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Subject: Provincial Revenue and Expenditure Report as 28 February 2014

1. Purpose

To provide National Treasury with

- A report on provincial Revenue and Expenditure as at 28 February 2014

2. Background

In terms of chapter 5, section 40 (4) (a) of the PMFA, 1999 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 ensure to 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 or 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 February 2014 IYM 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 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 was issued giving further directives on the information requirements.

3.1 Cash Management

Cash allocation letters for 2013/14 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, 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.

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 spending. Table 3 below provides cash flow projections, actual expenditure and transfers to departments from April 2013 to 28 February 2014.

Table 1: Cash allocations vs. actual expenditure vs. actual transfer as at 28 February 2014

Cash Allocations Vs Actual Expenditure Vs Actual Transfers as at 28 February 2014								
Departments	Opening Bank Balances at 1-Apr-13	Cash Allocation 28-Feb-14	Actual Expenditure 28-Feb-14	Transfers To Departments 28-Feb-14	Variance Cash allocation Vs Actual Expenditure		Variance Actual Expenditure Vs Funds Transferred	
					Amount	%	Amount	%
Education	-329,109	21,890,566	21,343,242	21,709,493	547,324	2.5%	-366,251	-1.7%
Health	164,475	12,370,364	11,715,188	11,893,016	655,176	5.3%	-177,828	-1.5%
Social Development	18,978	1,267,543	1,117,769	1,108,215	149,774	11.8%	9,554	0.9%
Public Works	107,334	804,153	714,179	715,168	89,974	11.2%	-989	-0.1%
Agriculture	76,967	1,427,315	1,328,670	1,321,648	98,645	6.9%	7,022	0.5%
Roads & Transport	598,113	3,396,955	2,213,219	2,172,997	1,183,736	34.8%	40,222	1.8%
CoGSTA	430,499	2,008,202	1,042,772	1,283,969	965,430	48.1%	-241,197	-23.1%
Sport, Arts & Culture	44,794	264,528	217,277	217,012	47,251	17.9%	265	0.1%
Safety & Security and Liaison	5,631	69,445	60,823	60,131	8,622	12.4%	692	1.1%
Office of the Premier	46,739	293,454	276,494	277,017	16,960	5.8%	-523	-0.2%
Provincial Legislature	3,319	224,441	229,917	232,312	-5,476	-2.4%	-2,395	-1.0%
Provincial Treasury	108,682	350,727	309,322	290,779	41,405	11.8%	18,543	6.0%
Economic Development, Environmental & Tourism	25,184	997,562	978,389	973,456	19,173	1.9%	4,933	0.5%
Total	1,301,606	45,365,255	41,547,261	42,255,213	3,817,994	8.4%	-707,952	-1.7%

When comparing actual expenditure to the cash flow projections or cash allocations, departments under-spent the cash allocations by R3.817 billion or 8.4 per cent. 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 R707.952 million or 1.7 per cent more than actual expenditure. The reason for transferring more funds than was required is due to the opening overdraft in respect of Department of Education as the bank account needed to be normalized to enable department to start spending in the new financial year. CoGHSTA is due to 2013/14 credit transfers withheld and paid during the current financial year. Other departments more funds were transferred to enable them to surrender 2012/13 unspent.

3.3 Month-end Bank Balances

Table 2: Month-end Provincial Bank Balance – February 2014

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	
Premier	229	11	96	2	59	82	145	166	377	359	476	
Legislature	3,678	-18,536	3,059	6,249	68	217	328	328	117	5,014	-2,074	
Education	5,428	110	1,433	4,967	6,518	1,610	8,931	8,025	12,665	13,719	2,397	
Agriculture	8,302	-4,969	14,071	1,158	1,577	14,408	22,638	2,290	3,326	22,437	156	
Treasury	41,998	69,666	57,487	421	64,839	33,186	128,993	68	821	316	824	
LEDET	7,158	34,071	6,208	29,743	7,142	11,181	9,105	23,104	1,279	3,401	1,038	
Health	73,094	32,975	1,874	4,151	16,812	455,208	8,636	16,143	2,826	8,572	2,321	
Roads & Transport	113,756	579	7,043	29,380	62,916	59,716	44,473	31,734	15,423	51,231	17,331	
Public Works	22,521	2,664	7,847	5,243	10,577	4,873	3,678	6,278	5,311	18,819	3,093	
Safety, Security & Liaison	4,981	3,549	2,778	867	20	564	86	83	371	370	389	
Co-GMSTA	69,483	66,110	44,425	2,107	1,792	33,252	-234	494	231	997	3,078	
Social Development	1,025	7	4,242	366	12,248	8,496	1,825	2,896	748	1,010	609	
Sports	40,471	12	13	53	65	94	126	170	123	714	258	
Sub-Total PMGs	392,134	182,199	160,691	85,207	184,633	622,882	225,580	99,774	43,315	131,929	29,894	
Exchequer Account	151,168	184,482	61,691	33,654	42,808,00	34,686	36,442	156,429	44,029	90,141	308,263	
Group Balance	543,302	366,681	222,382	138,861	227,438	677,568	312,022	248,203	87,344	222,070	338,152	
CPD Investment Account (Reserve Bank)	2,284,878	2,999,850	2,660,233	3,215,558	3,981,447	3,632,892	3,614,648	3,867,312	3,513,962	4,209,378	3,517,486	
Total Available Cash Balance	2,828,180	3,366,871	2,872,615	3,354,712	4,208,885	4,310,460	3,926,670	3,815,515	3,601,306	4,431,445	3,855,638	

Revenue Fund closing balance (CPD plus Exchequer Accounts)

Equitable Share	1,782,963	1,864,536	1,510,710	1,735,616	1,238,870	1,681,824	1,620,812	1,761,992	1,808,567	4,006,344	1,008,854
Conditional Grant	653,083	1,299,766	1,211,214	1,533,596	2,785,382	2,005,754	2,080,278	1,961,749	1,754,424	299,172	2,816,860
Total	2,436,046	3,164,302	2,721,924	3,269,212	4,024,252	3,687,578	3,701,090	3,723,741	3,562,991	4,305,516	3,825,714

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 February 2014 the province had a total favorable bank balance of R3.826 billion comprising R3.517 billion in the CPD account and R338.152 million in the commercial bank accounts (viz. departmental PMG accounts and the Exchequer account).

3.4 Interest Performance

Table 3: Interest Performance: 2013/14 Financial year

INTEREST EARNED : 2013/14 FINANCIAL YEAR

R'000

Institution	2013/14												
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Commercial Bank (FNB)	2,277	1,617	510		104								4,508
Commercial Bank (SBSA)	-	-	933	1,750	1,498	1,872	1,230	1,461	1,523	1,053	1,339		12,659
CPD (SA Reserve Bank)	7,937	13,898	11,796	13,863	16,374	15,927	18,237	18,082	15,988	19,022	18,038		169,162
Total	10,214	15,515	13,239	15,613	17,976	17,799	19,467	19,543	17,511	20,075	19,377	-	186,329

INTEREST EARNED : 2012/13 FINANCIAL YEAR

R'000

Institution	2012/13												
	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Total
Commercial Bank (FNB)	1,352	1,928	1,542	923	923	1,450	1,290	919	1,768	806	542		13,443
Commercial Bank (SBSA)	-	-	-										-
CPD (SA Reserve Bank)	3,360	9,939	8,592	7,962	7,962	8,169	9,632	11,096	9,428	14,715	15,828		106,683
Total	4,712	11,867	10,134	8,885	8,885	9,619	10,922	12,015	11,196	15,521	16,370	-	120,126

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 R120.126 million in 2012/13 to R186.329 million for 2013/14. Interest earned in the CPD account alone grew from R106.683 million to R169.329 million.

4. Provincial overall expenditure as at 28 February 2014

Table 4: Limpopo Budget and expenditure

Table 4 : Limpopo budgets and expenditure as at 29 February 2014

	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 29 Feb 2014	Actual spending as % of Adjusted budget	(Over)	Under	%(Over)/ under of Adjusted budget
R thousand										
Education	23 475 305	473 097	23 948 402	23 948 402	23 926 204	21 343 242	89.1%	-	22 198	0.1%
Health	13 076 949	404 021	13 480 970	13 480 970	13 374 633	11 715 188	86.9%	-	106 337	0.8%
Social Development	1 377 843	2 936	1 380 779	1 380 779	1 350 722	1 117 769	81.0%	-	30 057	2.2%
Public Works	877 061	6 000	883 061	883 061	844 966	714 179	80.9%	-	38 095	-4.3%
Agriculture	1 525 716	47 902	1 573 618	1 573 618	1 573 618	1 328 670	84.4%	-	-	0.0%
Roads And Transport	3 521 882	244 441	3 766 323	3 766 323	3 256 188	2 213 219	58.8%	-	510 135	13.5%
Co-Operative Governance Human Settlements	2 231 625	1 368	2 232 993	2 232 993	1 425 551	1 042 772	46.7%	-	807 442	36.2%
Sport, Art And Culture	266 191	26 019	292 210	292 210	277 249	217 277	74.4%	-	14 961	5.1%
Safety, Security And Liaison	74 749	-	74 749	74 749	70 751	60 823	81.4%	-	3 998	5.3%
Office Of The Premier	322 857	4 751	327 608	327 608	327 608	276 494	84.4%	-	-	0.0%
Legislature	225 987	25 796	251 783	251 783	251 783	229 917	91.3%	-	-	0.0%
Treasury	384 708	-	384 708	384 708	360 238	309 322	80.4%	-	24 470	6.4%
Economic Development Environment And Tourism	1 073 947	26 200	1 100 147	1 100 147	1 087 234	978 389	88.9%	-	12 913	1.2%
Total	48 434 820	1 262 531	49 697 351	49 697 351	48 126 745	41 547 261	83.6%	-	1 570 606	3.2%
Economic classification								Net	1 570 606	
Current payments	41 495 000	748 713	42 243 713	42 243 713	41 632 566	36 666 985	86.8%	-	611 147	1.4%
Compensation of employees	33 877 455	499 221	34 376 676	34 376 676	34 134 947	31 003 180	90.2%	-	241 729	0.7%
Goods and services	7 617 143	249 169	7 866 312	7 866 312	7 496 894	5 663 542	72.0%	-	369 418	4.7%
Interest and rent on land	402	323	725	725	725	263	36.3%	-	-	0.0%
Transfers and subsidies	4 991 637	379 783	5 371 420	5 371 872	4 641 589	3 615 212	67.3%	-	729 831	13.6%
Payments for capital assets	1 948 183	132 835	2 081 018	2 080 566	1 851 383	1 265 057	60.8%	-	229 635	11.0%
Payments for financial assets	-	1 200	1 200	1 200	1 207	7	0.6%	-7	-	-0.6%
of which: NPNC	12 609 182	630 475	13 239 657	13 240 109	12 140 415	9 279 024	70.1%	-	1 099 242	8.3%
Total	48 434 820	1 262 531	49 697 351	49 697 351	48 126 745	41 547 261	83.6%	-7	1 570 613	3.2%
* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)								Net	1 570 606	

Overall spending is at R41.5 billion or 83.6 per cent of the total adjusted budget of R49.7 billion. The Province is projecting to under spend by R1.5 billion or 3.2 per cent .Previous year spending was at R37.2 million or 77.6 per cent of the adjusted budget of R47.9 billion with the projected under spending of R224.8 million or 0.5 per cent.

The above projected under spending does not take into account the effect of the stopping of R1.290 billion conditional grant transfer payments to Limpopo by the National Treasury, thus the effective projected situation will be a projected under spending of R280 million. This will imply that the province has spent R41.5 billion or 85.7% of the revised adjusted budget of R48.4 billion.

The following Departments project to under spend (prior to stopping of funds):-

- **Education** – R22.1 million or 0.1 percent. The department projects to under spend on COE by R18.2 million in Programme 1 due to the delay in filling of attrition posts and R43.9 million on goods and services. The department projects to overspend on the transfer payments by R40 million due to delay in payment of the leave gratuity within Programme 2.

- **Health** – R106.3 million or 0.8 percent due to:

The projected under spending is due, R170 million in COE due to the non-filling of critical posts, R191 million in capital payments due to delays in appointment of implementing agents after termination of the previous PMU contract. The department is however projecting to overspend on Goods and Services by R234.7 million. The projected overspending is on key accounts of the department such as security services, vehicle running costs municipal services vaccines blood and laboratories services a further R20 million is projected to be overspent on transfer payments due to leave gratuities that are to be paid. The revised adjustment budget for Health will shift R140 million of the projected COE savings to Goods & Services to help address the pressure on G&S.

- **Social Development-** R30 million or 2.2 percent due to delay in transfer payments to IDT for infrastructure projects.
- **Public works** – projects to under spend by R38 million or 4. 3 percent due to over budgeting for Computer services due to SITA tariffs revision and delays in the IT equipment maintenance processes and the delayed finalization of SCM processes for procurement of IT equipment.
- **Roads and Transport-** projects to underspend by R510.1 million or 13.5 percent
The under spending is on Goods and Services as a result of late appointment of PSP's, the appointments were completed as at end of February 2014. The budget of the Department will be reduced by R637.4 million due to National Treasury stopping the transfer of conditional grant funds to Limpopo. Thus effectively the department is projecting to overspend by R127.3 million, mainly on G&S, and to date has spent 70 percent of the revised adjusted budget.
- **CoGHSTA** – R807.4 million or 36.2 percent. The projected under spending is mainly due to National Treasury stopping the transfer of R644 million of the 2013/14 Human Settlement

Development. Thus effectively the department is projecting to under spend by R163.4 million and to date has spent 65 percent of the revised budget.

- **Sport, Arts and Culture** – R15 million or 5.1 percent. R5 million is due to the delay in the filling of positions for both conditional grants (Community Library Services and Sport Mass Participation Programme) and the appointment of a Infrastructure Manager. Post were due for filling as from April 2013 but only filled as from September 2013. R7 million is due to non-spending on both Library services and Mass Sport Participation Conditional grants. Delays in the implementation of 2013/14 projects and lack of contracts for the procurement of sporting equipment. R2.3 million is due to delays in the building and maintenance of libraries and the purchase of furniture for completed libraries.
- **Safety and Security** – R4 million or 5.3 percent due to unfilled funded vacant positions within the department and the delay in spending earmarked funds for development and approval of fire plan.
- **Provincial Treasury** – R24.5 million or 6.4 percent. R3.2 million is due to the delay to fill vacant funded positions and due to non-payment of pay progressions to SMS. R21 million is due to the late appointment of a service provider to conduct the Internal Audit Quality Assessment Review and the delayed completion of intervention projects which were funded.
- **Economic Development** – R13 million or 1.2 percent. R10 million is due to the non-filling of vacant key positions and R2.9 million on capital payments.

4.1 Spending per economic classification

4.1.1 Compensation of Employees budget and expenditure for the period under review

Table 5: Compensation of Employees (CoE)

Table 5: Limpopo budgets and expenditure: Compensation of employees as at 29 February 2014										
R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 29 Feb 2014	Actual spending as % of Adjusted budget	(Over)	Under	%(Over)/ under of Adjusted budget
Education	19 315 759	266 480	19 582 239	19 582 239	19 563 961	17 933 703	91.6%	-	18 278	0.1%
Health	9 498 261	230 379	9 728 640	9 728 640	9 558 640	8 565 274	88.0%	-	170 000	1.7%
Social Development	664 551	-	664 551	664 551	664 551	593 933	89.4%	-	-	0.0%
Public Works	555 976	20 672	576 648	576 648	575 056	527 514	91.5%	-	1 592	0.3%
Agriculture	948 291	13 469	961 760	961 760	961 760	853 695	88.8%	-	-	0.0%
Roads And Transport	1 003 876	10 000	1 013 876	1 013 876	997 876	880 747	86.9%	-	16 000	1.6%
Co-Operative Governance Human Settlements	733 258	-20 000	713 258	713 258	698 591	641 497	89.9%	-	14 667	2.1%
Sport,Art And Culture	129 129	-2 900	126 229	126 229	120 978	105 469	83.6%	-	5 251	4.2%
Safety,Security And Liason	53 651	-1 000	52 651	52 651	49 942	44 828	85.1%	-	2 709	5.1%
Office of the Premier	212 435	51	212 486	212 486	212 486	190 315	89.6%	-	-	0.0%
Legislature	139 079	-5 179	133 900	133 900	133 900	122 140	91.2%	-	-	0.0%
Treasury	220 974	-14 771	206 203	206 203	202 921	185 509	90.0%	-	3 282	1.6%
Economic Development	402 215	2 020	404 235	404 235	394 285	358 556	88.7%	-	9 950	2.5%
Total	33 877 455	499 221	34 376 676	34 376 676	34 134 947	31 003 180	90.2%	-	241 729	0.7%
								Net	241 729	

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

CoE is at R31 billion or 90.2 percent against a total adjusted budget of R34.4 billion which is almost in line with the straight line projections of 91.6 percent. The projected underspend is at R241.7 million.

The following departments project to underspend:-

- **Education** – R18.2 million or 0.1 percent due to the non-filling the attrition posts.
- **Health** – R170 million or 1.7 percent due to the non-filling of critical posts. An amount of R72 million has been paid from January 2014 for the absorption of 304 doctors and R45 million for the appointment of the identified health professionals from the conditional grant.
- **Public Works** – projects an under spending of R1.6 million or 0.1 percent
- **CoGHSTA** – R14.7 million or 2.1 percent is due to the non-filling of funded vacant posts.
- **Sport , Arts and Culture** – R5.2 million or 4.2 percent due to the non-filling of positions for both conditional grants (Community Library Services and Sport Mass Participation Programme) and the appointment of the Infrastructure Manager. The vacancies were due for filling as from April 2013 but only filled as from September 2013.

- **Roads and Transport** – R16. 0 million or 1.6 percent due to the non-filling of the critical posts.
- **Safety and Security** – R2.7 million or 5.1 percent due to non-filling of vacant funded posts of Manager HR, Admin Officer District coordination and Messenger/Driver.
- **Provincial Treasury** – R3.3 million or 1.6 percent due to vacant positions earmarked to be filled in the financial year not filled yet and due to non-payment of pay progressions to SMS.
- **Economic Development** – R10 million or 2.5 percent due to the non-filling of vacant key positions.

4.1.2 Goods and Services

Table 6: Goods and Services budget and expenditure for the period under review

Table 6 : Limpopo budgets and expenditure: Goods and services as at 29 February 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 29 Feb 2014	Actual spending as % of Adjusted budget	(Over)	Under	% (Over)/ under of Adjusted budget
Education	2 172 294	66 158	2 238 452	2 238 452	2 194 508	1 496 176	66.8%	-	43 944	2.0%
Health	2 654 222	136 741	2 790 963	2 790 963	3 025 626	2 456 416	88.0%	-234 663	-	-8.4%
Social Development	184 632	31 151	215 783	215 783	215 783	169 004	78.3%	-	-	0.0%
Public Works	212 277	-22 911	189 366	189 366	154 513	133 826	70.7%	-	34 853	18.4%
Agriculture	352 254	2 705	354 959	354 959	354 959	274 494	77.3%	-	-	0.0%
Roads And Transport	1 304 317	-33 115	1 271 202	1 271 202	775 467	502 500	39.5%	-	495 735	39.0%
Co-Operative Governance Human Settlements And	154 475	16 347	170 822	170 822	170 822	145 283	85.0%	-	-	0.0%
Sport,Art And Culture	113 689	13 790	127 479	127 479	120 449	101 214	79.4%	-	7 030	5.5%
Safety, Security And Liason	18 524	1 452	19 976	19 976	18 687	14 343	71.8%	-	1 289	6.5%
Office of the Premier	95 605	-1 356	94 249	94 249	94 249	70 863	75.2%	-	-	0.0%
Legislature	31 773	16 823	48 596	48 596	48 225	38 567	79.4%	-	371	0.8%
Treasury	157 157	11 789	168 946	168 946	148 141	119 579	70.8%	-	20 805	12.3%
Economic Development	165 924	9 595	175 519	175 519	175 465	141 277	80.5%	-	54	0.0%
Total	7 617 143	249 169	7 866 312	7 866 312	7 496 894	5 663 542	72.0%	-234 663	604 081	4.7%
								Net	369 418	

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

Spending on Goods and Services is low at R5. 7 billion or 72 percent of the total adjusted budget of R7.8 billion. The province projects to under spend by R369.4 million or 4.7 percent as at year end.

The **Department of Health** is projecting to over spend by R234.7 million or 12.0 percent. The projected over spend is on key accounts such as security services, vehicle running costs, municipal services, vaccines blood and laboratory services.

- During the finalization of adjustment allocations PT and the department agreed that the department must stabilize the COE and may release surplus COE funds augment the pressure on the goods & services non-negotiable items.

- The department to also consider funding budget pressures from conditional grants where possible – processing journal transactions for payments made from Provincial Equitable Share instead of through conditional grants

The following departments project to under spend:

- **Education** – the department projects an under spending of R44 million or 2.0 percent on various items
- **Public Works** – the department projects to under spend by R35 million or 18. 4 percent. Over budgeting occurred on Computer services due to SITA revision of tariffs and delays in the maintenance of IT equipment.
- **Roads and Transport-** the department projects an under spending amounting to R495.7 million or 39 percent due to late appointment of PSP's. The projects were evaluated and have been concluded and appointments done in February 2014. (The projected under spending includes the R644 million that has been stopped by National.)
- **Sport, Arts and Culture-** the department projects an under spending of R7 million or 5.5 percent as a result of non-spending for both Library services and Mass Sport Participation Conditional grants. Delays in the implementation of 2013/14 projects and lack of contracts for the procurement of sporting equipment.
- **Safety, Security and Liaison** – the department projects to underspend by R1.2 million or 6.5 percent due to misallocation of funds.
- **Legislature** – R0.371 million or 0.8 percent
- **Provincial Treasury** – R21 million or 12.3 percent – Due to the late appointment of a service provider to conduct the Internal Audit Quality Assessment Review and the delayed completion of intervention projects which were funded.

4.1.3 Transfers and subsidies

Table 7: Transfers and Subsidies and Services per department as at 28 February 2014

Table 7: Limpopo budgets and expenditure: Transfers and subsidies as at 29 February 2014										
R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 29 Feb 2014	Actual spending as % of Adjusted budget	(Over)	Under	%(Over)/ under of Adjusted budget
Education	1 058 416	-1 602	1 056 814	1 056 814	1 096 838	1 070 161	101.3%	-40 024	-	-3.8%
Health	422 423	40 291	462 714	462 714	482 714	468 906	101.3%	-20 000	-	-4.3%
Social Development	414 820	-9 625	405 195	405 195	405 195	303 160	74.8%	-	-	0.0%
Public Works	52 656	3 000	55 656	55 656	56 352	26 658	47.9%	-696	-	-1.3%
Agriculture	158 413	30 906	189 319	189 319	189 319	163 743	86.5%	-	-	0.0%
Roads And Transport	991 563	281 106	1 272 669	1 272 669	1 274 269	780 863	61.4%	-1 600	-	-0.1%
Co-Operative Governance Human Settlements	1 335 848	4 782	1 340 630	1 340 630	547 855	250 642	18.7%	-	792 775	59.1%
Sport, Art And Culture	560	8 822	9 382	9 382	8 974	2 127	22.7%	-	408	4.3%
Safety, Security And Liaison	-	-452	-452	-	-	-	0.0%	-452	-	100.0%
Office of the Premier	8 516	-869	7 647	7 647	7 647	8 092	105.8%	-	-	0.0%
Legislature	53 535	14 572	68 107	68 107	68 478	68 478	100.5%	-371	-	-0.5%
Treasury	3 700	-193	3 507	3 507	3 712	2 627	74.9%	-205	-	-5.8%
Economic Development	491 187	9 045	500 232	500 232	500 236	469 755	93.9%	-4	-	0.0%
Total	4 991 637	379 783	5 371 420	5 371 872	4 641 589	3 615 212	67.3%	-63 352	793 183	13.6%
								Net	729 831	

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

Transfers and Subsidies spending is low at R3.6 billion or 67.3 percent of the total adjusted budget of R5.3 billion. Some Departments have projected to overspend:-

- **Education** – The department projects to overspend by R40 million or 3.8 percent due to the payment of the leave gratuity in Programme 2.
- **Health** – R20 million or 4.3 percent due to payment of leave gratuities and termination of services
- **Public Works**- R0.696 or 1.3 percent due to delays in the finalization of Municipal bills for Polokwane and Mopane district.
- **Roads and Transport** – R1.6 million or 0.1 percent. The overspending will be addressed by shifting funds from other items.
- **Safety and Security** – R0.452 million due to misallocation of funds – the spending was in respect of goods and services (will be corrected for the next report).
- **Legislature** – R0.371 million or 0.5 percent
- **Provincial Treasury** – R0.205 million or 5.8 percent

The Department of CoGHSTA projects to under spend by R792.8 million or 59.1 percent. The projected under spending is mainly due to National Treasury stopping the transfer of R644 million of the 2013/14 Human Settlement Development. Thus effectively the department is projecting to under spend by R163.4 million and to date has spent 65 percent of the revised budget.

4.1.4 Payment for Capital Assets

Table 8: Payment for Capital Assets per department as at 28 February 2014

Table 8: Limpopo budgets and expenditure: Payments for capital assets as at 29 February 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 29 Feb 2014	Actual spending as % of Adjusted budget	(Over)	Under	% (Over)/ under of Adjusted budget
Education	928 836	142 061	1 070 897	1 070 897	1 070 897	843 202	78.7%	-	-	0.0%
Health	502 043	-3 390	498 653	498 653	307 653	224 592	45.0%	-	191 000	38.3%
Social Development	113 840	-18 590	95 250	95 250	65 193	51 672	54.2%	-	30 057	31.6%
Public Works	56 152	5 239	61 391	61 391	59 038	26 174	42.6%	-	2 353	3.8%
Agriculture	66 758	822	67 580	67 580	67 580	36 738	54.4%	-	-	0.0%
Roads And Transport	222 126	-14 750	207 376	207 376	207 376	49 109	23.7%	-	-	0.0%
Co-Operative Governance Human Settlements And	8 044	239	8 283	8 283	8 283	5 350	64.6%	-	-	0.0%
Sport,Art And Culture	22 813	6 307	29 120	29 120	26 848	8 457	29.1%	-	2 272	7.8%
Safety,Security And Liason	2 574	-	2 574	2 122	2 122	1 652	64.2%	-	452	17.6%
Office of the Premier	6 301	6 925	13 226	13 226	13 226	7 224	54.6%	-	-	0.0%
Legislature	1 600	-420	1 180	1 180	1 180	732	62.0%	-	-	0.0%
Treasury	2 877	3 175	6 052	6 052	5 464	1 607	26.6%	-	588	9.7%
Economic Development	14 219	5 217	19 436	19 436	16 523	8 538	43.9%	-	2 913	15.0%
Total	1 948 183	132 835	2 081 018	2 080 566	1 851 383	1 265 057	60.8%	-	229 635	11.0%
								Net	229 635	

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

Expenditure on Payment for Capital Assets is still low at R1.2 billion or 60.8 percent of the total adjusted budget of R2.1 billion. Overall the Province is projecting to underspend by R230 million or 11 percent in the following departments:

- **Health** is projecting to under spend by R191 million due to delays in appointment of implementing agents after termination of the prior PMU contract.
- **Social Development** – R30 million or 31.6 percent due to non-compliance by NPOs and inconsistency of payments.
- **Public works** – R2.4 million or 3.8 percent due to delayed finalization of SCM processes for procurement of IT equipment.
- **Sport, Arts and Culture** is projecting to underspend by R2.3 million or 7.8 percent due to delay in the building and maintenance of libraries and the purchase of furniture for completed libraries. The two libraries planned for 2013/14 financial year has not yet started (Phokoane and Nzhelele).
- **Provincial Treasury** – R0.588 million or 9.7 percent due to slow implementation of Disaster Recovery Plan by SITA.

4.2 Conditional Grants spending

Table below shows expenditure on conditional grants. Spending is very low at R3.9 billion or 51.3 percent of the total adjusted budget of R7.7 billion. When compared to the same period in the previous financial year expenditure is lower by 8.2 percent (R4.8 billion or 59.6 percent in 2012/13 against R3.9 billion or 51.4 percent in 2013/14).

Table 9: Provincial Conditional Grants performance

SEE NEXT PAGE

Table 9: Provincial Conditional Grants performance

2013/14 Financial year			
R thousand	Adjusted Budget	Provincial Actual Payments	Actual Payments as a % of main budget
Agriculture	324 862	256 175	78.9%
Comprehensive Agricultural Support Programme Grant	239 978	189 009	78.8%
Ilima/Letsema Projects Grant	43 845	38 322	87.4%
Disaster fund			
EPWP Incentive allocation	21 477	14 610	68.0%
Land Care Programme Grant	19 562	14 234	72.8%
Sport, Arts and Culture	131 528	82 573	62.8%
Mass Sport and Recreation Programme	63 554	49 069	77.2%
EPWP Incentive allocation	550	483	87.8%
Community Library Services Grant	67 424	33 021	49.0%
Education	2 569 861	2 016 921	78.5%
HIV and Aids (Life Skills Education) Grant	42 022	13 415	31.9%
Further Education and Training Colleges Grant	377 478	357 109	94.6%
National School Nutrition Programme Grant	932 050	758 369	81.4%
Infrastructure Grant	1 150 062	846 585	73.6%
Dinaledi School grant	23 312	8 195	35.2%
Social sector EPWP grant	27 768	30 638	110.3%
EPWP Incentive allocation	3 000	-550	-18.3%
Technical Secondary Schools Recapitalisation Grant	14 169	3 160	22.3%
Health	1 837 575	1 204 575	65.6%
Comprehensive HIV and Aids Grant	911 867	647 488	71.0%
Nursing colleges	15 270	2 618	17.1%
Forensic Pathology Services Grant			
Infrastructure Grant	211 961	85 769	40.5%
Health Professions Training and Development Grant	111 145	91 064	81.9%
EPWP Social Sector	20 964	13 166	62.8%
Health Infrastructure			
EPWP Incentive grant	3 000	1 580	52.7%
Health insurance grant	10 652	7 334	68.9%
Hospital Revitalisation Grant	234 680	94 805	40.4%
National Tertiary Services Grant	318 036	260 751	82.0%
Co-operate Governance , Human Settlements and T	1 367 776	240 658	17.6%
Disaster : Flood Damage	35 666	-	0.0%
Integrated Housing & Human Settlements Development	1 329 110	240 658	18.1%
EPWP Incentive allocation	3 000	-	0.0%
Public Works	3 000	2 760	92.0%
Devolution of Property Rate Funds Grant	-	-	
EPWP incentive grant	3 000	2 760	92.0%
Economic Development	550	547	99.5%
EPWP Incentive grant	550	547	99.5%
Office of the Premier			
EPWP incentive grant			
Social Development	8 985	6 136	68.3%
EPWP Incentive grant	8 985	7 685	85.5%
Roads and Transport	1 510 707	536 906	35.5%
Transport Disaster Management			
Infrastructure Grant	1 209 803	288 042	23.8%
EPWP Incentive grant	25 972	11 994	46.2%
Public Transport Operations Grant	274 932	236 870	86.2%
Total	7 754 844	4 347 251	56.1%

4.2.1 Agriculture

The department has spent R256.2 million or 78.9 percent of the total adjusted budget of R324.9 million. The low spending is due to the late implementation of planned activities due to change in business plan. The capacity of service providers across the province is also a challenge. Most the service providers lack knowledge of infrastructure projects.

CASP – spent R189 million or 78.8 percent of the total budget of R239.9 million. Several projects are still at different stages of implementation with a substantial amount to be paid. The delay in submitting designs, inability to adhere to contractual obligations by the service provider and sub-standard work has to be redone. The inability of service providers to adhere to contractual obligation remains a major challenge. Challenges are mostly on lack of cash flow and project management knowledge.

EPWP incentive – spent R14.6 million or 68.0 percent – the under spending is due to the delays in the signing of projects agreements and employment contracts.

Land Care – spent R14.2 million or 72.8 percent. Low spending is due to delayed delivery of material by the Service providers to be utilized in different projects.

Letsema – spent R38.3 million or 87.4 percent. Delay in submission of invoices by Service providers, cancellation of orders for service providers failing to deliver is the cause for under spending.

4.2.2 Sport, Arts and Culture

Overall expenditure is at R82.6 million or 62.8 percent against the straight line projection of 91.6 percent.

Library Services – spending is at 49.0 percent or R33 million. Delay in the appointment of contractors for two libraries planned for the 2013/14 resulted in under spending, however contractors have been appointed in February 2014 by LDPW and commitment for the projects to be made in March 2014. Orders to the value of R4.2 million have been issued for the purchase of Library books and some outstanding invoices will be paid in March 2014. (The budget has not yet been adjusted by the R8.9 million which has been stopped by the National Department.) The spending is thus effectively at 56.4 percent.

Mass Sport Participation – Spending is at 77.2 percent or R49.1 million of the total budgets of R63.5 million. The slow spending was caused by the lack of a contract for the procurement of Apparels and Sporting Attire. Department is currently using contracts of other Provinces for the purchase of those equipment and will improve spending.

EPWP Incentive – Spending is at 88 percent.

4.2.3 Education

Overall spending by the department is at R2 billion or 78.5 percent of the total budget of R2.6 billion.

HIV/AIDS – spent R13.4 million or 31.9 percent of the total budget of R42.0 million. It is projected to breakeven on this grant at the end of the financial year. Under compensation of employees, one officer resigned and was not replaced; two posts of data capturers are still vacant. Due to time constraints and in

the effort to ensure prompt supply and delivery of First Aid Refills (R7 000 000) and Billboards (R3 000 000) the department has considered participating in the National Treasury contract no: RT24-2013ME.

Further Education and Training – spent R357.1 million or 94.6 percent of the total budget of R377.5 million. Funds allocated for compensation of employees are not sufficient to cover the whole financial year; hence the department projects to over spend by R12.7 million. DHET has been informed about the shortfall and agreed to provide funding.

National School Nutrition – spent R758.4 million or 81.4 percent of the total budget of R932.0 million. Low expenditure resulted mainly from non-compliance by service providers in the delivery of contracted services. Those contracts are being terminated and substituted with those that proceeded with service in January 2014. Learners continued to receive nutritious meals for 48 feeding days (13 in Jan, 20 in Feb, and 15 in Mar) in quarter 4 and the remaining budget will be utilized.

Provincial Infrastructure – spending is low at R846.8 million or 73.6 percent of the total budget of R1.1 billion. Programme managers are busy on site with the verification of progress in order to authenticate payment certificates. Tranches estimated at R200 million for the implementing agent are expected to be paid by the end of March 2014.

Dinaledi School – spending is at R8.2 million or 35.2 percent. The grant projects to breakeven as procurement process for Life Science materials, laboratory supplies, calculators and computer hardware and software are on-going. The textbooks requisitions are being completed and these will take R9 million.

Technical Secondary School Recap – spending is at R3.2 million or 22.3 percent. The grant projects to breakeven and the current expenditure excludes infrastructure which is being reported under Education Infrastructure grant. Tenders for machinery and equipment are still in process.

EPWP Social Grant – spent R30.6 million or 110.3 per cent of R27.8 million budget.

EPWP Incentive to Provinces - no spending under the grant due to delay in finalizing the contract with the African Youth Council through whom the department intends to implement EPWP projects.

4.2.4 Health

Overall spending on Conditional Grant spending by the department is R1.205 billion or 65.6 percent of the total budget of R1.837 billion. There is a slow spending as compared to the straight line projection of 91.6 percent.

HIV and AIDS (71.0%) - under spending due to:

- Vacant posts not filled
- Data capturers approved for level 4 absorption on 30 Dec 2013, they are currently paid a R2000 monthly stipend 7 deputy managers (PNA8) & 1 State Accountant posts advertised during Nov-Dec 2013.
- Non-payment of Pharmaceutical supplies
- Drugs supply for December 2013 not yet paid (R17m)
- Tests kits not paid as from April 2013 to date as invoices have not been provided
- MMC kits could not be purchased on tender as the National Tender has expired

- All trainings are off-schedule and often on hold because of the delays in procurement of training venues and accommodation by the travel agency

Social Sector EPWP Social Grant (65.1%) - the under spending is due to final tranche NPO transfers to be effected during January 2014.

National Health Insurance (112.6%) - Unreliability and unavailability of the BAS system delays payments. The grant received the roll-over of R5.8 million. The plan to utilize this amount only started in January 2014

National Tertiary Services Grant (82%) – delays in linking of Health Professionals which were supposed to be paid under NTSG.

Health Professions Training and Development Grant (82%) - Payment of non-recurring R30 million for bursaries which was paid in the first quarter as the students were admitted in January 2013

Nursing Colleges Grant (17.1 %) - Nursing colleges PPP project outstanding site information with regard to the zoning, title deeds and land claims

Hospital Revitalization Grant (40.4%) - For HRG and HIG Infrastructure Projects: Legal / contractual dispute between Sakhiwo Health Solutions and the Department from April to August. The dispute settled by court ruling in favour of the Department on the 27 of August 2013. The transfer of projects in construction from one Implementing Agent to another (Sakhiwo to IDT) is under way, the 38 Contractors have left site due to non-payment and R14 million reprioritized to activate new clinics and the health centres. Delay in the appointment of new contractors will cause a savings of R101 million on both Hospital Revitalization and Health Infrastructure Grants

4.1.3 CoGHSTA

Overall spending is at R240.7 million or 17.6 percent of the total budget of R1.4 billion. Spending is mainly on the Integrated Housing & Human Settlements Development Grant. The low spending is due to:

- The projected under spending is mainly due to National Treasury stopping the transfer of R644 million of the 2013/14 Human Settlement Development. Thus effectively the department has spent 32 percent of the revised budget.

Disaster: Flood damage and EPWP incentive are still at zero spending.

4.2.5 Public Works

EPWP Incentive Grant The spending is at R2.7 million or 92 percent of the total budget of R3 million. An anticipated over expenditure amounting to R0. 230 million is as a result of an extra number of 56 contract workers. Funds will therefore be shifted from equitable share to Conditional grant in order to augment the anticipated over spending.

4.2.6 Economic Development, Environment and Tourism

EPWP Incentive grant – Spending is at R547 or 99.5 percent in payment for a fencing project at Lekgalameetse Nature Reserve which will be completed by end of March 2014.

4.2.7 Social Development

EPWP Incentive grant - Spending is at R7.7 million or 85.5 percent of the total budget of R8.9 million. The department is in the process of transferring the fourth quarter payments and will be finalized in March 2014.

4.2.8 Roads and Transport

Overall spending is at R536.9 million or 35.5 percent. Overall spending is low due to delay in appointment of PSP's due to lack of clarity on procurement method to be followed. The under spending as at February 2014 is mainly due to the process of appointment of contractors which was not completed yet. Most contractors were only appointed during February and March 2014. However it should be noted that these projects have an average duration of 4 to 6 months and they will be completed in the current financial year. Other reason includes the delay in commencement of procurement processes for road maintenance material. The projected under spending is mainly due to National Treasury stopping the transfer of R637 million of the 2013/14 Roads Maintenance Grant.

Infrastructure grant- Spending is at R288.0 million or 23.8 percent. Delays in completing designs for the department to advertise bids for Roads Preventative Maintenance, Community Based Programme project and access roads is the cause of under spending. 22 road maintenance projects have been advertised and closed in October 2013 and were evaluated, and awarded within March 2014. The projected under spending is mainly due to National Treasury stopping the transfer of R637 million of the 2013/14 Roads Maintenance Grant. Thus effectively the department has spent 50.2 percent of the revised budget.

EPWP grant – Spending is at R12 million or 46.2 percent. The under spending is due to delay in the appointment of beneficiaries as well as the procuring of materials and uniforms to be utilized when performing Community based programme projects.

Public Transport Operation Grant – Spending is at R236.9 million or 86.2 percent of the total adjusted budget of R274.9 million which covers the month of April 2013 to January 2014. Low spending is due to delay in the processing of Bus subsidy claims for February 2014 which will be paid during March 2014.

5. Provincial own revenue

Revenue collection as at FEBRUARY 2014								
	Main appropriation	Adjusted Appropriation	Projections to FEBRUARY 2014	Projected outcome	Actual to FEBRUARY 2014	Actual collection as % of budget	Over	(Under)
Education	44 612	44 612	40 624	40 835	36 847	82.6%		-3 777
Health	120 708	120 708	110 281	103 559	82 948	68.7%		-27 333
Social Development	2 511	2 511	2 335	3 324	3 054	121.6%	719	
Public Works	28 797	28 797	26 467	27 039	24 709	85.8%		-1 758
Agriculture	9 316	9 316	6 823	5 843	4 950	53.1%		-1 873
Roads and Transport	356 456	356 456	319 627	341 922	305 097	85.6%		-14 530
CoGHSTA	2 500	2 500	1 897	1 205	827	33.1%		-1 070
Sport, Arts & Culture	910	910	893	1 448	881	96.8%		-12
Safety Security & Liaison	873	82	74	363	357	435.9%	283	
Office of the Premier	654	654	588	1 325	1 259	192.5%	671	
Provincial Legislature	257	257	120	170	164	63.8%	44	
Provincial Treasury	1 366	137 090	132 841	191 749	172 925	126.1%	40 084	
LEDET	60 577	77 506	69 322	95 309	87 124	112.4%	17 802	
Total provincial receipts	629 537	781 399	711 892	814 091	721 141	92.3%	59 603	(50 354)
						NET		9 249

5.1. The table above reflects Own Provincial Revenue receipts as at 31 January 2014

Original Provincial own revenue target is R629.5 million and increased to R781.4 million. As at 28 February 2014 the Actual Provincial own revenue collection is R721.1 million or 92.3 per cent against the annual target of R781.4 million. The province has over collected by R9.2 million as against the projected collections to date, mainly contributed by Provincial Treasury and LEDET due to increased collections of interest and transfers of own revenue and unspent funds by Public entities.

Department of Roads and Transport, Health, Education, Agriculture, Public Works and CoGHSTA are projecting to under collect their target as at end March 2014.

Seven (6) departments collected above their set monthly projections:

5.1.1. Provincial Treasury (Target R137.1 million)

The department collected R172.9 million or 126.1 per cent against set annual target of R137 million. Over collection of R40.1 million as against the target to date of R132.8 million is due to collection of more interest on bank balances than anticipated.

5.1.2 Economic Development (Target R77.5 million)

As at 28 February 2014 the department collected R87.1 million or 112.4 per cent against set annual target of R77.5 million. The over collection of R17.8 million as against the target to date of R69.3 million is due surrender and transfer of surplus by Public Entities, sale of live game and capital assets that were not budgeted for by the department.

5.1.3. Social Development (Target R2.5 million)

The department collected R3.1 million or 121.6 per cent against set annual target of R2.5 million due to more collection of commission on insurance, parking fee as well as improved recovery of debts.

5.1.4. Office of the premier (Target R0.654 million)

An amount of R1.3 million or 192.5 per cent has been collected against set annual target of R0.654 million. Collection above projection is due to more recovery of debts and sale of capital assets without a budget.

5.1.5. Safety, Security and Liaison (Target R0.082 million)

The department collected R0.357 million or 435.9 per cent against set annual target of R0.082.. Over collection is due to more collection of commission on insurance and recovery of debts.

5.1.6. Provincial Legislature (Target R0.257 million)

Provincial Legislature actually collected an amount of R0.164 or 63.8 per cent compared to a projection of R0.120 million or 46.7 per cent. Over collection is due to improved collection on tender documents and recovery of outstanding debts.

Six (7) departments collected below their projections

5.1.7. Health (Target R120.7 million)

The department collected R82.9 million or 68.7 per cent against set annual target of R120.7 million. The under collection of R27.3 million against the target to date of R110.2 million is mainly due to backlog of un-captured receipts caused by poor response of BAS and slow recovery of patient fee debts. The department is also projecting to collect below the annual target.

5.1.8. Roads and Transport (Target R356.5 Million)

The department has collected R305.1 million or 85.6 per cent against set annual target of R356.5 million. Under collection is due to less collection of traffic fines, non-transfer of motor vehicle license fees by municipalities, backlog of un-captured receipts caused by poor response of BAS as well as reduced tariffs related to public transport and operating permits.

5.1.9. Education (Target R44.6 Million)

The department collected R36.8 million or 82.6 per cent against set annual target of R44.6 million. Collection is below the projections mainly because of less collection of commission on insurance and backlog for capturing and clearing debt related transactions. The department's projection indicates that it will collect below the annual target as at end March 2014.

5.1.10. Co-operative Governance (Target R2.5 million)

Collection as at February 2014 is R0.827 million or 33.1 per cent against set annual target of R2.5. The department offset an amount of R1.1 million against own revenue collection to recover overpayment made to Provincial Revenue Fund which reduces the current financial year collection. The department requested refund out of Provincial Revenue Fund, the revenue collected will be reinstated after approval granted.

5.1.11. Public Works (Target R28.8 million)

The department collected R24.7 million or 85.8 per cent against set annual target of R28.8 million. The collection is below projections due to rental collection.

5.1.12. Agriculture (Target R9.3 million)

The department collected R4.9 million or 53.1 per cent against set annual target of R9.3 million. The under collection of R1.8 million, to date, was mainly due to low collections on sale of capital assets, and agricultural produce.

5.1.13. Sport, Arts and Culture (Target R0.910 million)

Actual collection is R0.881 million or 96.8 per cent against set annual target of R0.910 million. Under collection is due to the delay in hosting of Mapungubwe Arts festival which was postponed to take place in March 2014 as well as slow recovery of debts

5.2. Own revenue per economic classification

Economic Classification

R thousand	Main appropriation	Adjusted Appropriation	Projections to FEBRUARY 2014	Projected outcome	Actual to FEBRUARY 2014	Actual collection as % of budget	Over	(Under)
Tax receipts	320 336	325 264	292 685	310 288	277 709	85.4%		-14 976
Sales of goods and services non capital assets	218 550	226 211	206 742	205 560	176 366	78.0%		-30 376
Transfers received from:	-	-	-	(0)	178		178	
Fines, penalties and forfeits	47 686	47 748	43 675	40 111	36 100	75.6%		-7 575
Interest, dividend and rent on	416	135 429	131 365	191 353	172 615	127.5%	41 250	
Sales of capital assets	14 077	15 502	12 273	28 023	23 320	150.4%	11 047	
Revenue financial assets	28 472	31 245	25 152	38 756	34 853	111.5%	9 701	
Total departmental receipts	629 537	781 399	711 892	814 091	721 141	92.3%	62 177	(52 927)
						NET		9 249

5.2.1. Tax receipts (Target R325.3million)

An amount of R277.7 million or 85.4 per cent has been collected against set annual target of R325.3 million. Under-collection of R14.9 million, to date, is mainly on motor vehicle license by department of Roads & Transport because of non-transfer of motor vehicle license fees by municipalities as well as backlog of un-captured receipts caused by poor response of BAS

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

As at 28 February 2014 collection is R176.4 million or 78.0 per cent against set annual target of R226.2 million. Under collection of R30.4 million, to date, is mainly because of backlog of un-captured receipts on patient fees by the departments of Health.

5.2.3. Fines, penalties and forfeits (Target R47.7 million)

Fines, penalties and forfeits collected R36.1 million or 75.6 per cent against set annual target of R47.7 million. The low collections is mainly due to backlog of un-captured traffic fines by Department of Roads and Transport.

5.2.4. Interest, dividend and rent on land (Target R135.4 million)

Collection as at 28 February 2014 is R172.6 million or 127.5 per cent against set annual target of R135.4 million. Over collection is as a result of increased collections of interest on bank balances by Provincial Treasury.

5.2.5. Sale of capital assets (Target R15.2 million)

As at 28 February 2014 the item collected R23.3 million or 150.4 per cent against set annual target of R15.2 million. Collection above projections is due to auction sale of capital assets mainly by Roads and Transport, Education and Health.

5.2.6. Financial transactions in assets and liabilities (Target R31.2 million)

Collection as at 28 January 2014 amounts to R34.9 million or 111.5 per cent against set annual target of R31.2 million. Over collection is due to improved recovery of debts.

5.3. Transfers made to Provincial revenue fund

REVENUE COLLECTED AND PAID OVER TO PRF AS AT 28 FEBRUARY 2013				
Departments	Actual February 2014	Transferred	Actual January 2014	Difference
	'000	'000	'000	'000
Office of the Premier	1 259	1 223	1 223	0
Education	36 847	25 359	32 749	-7 390
Agriculture	4 950	4 632	4 632	0
Provincial Treasury	172 925	153 868	153 868	0
Economic Development	87 124	82 542	81 640	902
Health	82 948	59 927	68 204	-8 277
Roads and Transport	305 097	274 330	274 330	0
Public Works	24 709	21 909	21 909	0
Safety & Security	357	56	68	-12
CoGSTA	827	919	696	223
Social Development	3 054	2 279	2 279	0
Sport, Arts & Culture	881	854	854	0
Total provincial receipts	720 977	627 897	642 452	-14 555
Legislature	164		154	
Total	721 141		642 606	

An amount of R627.9 million was transferred into the Provincial Revenue Funds resulting in R14.6 million less than collection for January 2014, contributed mainly by Department of Health and Education. The following department transfer more than collection for January 2014:

- Cooperative Governance, Human Settlements & Traditional Affairs
- Economic Development

6. Infrastructure spending

Table13: Provincial Budget and Expenditure Comparisons over three Financial Years (2011/12, 2012/13 and 2013/14) as at 28 February 2014

Infrastructure Expenditure Comparison as at 28 February year-on-year									
Department	Budget (R'000)			Expenditure (R'000)			% Expenditure		
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Education	1 230 799	956 194	1 150 062	1 203 497	414 952	843 465	98%	43%	73%
Current	18 360	94 180	225 077	16 679	24 569	37 777	91%	26%	17%
Capital	1 212 439	862 014	924 985	1 186 818	390 383	805 688	98%	45%	87%
Agriculture	230 196	183 187	187 558	186 974	56 496	100 297	81%	31%	53%
Current	15 178	6 680	4 856	11 915	390		79%	6%	0%
Capital	215 018	176 507	182 702	175 059	56 106	100 297	81%	32%	55%
Health	1 042 023	1 249 673	641 095	728 001	969 041	291 706	70%	78%	46%
Current	102 825	171 144	179 184	61 416	80 504	108 514	60%	47%	61%
Capital	939 198	1 078 529	461 911	666 585	888 537	183 192	71%	82%	40%
Roads and Transport	2 268 532	2 347 769	2 425 521	2 048 111	1 427 894	1 116 509	90%	61%	46%
Current	1 218 577	1 066 826	1 339 152	980 075	555 997	878 221	80%	52%	66%
Capital	1 049 955	1 280 943	1 086 369	1 068 036	871 897	238 288	102%	68%	22%
Social Development	89 423	70 266	80 639	85 459	74 117	41 582	96%	105%	52%
Current	9 000	-		87			1%		
Capital	80 423	70 266	80 639	85 372	74 117	41 582	106%	105%	52%
Sports, Arts and Culture	48 996	50 434	30 283	21 884	23 185	6 833	45%	46%	23%
Current	5 000	8 550	4 695	-		861	0%	0%	18%
Capital	43 996	41 884	25 588	21 884	23 185	5 972	50%	55%	23%
CoGHSTA	1 533 214	1 641 611	1 327 742	1 022 349	996 100	240 658	67%	61%	18%
Current									
Capital	1 533 214	1 641 611	1 327 742	1 022 349	996 100	240 658	67%	61%	18%
LEDET			53 102			12 168			23%
Current			13 596			4 130			30%
Capital			39 506			8 038			20%
Public Works	51 147	55 245	53 765	24 991	11 646	22 932	49%	21%	43%
Current	3 600	4 850	6 613	3 075	1 805	3 244	85%	37%	49%
Capital	47 547	50 395	47 152	21 916	9 841	19 688	46%	20%	42%
TOTAL	6 494 330	6 554 379	5 949 767	5 321 266	3 973 431	2 676 150	82%	61%	45%
Subtotal (Current)	1 372 540	1 352 230	1 773 173	1 073 247	663 265	1 032 747	78%	49%	58%
Subtotal (Capital)	5 121 790	5 202 149	4 176 594	4 248 019	3 310 166	1 643 403	83%	64%	39%

The overall Provincial Infrastructure budgets are reducing year on year and expenditure deteriorates each year. The overall Provincial Infrastructure under expenditure impact on service delivery.

Table 14: Infrastructure Projected Expenditure Comparisons over three Financial Years (2011/12, 2012/13 and 2013/14) as at 28 February 2014.

Infrastructure Expenditure (Actual vs Projected) Comparison as at 28 February year-on-year												
Department	Budget (R000)			Actual Expenditure (R000)			Projected Expenditure for remainder of FY (R000)			(Over/Under Expenditure)		
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Education	1 230 799	956 194	1 150 062	1 203 497	414 952	843 465	-	69 991	306 557	27 302	471 251	-
Current	18 360	94 180	225 077	16 679	24 569	37 777	-	7 457	45 543	1 631	62 124	141 757
Capital	1 212 439	862 014	924 985	1 186 818	390 383	805 688	-	62 534	261 014	25 671	409 127	-141 757
Agriculture	230 196	183 187	187 558	196 974	56 496	100 297	69 429	79 948	87 261	-26 207	46 749	-
Current	15 178	6 680	4 866	11 915	390	-	3 263	3 856	4 886	-	2 434	-
Capital	215 018	176 507	182 702	175 059	56 106	100 297	66 166	76 092	82 375	-26 207	44 315	-
Health	1 042 023	1 249 673	641 095	728 001	969 041	291 706	320 845	252 754	165 134	-6 823	27 878	184 255
Current	102 825	171 144	179 184	61 416	80 504	108 514	41 409	55 641	70 670	-	34 999	-
Capital	939 198	1 078 529	461 911	666 585	888 537	183 192	279 436	197 113	94 464	-6 823	-7 121	184 255
Roads and Transport	2 268 532	2 347 769	2 425 521	2 048 111	1 427 894	1 116 509	220 421	455 193	915 269	-	464 682	393 743
Current	1 218 577	1 066 826	1 339 152	980 075	555 997	878 221	43 802	88 665	227 908	194 700	422 164	233 023
Capital	1 049 955	1 280 943	1 086 369	1 068 036	871 897	238 288	176 619	366 528	687 361	-194 700	42 518	160 720
Social Development	89 423	70 266	80 639	85 459	74 117	41 582	5 000	45	9 000	-1 036	-3 896	30 057
Current	9 000	-	-	87	-	-	-	-	-	8 913	-	-
Capital	80 423	70 266	80 639	85 372	74 117	41 582	5 000	45	9 000	-9 949	-3 896	30 057
Sport, Arts and Culture	48 996	50 434	30 283	21 884	23 185	6 833	27 112	27 249	19 798	-	-	3 652
Current	5 000	8 550	4 695	-	-	861	5 000	8 550	2 353	-	-	1 481
Capital	43 996	41 884	25 588	21 884	23 185	5 972	22 112	18 699	17 445	-	-	2 171
CoGHSTA	1 533 214	1 641 611	1 327 742	1 022 349	996 100	240 658	315 280	645 841	294 737	195 585	-330	792 347
Current	-	-	-	-	-	-	-	-	-	-	-	-
Capital	1 533 214	1 641 611	1 327 742	1 022 349	996 100	240 658	315 280	645 841	294 737	195 585	-330	792 347
LEDET	-	-	53 102	-	-	12 168	-	-	38 022	-	-	2 912
Current	-	-	13 596	-	-	4 130	-	-	9 466	-	-	-
Capital	-	-	39 506	-	-	8 038	-	-	28 556	-	-	2 912
Public Works	5 147	55 245	53 765	24 991	11 646	22 932	26 156	43 599	30 833	-	-	-
Current	3 600	4 850	6 613	3 075	1 805	3 244	525	3 045	3 369	-	-	-
Capital	47 547	50 395	47 152	21 916	9 841	19 688	25 631	40 554	27 464	-	-	-
GRAND TOTAL	6 484 330	6 554 379	5 949 767	5 321 266	3 973 431	2 676 150	984 243	1 574 620	1 866 651	188 821	1 006 328	1 406 966
Subtotal (Current)	1 372 540	1 352 230	1 773 173	1 073 247	663 265	1 032 747	93 999	167 244	36 416 5	205 294	521 721	376 261
Subtotal (Capital)	5 121 790	5 202 149	4 176 594	4 248 019	3 310 166	1 643 403	890 244	1 407 376	1 502 486	-16 473	484 607	1 030 705

Table 15: Conditional Grants Infrastructure Expenditure as at 28 February 2014

Limpopo Infrastructure Conditional Grants Expenditure as at 28 February 2014				
Department	Number of Projects	Adjusted Budget (R'000)	Provincial Actual Payments (R'000)	Actual Payments as a % of Budget
Agriculture	179	116 344	66 618	57%
Comprehensive Agricultural Support Programme Grant	179	116 344	66 618	57%
Sport, Arts and Culture	40	30 283	6 833	23%
Community Library Service Grant	40	30 283	6 833	23%
Education	1 926	1 150 062	843 465	73%
Education Infrastructure Grant	1 910	1 128 090	829 295	74%
Technical Secondary Schools Recapitalisation Grant	16	21 972	14 170	64%
Health	210	461 911	183 192	40%
Health Facility Revitalisation Grant - HIG Component	75	211 961	85 769	40%
Health Facility Revitalisation Grant - HRG Component	77	234 680	94 805	40%
Health Facility Revitalisation Grant - NCSG Component	58	15 270	2 618	17%
CoGHSTA		1 327 742	240 658	18%
Integrated Housing & Human Settlements Development Grant		1 327 742	240 658	18%
Roads and Transport	126	1 578 453	383 889	24%
Provincial Roads Maintenance Grant	126	1 578 453	383 889	24%
Total	2 481	4 664 795	1 724 655	37%

Source: IRM February 2014

The overall performance on the infrastructure grant spending is poor for the province recorded at thirty seven percent (37%) as at 28 February 2014. This is fifty eight (58%) below the norm.

The only departments performing better are Education and Agriculture at seventy three (73%) and fifty three (53%) respectively. 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 threat of stopping the grants funds has been realized with the departments of Roads and Transport, CoGHSTA and Sport, Arts and Culture. The funds stopped have not yet been removed from the budgets above.

6.1. General Observations

The following are observed:

- The Provincial Infrastructure Budget is primarily funded by Conditional Grants representing seventy eight percent (78%) of the entire budget. The withholding will have quite a huge impact on the Provincial Infrastructure Budget.
- The Provincial Infrastructure Expenditure shows a decline over the three financial years as at February. This is a move of three percent (3%) from January 2014.
- The Provincial Infrastructure Expenditure as at 28 February is recorded as follows:
 - 82% - 2011/12
 - 61% - 2012/13

- 45% - 2013/14
- The spending trend has been poor in particular for 2012/13 and 2013/14 (as at 28 February) – the norm is ninety two percent (92%).
- All departments have been poorly spending as at 28 February 2014, except for Education at seventy three percent (73%), which is still nineteen percent (19%) below the norm.
- The departments with the lowest expenditure as at 28 February 2014 are LEDET and CoGHSTA at twenty three percent (23%) and eighteen percent (18%), respectively.
- Education, Agriculture and Public Works project to break even. The other departments all project to underspend by a total amount of R1.406 billion. The withholding of funds for the departments of Sport, Arts and Culture, CoGHSTA and Roads and Transport will have a significant impact on the projected underspending once the adjusted budget is passed.

7. Conclusion

The Province projects to spend R48.127 billion at year end with a projected under spending of R1.571 billion that relates mainly to two Departments: CoGHSTA – R807.4 million and Roads and Transport – R510.1 million. The reasons for projected under spending include, amongst others:

- Withholding of housing grant (R1.203 billion) and the process of re-inspections of claims/certificates for payment.

Overall conditional grants spending as at end of February 2014 amounts to R4.347 billion or 56.1 percent against the adjusted allocated budget of R7.754 billion. The conditional grant spending budget will be reduced by R1.290 billion to R6.464 billion which implies that the conditional grant expenditure to date is effectively 67.2%

Overall infrastructure conditional grants spending as at end of February 2014 amounts to R1.724 billion or 37.0 percent against the adjusted allocated budget of R4.664 billion.

The own revenue collected by the Limpopo Province as at end of February 2014 is at R721.1 million, which is 92.3 percent of the target amount of R781.4 million for 2013/14 financial year.



Gavin Pratt CA (SA)
 Head of Department
 Provincial Treasury

20/3/2014

Date