 percent of the total budget of R118.8 million.
- **EPWP (Social sector)** spend R 3.1 million or 15.0 percent.
- **EPWP (Incentive grant)** spend R0.023 million or 1.2 percent of the total budget of R2.0 million
- **Hospital Revitalization grant** – spent R62.2 million or 32.1 percent of the budget of R194.2 million
- **National Tertiary Services** – spent R39.5 million or 12.0 percent of the total budget of R330.5 million

5.3.5. CoGHSTA

The department spent R127.3 million or 9.9 percent of the total budget of R1.3 billion.

5.3.6. Public Works, Roads and Infrastructure

- **Infrastructure grant** – spend R36.3 million or 3.6 percent of the budget of R994.8 million.

5.3.7 LEDET

The department spend R0.085 million or 3.4 percent of the budget of R2.5 million.

5.3.8 Transport

Spend R21.9 million or 7.3 percent of the budget of R298.3 million.

6. Provincial Own Receipts

Table 6.1: Own Provincial Revenue receipts per vote as at 31 May 2015

REVENUE COLLECTION AS AT 31 MAY 2015											
Departments (Votes)	Main appropriation	Projections to May 2015	Projections as % of budget	Actual to May 2015	Actual collection as % of the budget	Projected remainder of the year	Estimated total revenue	Over / Under Collection	previous yr Budget 2014/15	previous yr Actual to May 2014	Actual collection as % of the budget
Office of the Premier	662	114	17.2%	107	16.2%	548	655	-7	658	91	13.8%
Provincial Legislature	156	10	6.4%	50	32.1%	146	196	40	249	16	6.4%
Education	50 291	8 084	16.1%	9 021	17.9%	44 695	53 716	937	50 704	5 823	11.5%
Agriculture	7 108	413	5.8%	1 679	23.6%	6 695	8 374	1 266	8 497	675	7.9%
Provincial Treasury	151 781	15 044	9.9%	45 121	29.7%	136 271	181 392	30 077	143 731	30 522	21.2%
Economic Development	131 737	15 541	11.8%	9 498	7.2%	123 872	133 370	-6 043	84 825	11 434	13.5%
Health	150 131	16 773	11.2%	15 008	10.0%	133 359	148 367	-1 765	135 572	17 587	13.0%
Transport	423 666	60 984	14.4%	58 474	13.8%	365 191	423 665	-2 510	402 208	54 311	13.5%
Public Works	54 599	8 735	16.0%	6 403	11.7%	45 863	52 266	-2 332	35 698	4 542	12.7%
Safety & Security	84	12	14.3%	14	16.7%	72	86	2	77	11	14.3%
Co-operative governance	2 663	189	7.1%	542	20.4%	2 122	2 664	353	2 925	276	9.4%
Social Development	2 867	391	13.6%	655	22.9%	2 476	3 131	264	2 637	333	12.6%
Sport, Arts & Culture	962	117	12.2%	75	7.8%	845	920	-42	921	307	33.3%
Total provincial receipts	976 707	126 407	12.9%	146 647	15.0%	862 155	1 008 802	20 240	868 702	125 928	14.5%

Original Provincial own revenue target for 2015/16 is R976.7 million. As at 31 May 2015 provincial own revenue collection is R146.6 million or 15.0 percent more than a projection of R126.4 million or 12.9 percent. The Overall over collection is R20.2 million mainly contributed by Treasury and Agriculture due to more interests earned on bank balances and sale of capital assets (auction) from the previous year respectively. The collection is higher than that of the previous corresponding period of R125.9 million or 14.5 percent.

Seven (7) Departments collected above their set monthly projections:

6.1.1. Provincial Legislature (Target R0.156 Million)

The Department collected R0.050 million or 31.1 percent compared to projections of R0.010 million or 6.4 percent. The over collection is due to recovery of debts from the previous years which was caused by an erroneous calculation from GEPF.

6.1.2. Education (Target R50.3 Million)

The Department collected R9.0 million or 17.9 percent compared to projections of R8.1 million or 16.1 percent. The over collection is due to once recovery of debts from the previous financial year.

6.1.3. Agriculture (Target R7.1 Million)

The Department collected R1.7 million or 23.6 percent compared to projections of R0.413 million or 5.8 percent. The over collection is due to once of payment of R0.567 million from the University of Limpopo for an official seconded to university to assist with the Nguni Project, and proceeds from auction sale of capital assets which was accounted in April 2015.

6.1.4. Provincial Treasury (Target R151.7 Million)

The Department collected R45.1 million or 29.7 percent compared to projections of R15.0 million or 9.9 percent. The over collection is due to more interest received on bank balances and proceeds from sale of capital assets from the previous financial year.

6.1.5. Safety and Security (Target R0.084 Million)

The Department collected R0.014 million or 16.7 percent compared to projections of R0.012 million or 14.3 percent. The over collection is due to recovery of debts from the previous year.

6.1.6. Co-operative Governance (Target R2.7 Million)

Collection as at 31 May 2015 is R0.542 million or 20.4 percent against set projections of R0.189 million or 7.1 percent. The over collection is mainly due to recovery of debts from the previous years. This is attributed to the refunds from Developers who failed to complete projects in the 2013/14 financial year, which was not budgeted for.

6.1.7. Social Development (Target R2.9 Million)

The Department collected R0.655 million or 22.9 percent against projections of R0.391 million or 13.6 percent due once off payment of shared service from SASSA, recovery of subsidized kilometers and more collection on sale of tender documents.

Six (6) Departments collected below their projections

6.1.8. Office of the Premier (Target R0.662 Million)

The office collected R0.107 million or 16.2 percent compared to projections of R0.114 million or 17.2 percent. The under collection is due to less collection on parking fees and sales of tender documents.

6.1.9. Economic Development (Target R131.7 Million)

The Department has collected R9.5 million or 7.2 percent against projections of R15.5 million or 11.8 percent. Under collection of R6.0 million is due to the late transfer of casino and horse racing taxes as well as own revenue by public entities.

6.1.10. Health Target (R150.1 Million)

The Department has collected R15.0 million or 10.0 percent compared to the projected amount of R16.8 million or 11.2 percent. The under collection is due to poor recovery of debts on patient fees. The RAF debt collector is on site to ensure speedy lodgment and processing of claims.

6.1.11. Transport (Target R423.6 Million)

The Department collected R58.5 million or 13.8 percent against set projections of R60.9 million or 14.4 percent. The under collection of R2.5 million is mainly due to non-capturing of receipts.

6.1.12. Public Works, Roads and Infrastructure (Target R54.6 Million)

The Department collected R6.4 million or 11.7 percent compared to projections of R8.7 million or 16.0 percent. The under collection of R2.3 million is mainly due to less collection on rental dwelling. This emanates from partial implementation of R900 rental fee.

6.1.13. Sports, Arts & Culture (R0.962 million)

The Department collected R0.075 million or 7.8 percent against set projections of R0.177 million or 12.2 percent. The under-collection is mainly due to less recovery of previous year debts.

6.2. Own revenue per economic classification

Table 6.2: Own Revenue per economic classification as at 31 May 2015

Items (Revenue Sources)	Main appropriation	Projections to May 2015	Projections as % of budget	Actual to May 2015	Actual collection as % of the budget	Projected remainder of the year	Estimated total revenue	Over / Under Collection	previous yr Budget 2014/15	previous yr Actual to May 2015	Actual collection as % of the budget
Tax receipts	400 885	60 464	15.1%	54 681	13.6%	347 142	401 823	-5 783	373 159	51 534	13.8%
Sales of goods and services other than capital assets	298 163	40 854	13.7%	30 494	10.2%	262 435	292 929	-10 360	258 144	30 915	12.0%
Transfers received from:	-	-	-	-	-	-	-	0	-	212	-
Fines, penalties and forfeits	52 605	6 239	11.9%	7 174	13.6%	45 651	52 825	935	50 089	5 475	10.9%
Interest, dividend and rent on land	153 803	15 298	9.9%	45 073	29.3%	138 584	183 658	29 775	142 741	30 555	21.4%
Sales of capital assets	16 683	-	0.0%	515	3.1%	16 683	17 199	515	13 046	40	0.3%
Revenue financial assets	54 568	3 552	6.5%	8 710	16.0%	51 659	60 369	5 158	31 523	7 197	22.8%
Total departmental receipts	976 707	126 407	12.9%	146 647	15.0%	862 155	1 008 802	20 240	868 702	125 928	14.5%

6.2.1. Tax receipts (Target R400.9 million)

An amount of R54.7 million or 13.6 percent has been collected against projections of R60.5 million or 15.1 percent. The under collection of R20.2 million is mainly on motor vehicle license by Department of Transport because of backlog of un-captured receipts and late transfer of gaming taxes by public entities under the Department of Economic Development, Environment and Tourism.

6.2.2. Sale of goods & services non capital assets (Target R298.1 million)

As at 31 May 2015 collection is R30.5 million or 10.2 percent against projections of R40.8 million or 13.7 percent. Under collection of R10.4 million is mainly because of un-captured patient fee related receipts by Department of Health, non-accounting of own revenue from public entities by LEDET and Public Works as well as partial implementation of R900 rental fee by Public Works.

6.2.3. Fines, penalties and forfeits (Target R52.6 million)

Fines, penalties and forfeits collected R7.2 million or 13.6 percent against projections of R6.2 million or 11.9 percent. This is mainly due to backlog of un-captured traffic fines by Department of Roads and Transport.

6.2.4. Interest, dividend and rent on land (Target R153.8 million)

Collection as at 31 May 2015 is R45.1 million or 29.3 percent against set projections of R15.3 million or 9.9 percent. Over collection is due to more interest earned on bank balances by Provincial Treasury.

6.2.5. Sale of capital assets (Target R16.7 million)

As at 31 May 2015 there is collection of R0.515 million against zero projections. Collection is for sale of house by the Department of Public Works, sale of biological assets by the Department of Economic Development, Environment and Tourism and proceeds from previous year auction sale of capital assets by the Department of Agriculture.

6.2.6. Financial transactions in assets and liabilities (Target R54.6 million)

The item collected R8.7 million or 16.0 percent against projections of R3.5 million or 6.5 percent. Over collection is mainly due to improved recovery of debts by the Departments of Health and Education.

7. Infrastructure Management

The table 1 below shows the Provincial Budget and Expenditure Comparisons over three Financial Years (2013/14, 2014/15 and 2015/16) as at 30 May.

Table 7.1: Infrastructure Expenditure as at 31 May 2015

Infrastructure Expenditure Comparison as at 30 May year-on-year									
Department	Budget (R'000)			Expenditure (R'000)			% Expenditure		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
Education	997 599	1 123 325	805 128	1 281	23 729	33 804	0%	2%	4%
Agriculture	171 951	134 662	185 940	5 863	2 494	3 500	3%	2%	2%
LEDET	63 102	63 273	62 749	-	2 713	11 340		4%	18%
Health	600 727	594 747	324 626	32 993	10 086	71 085	5%	2%	22%
Public Works, Roads & In	59 765	59 439	2 171 423	1 279	2 131	52 867	2%	4%	2%
Transport	1 903 808	2 246 940	89 304	117 942	126 009	844	6%	6%	1%
CoGHSTA	1 324 742	1 221 259	1 285 877	93 023	13 869	96 476	7%	1%	8%
Social Development	95 639	52 912	63 866	6 362	769	10 248			16%
Sport, Arts & Culture	22 500	26 000	43 000	-	135	332	0%	1%	1%
TOTAL	6 239 833	6 522 557	5 031 913	258 743	181 935	280 496	5%	3%	6%
Percentage									
Education	19%	20%	16%	0%	13%	12%			
Agriculture	3%	2%	4%	2%	1%	1%			
LEDET	1%	1%	1%	0%	1%	4%			
Health	11%	11%	6%	13%	6%	25%			
Public Works, Roads & In	1%	1%	43%	0%	1%	19%			
Transport	36%	41%	2%	46%	69%	0%			
CoGHSTA	25%	22%	26%	36%	8%	34%			
Social Development	2%	1%	1%	2%	0%	4%			
Sport, Arts & Culture	0%	0%	1%	0%	0%	0%			
TOTAL	100%	100%	100%	100%	100%	100%			

As at 30 May 2015, the Provincial Infrastructure expenditure stood at R 280.4 million, the amount, this being the second month of the financial year. The total expenditure represents 6 percent of the Provincial infrastructure budget.

The departments with the assistance of both National and Provincial Treasury are continuing to upload the projects into the new web-based Infrastructure Reporting Model (IRM), the process was supposed to be finalised by 15 June 2015 as such, IRMs that are already uploaded on the web were not used for the current reporting period due to incompleteness, but National Treasury has now given a further extension until 30 June 2015.

The expenditure was supposed to be in the region of about R 838.3 million, which represents 16 percent of the total budget in terms of the norm. The province is 10 percent or R557.8 million below the straight line norm.

It should be noted that at the time of consolidating the expenditure, the departments of Social Development and Sport had not yet submitted their expenditure for the month of May 2015. For the department of Public Works, Roads and Infrastructure only expenditure for the Roads Infrastructure has been captured.

The Provincial Infrastructure budget for the current financial year is as follows:

Main appropriation: R5.0 billion (against the R 5.1 appropriated for Financial Year 2014/15).

The following are observed:

- The Provincial Infrastructure Budget is primarily funded by Conditional Grants representing 80 percent of the entire budget. The failure to spend has a huge impact on the Provincial Infrastructure Budget and service delivery.
- The Provincial Infrastructure Expenditure as at May throughout the three financial years had always been poor.
- The Provincial Infrastructure Expenditure as at 30 May is recorded as follows:
 - 5% - 2013/14
 - 3% - 2014/15
 - 6% - 2015/16
- All departments had poorly spent or have recorded low expenditure as at 30 May 2015, except for LEDET, Health and Social Development at 18 percent, 22 percent and 16 percent respectively.
- All departments' project to break-even as at May 2015.

8. Conclusion

The overall provincial spending as at 31 Mya 2015 amounts to R7.3 billion or 13.8 percent of the total budget of R52.7 billion. Of the R7.3 billion total expenditure, R6.7 billion is on equitable share and R555.4 million on Conditional grant. There is a noticeable decline on overall spending by 0.6 percent as compared to the same period during the previous year of which the overall expenditure was at R7.4 billion or 14.4 percent.

Infrastructure expenditure improved from 3 percent to 6 percent compared to the same period last year or from R181.9 million to R280.5 million. Provincial own revenue collected also improved from projected collection of 12.9 percent or R126.4 million to 15 percent or R146.6 million.



Gavin Pratt CA (SA)
HOD: Provincial Treasury

22/6/2015

Date