



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

MEDIUM TERM

BUDGET POLICY

STATEMENT (MTBPS)

2020 / 21



The heartland of southern Africa - development is about people

Foreword

This MTBPS is presented against the backdrop of the first global economic slowdown since the financial crisis of 2008/9. The only country that is expecting positive growth this year is China, that is expected to grow at 1.9 percent in 2020. The global economy is expected to decline by 4.4 percent in 2020 and to recover by 5.2 percent in 2021. The COVID-19 pandemic placed additional pressure on an already declining South African economy. The South African economy is expected to decline by at least 8 percent in 2020, and is then expected to recover by 3 percent in 2021, and by only 1.5 percent in 2022 and 2023 respectively. The outlook depends on the outcome of the current COVID-19 pandemic. If a second outbreak occurs, and the lockdown further needs to be extended, the negative impact on the national economy will increase.

The year 2020 will always be remembered for the COVID-19 pandemic. The crisis caused the national government to allocate R500 billion to fund relief measures to protect the health of the citizens and to limit the impact of the crisis on the already struggling South African economy. These additional expenditures on national and provincial level placed additional pressure on the fiscus that lead to higher debt to GDP levels on the national budget, accompanied by losses of more than R300 billion in revenue in the 2020/2021 financial year. This leaves limited scope for further fiscal stimulation should the continuing COVID-19 crisis necessitates such.

The challenging situation facing the country and the province necessitates that the implementation of the provincial budget and corresponding expenditure over the MTEF must be done using the most economic and efficient processes in order to increase the returns on investments that the Provincial Government is making to boost service delivery, reduce unemployment, poverty and inequality. The provincial revenue collection is also gaining more importance in the current situation as the province strives to better the livelihood of its citizens.



Hon. S. Sekoati (MPL)
MEC for Finance

TABLE OF CONTENTS

Chapter 1: ECONOMIC OUTLOOK	1
1.1 Introduction	1
1.2 Global Economic Outlook	1
1.2.1 International Trade	2
1.2.2 Risks to World economic growth	3
1.2.3 Health trends.....	4
1.2.4 USA elections.....	4
1.3 South African Economic Outlook	5
1.3.1 Primary sector	6
1.3.2 Secondary Sector.....	6
1.3.3 Tertiary Sector.....	7
1.4 Limpopo Economic Outlook	8
1.5 Demography	9
1.5.1 Population	9
1.6 Education	10
1.7 Labour Market	13
1.7.1 Employment	13
1.7.2 Unemployed	14
1.8 Income Inequality	16
1.9 Poverty	16
1.10 Household infrastructure	17
1.10.1 Access to dwelling.....	17
1.10.2 Access to electricity.....	18
1.10.3 Access to refuse removal.....	18
1.10.4 Access to sanitation	19
1.10.5 Access to water.....	19

1.11 Conclusion	20
Chapter 2: CHAPTER 2: BUDGET POLICY PRIORITIES	21
2.1. Introduction.....	21
2.2. Implementation approach of the provincial priorities	23
2.3. Discussion on provincial priorities	23
2.4. Conclusion	39
Chapter 3: PROVINCIAL INFRASTRUCTURE DEVELOPMENT AND DELIVERY	41
3.1 Introduction.....	41
3.2 Limpopo Provincial Government Infrastructure Adjustment Estimates..	42
3.3 Limpopo Provincial Government Infrastructure Expenditure Plans	43
3.4 Overview of Infrastructure Sectors	45
3.4.1 Abridged Provincial Infrastructure Strategy	45
3.5 Conclusion	47
Chapter 4: PROVINCIAL BUDGET AND SPENDING PATTERNS.....	48
4.1 Introduction.....	48
4.2 Cash Management	49
4.3 Interest Performance.....	51
4.4 Expenditure outcomes as at 30 September 2020.....	51
4.4.1 Spending per Economic Classification	52
4.5 Equitable share spending	55
4.6 Conditional Grants	56
4.7 COVID-19 EQUITABLE SHARE SPENDING	57
4.8 PROVINCIAL OWN REVENUE PERFORMANCE.....	58
4.8.1 Overall receipts	58
4.8.2 Own Revenue per economic classifications	59
4.9 Provincial Infrastructure Performance	61

4.10 Conclusion	61
Chapter 5: Mid Term Review	62
5.1 Introduction	62
5.2 Basis of budget adjustment estimates for 2020/21 financial year	62
5.3 Provincial Own Revenue	63
5.3.1 Summary of Revised Provincial Own Revenue estimates	63
5.3.2. Provincial Own Revenue adjustments per department	64
5.4 Budget Adjustment Estimates for 2020/21 financial year	66
5.4.1 Provincial Available Resources	66
5.4.2 Adjustment per department:	67
Chapter 6: PROVINCIAL FISCAL ENVELOPE – 2021/22 MTEF	71
6.1 Introduction	71
6.2 Medium Term Expenditure Framework Estimates	71
6.3 Conditional Grants	72
6.4 Provincial Own Receipts	73
6.5 Provincial MTEF Allocations	74
6.6. Conclusion	74

Table of Figures

Figure 1: World trade volumes as a percentage to GDP	3
Figure 2: Limpopo GDP, at constant prices	8
Figure 3: LIMPOPO GDP Constant 2010 prices - percentage changes	9
Figure 4: Highest level of education (Primary level)	11
Figure 5: Highest level of education (Secondary level)	12
Figure 6: Highest level of education (Tertiary level)	12
Figure 7: Number of people employed	13
Figure 8: Number of jobs created in the province.....	14
Figure 9: Unemployment, economically inactive and discouraged in the province...	14
Figure 10: Expanded unemployment rate	15
Figure 11: Gini coefficient for Limpopo and for the districts.....	16
Figure 12: Number of people living in poverty	17
Figure 13: Infrastructure maintenance expenditure estimates.....	45

Table of Tables

Table 1: World Gross Domestic Prices, % change	2
Table 2: SA Gross Domestic Product by sectors.....	5
Table 3: Limpopo population by district	10
Table 4: Limpopo number of households	10
Table 5: Number of households with access to dwelling	17
Table 6: Number of households with access to electricity	18
Table 7: Number of households with access to refuse removal.....	19
Table 8: Number of households with access to sanitation	19
Table 9: Number of households with access to water.....	20
Table 10 : Summary of provincial infrastructure adjustments estimates	42
Table 11: Summary of provincial infrastructure payments and estimates by vote.....	44
Table 12: Summary of provincial infrastructure payments and estimates by category	44
Table 13: Funds received from National Revenue Fund as at 30 September 2020	49
Table 14: Actual Expenditure vs Cash Allocations and Actual Funds Transferred to departments as at 30 September 2020	50
Table 15: Interest Performance as at 30 September 2020	51
Table 16: Provincial overall expenditure as at 30 September 2020	52
Table 17: Compensation of Employees as at 30 September 2020	53
Table 18: Goods and Services as at 30 September 2020	53
Table 19: Transfers and subsidies as at 30 September 2020.....	54
Table 20: Payment for Capital Assets as at 30 September 2020.....	55
Table 21: Equitable share spending as at 30 September 2020	55
Table 22: Conditional Grants spending per department as at 30 September 2020.....	56
Table 23: COVID-19 Equitable Share Expenditure.....	57
Table 24: Revenue collection as at 30 September 2020	58
Table 25: Own revenue per economic classification as at 30 September 2020	59
Table 26: Infrastructure Expenditure comparison as at 30 September 2020	61
Table 27: Summary of Provincial Own Receipts per department.....	63
Table 28: Adjustment budget for 2020/21.....	67
Table 29: National allocation to the Limpopo Province	71
Table 30: Provincial Sources of Funding	72
Table 31: Provincial Own Revenue estimates over the MTEF	73
Table 32: 2021 MTEF Provincial Allocations	74

Chapter 1: ECONOMIC OUTLOOK

1.1 Introduction

The World is engulfed by unprecedented fiscal and monetary policy adjustments to cushion countries from experiencing the potential severity of COVID 19 pandemic. There has been a further shift to develop local industries to aid in the swift response to the pandemic. In a highly globalised and internationally integrated trade community, the currently applied policies were not seriously considered. The consequences of the lockdown have in some instances eroded the gains countries made in terms of reduction of unemployment, poverty, and inequality, where many people lost their jobs, failed to sustain their micro businesses and related issues. This has created a fiscal burden on many economies with the expansion of welfare services, health related expenses, and countries will content with these social challenges for some time to come. As much as COVID 19 created a disruption, it may have created a new economic paradigm that might in future see accelerated economic revolution with emphasis to service sector.

1.2 Global Economic Outlook

The World economic outlook took an unusual shape since the advent of COVID 19. The pandemic has undoubtedly and adversely affected World economic growth prospects and strained health care services. The increased health expenditure and reduced economic activity, and resultant lack of revenue collection, in traditionally growing sectors has led to extensive budget deficits. The IMF (International Monetary Fund) projects that annualized World economic growth will decline by 4.4 percent in 2020 which represents a significant reduction from the 2019 growth rate of 2.8 percent. The largest contractions in largest economies in all the regions are United Kingdom (-9.8 percent), India (-10.3 percent) and South Africa (-8.0 percent). The IMF forecast for the contraction in South Africa is still viewed by many as fairly conservative, depending on the status of the lockdown.

Table 1: World Gross Domestic Prices, % change

Country Group Name	2016	2017	2018	2019	2020	2021	2022	2023
World	3,3	3,8	3,5	2,8	-4,4	5,2	4,2	3,8
Advanced economies	1,8	2,5	2,2	1,7	-5,8	3,9	2,9	2,2
United States	2,2	3,3	2,7	2,7	0,0	3,2	2,1	2,1
United Kingdom	1,9	1,9	1,3	1,5	-9,8	5,9	3,2	1,9
Taiwan Province of China	1,7	2,3	3,0	2,2	-4,3	3,1	2,9	2,3
Emerging market and developing economies	4,5	4,8	4,5	3,7	-3,3	6,0	5,1	4,9
Brazil	-3,3	1,3	1,3	1,1	-5,8	2,8	2,3	2,2
China	6,8	6,9	6,8	6,1	1,9	8,2	5,8	5,7
India	8,3	7,0	6,1	4,2	-10,3	8,8	8,0	7,6
Sub-Saharan Africa	1,5	3,1	3,3	3,2	-3,0	3,1	4,0	4,4
Kenya	5,9	4,8	6,3	5,4	1,0	4,7	6,0	5,8
Nigeria	-1,6	0,8	1,9	2,2	-4,3	1,7	2,5	2,5
South Africa	0,4	1,4	0,8	0,2	-8,0	3,0	1,5	1,5

Source: IMF October 2020

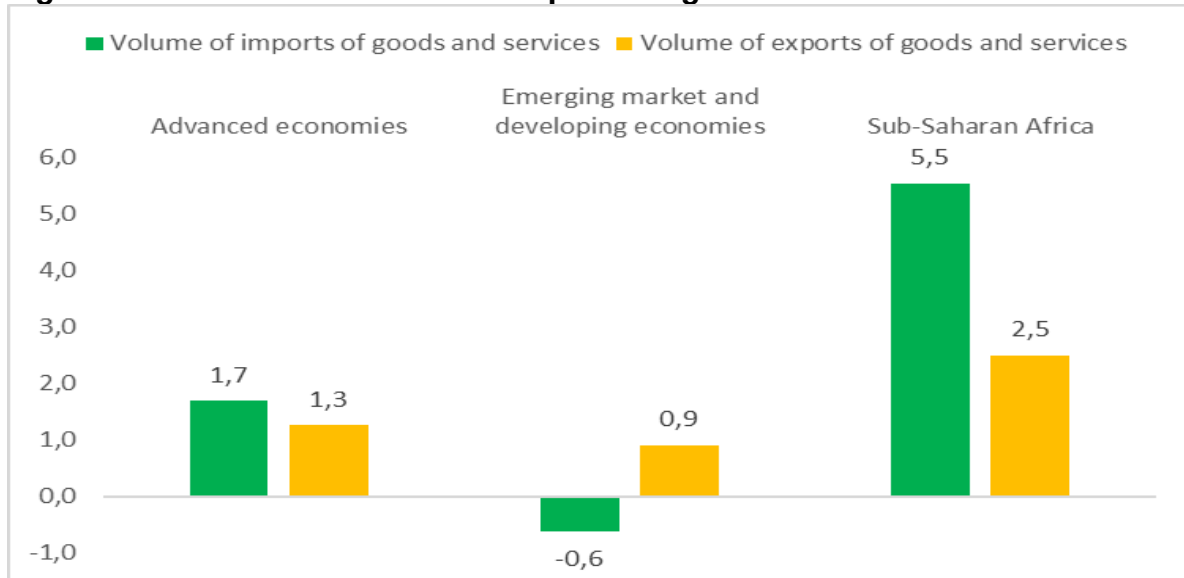
1.3 International Trade

Globalization and international trade have been the major contributing factors for economic development in countries all over the World. However, the COVID-19 pandemic has caused a major setback in the trading industry. As the virus is spreading across nations and more and more people are getting infected, the governments are increasing the containment zones and restricting trade at a global level.

According to OECD Economic Outlook, the global GDP has fallen by almost 13 percent because of a decline in global trade opportunities. Another reason for this decline in the trade opportunities could be that governments are now focusing on supplying the essential goods only. Also, there is a consistent shift in the demand and supply chains as people are not likely to shop for any other items, except the essentials.

Import volumes in Advanced and Sub-Saharan Africa economies remained relatively high in 2019 at 1.7 and 5.5 percent of their GDP, while that of Emerging markets, dominated by China and India, who experience the pandemic much earlier than the rest of the world, and thereby affecting trade volumes which was -0.6 percent of the region's GDP. However, part of the recovery in China will be in the exponential rise in their export volumes as they will be supplying to the rest of the world who are still battling with health priorities and lockdown effects.

Figure 1: World trade volumes as a percentage to GDP



Source: IMF October 2020

The Covid-19 pandemic has led to an unprecedented global shock, with large hits to trade in almost every country. The good news is that the drop in international merchandise trade, often a leading indicator, appears to follow a sharp ‘V-shaped’ pattern, with a much faster recovery than following earlier episodes of world trade contractions. It is important to note that the analysis applies to merchandise trade only. Recovery of services trade (including international travel and tourism) will need substantially longer and will require breakthroughs in the treatment of, and protection against, the virus.

1.3.1 Risks to World economic growth

The economic forecast depends on public health and economic factors that are inherently difficult to predict, the needed public health response, and how countries react, most notably in contact-intensive sectors of the economy. Europe and America have been lackadaisical in arresting the spread of the pandemic sparing risks of eminent economic lockdowns. Sources of uncertainty also include the extent of global spillovers from soft demand, weaker tourism, and lower remittances; and uncertainty surrounding the damage to supply potential, which will depend on the level of pandemic shock, the size and effectiveness of the policy response.

1.3.2 Health trends

During October 2020, a Human Sciences Research Council (HSRC) survey revealed that there is Covid-19 fatigue, with the general public not adhering to the health protocols so diligently as at the beginning of the lockdown. However, in Europe and America there may not be evidence to suggest people are getting tired, however, people are getting angry, frustrated, and resentful. In all instances, these are conditions that may lead to multiple surges of the pandemic in all regions of the world and thereby distort the potential world economic recovery.

Fears also exists that we can experience a second wave of infections, in South Africa, that might even lead to higher lockdown stages over the December holiday. The jury is still out on the date that a vaccine will be available, but it is generally agreed that it will most likely be only in the second half of 2021.

1.3.3 USA elections

According to the IMF, the U.S. is the world's largest economy with one of the largest military structures around the world. Considering the country's economic and military significance, the U.S. presidential election every four years is seen as one of the most important recurring political events globally. Depending on the outcome of the 2020 elections, investors can expect everything from robust economic growth supported by another wave of fiscal stimulus and increased government spending, to a stifled economy hindered by congressional gridlock particularly on trade policies.

In addition to growth and employment, voters and investors will be paying close attention to other policy matters that will affect those indicators going forward. Chief among these are government spending and taxes, government debt, regulatory policies, foreign trade and interest rates. In the event that Mr Trump is re-elected there are fears he could start a trade war with Europe, as he has previously threatened to do, claiming previously that Europe has treated the U.S. worse than China. A trade war would be damaging to both the European and U.S. economies. On the other hand, Mr Biden appears to be cordial and advance economic policies that support fair trade

with conservative trade restrictions (at least not so provocative as the once advanced by Mr Trump). Biden is in favor of the government playing a bigger role in the economy, despite the huge budget deficit that America is currently running, A Biden win will lead to higher levels of government expenditure to boost the American economy. The question is also raised on whether Biden will reverse some of the trade negotiations that Trump stalled like for instance the current stance on North American Free Trade Area (NAFTA).

1.4 South African Economic Outlook

The South African economy was already in a recession before the lockdown, following on several years with sub-par growth rates. The ratings downgrade also did not help the cause.

In terms of sector contributions, the South African primary sector contributed about 10.2 percent to the Gross Domestic Product (GDP) in 2019, the secondary sector contributed 19.3 percent and the Tertiary sector 70.3 percent. However, most sectors experienced a decline in the first and second quarter of 2020, which is congruent to the Covid-19 outbreak in the country, accompanied by regulatory measures to reduce the accelerated infection rates by closing down the economy and utilising non-contact methods to run businesses or render public services. The aim of the lockdown was also to give the Department of Health the opportunity to prepare for the expected demand for ICU beds with ventilators.

Table 2: SA Gross Domestic Product by sectors

	2019 - Q2	2019 - Q3	2019 - Q4	2020 - Q1	2020 - Q2
Agriculture, forestry and fishing	-4,9	-4,5	-7,6	28,6	15,1
Mining and quarrying	17,4	-6,1	1,8	-21,5	-73,1
Manufacturing	2,1	-4,4	-1,8	-8,5	-74,9
Electricity, gas and water	3,2	-4,9	-4,0	-5,6	-36,4
Construction	-2,4	-6,9	-5,9	-4,7	-76,6
Trade, catering and accommodation	3,4	2,6	-3,8	-0,7	-67,6
Transport, storage and communication	-0,3	-5,4	-7,2	0,5	-67,9
Finance, real estate and business services	4,1	1,6	2,7	3,7	-28,9
General government services	3,3	2,4	-0,4	1,2	-0,6
Personal services	0,8	0,4	0,7	0,5	-32,5
GDP at market prices	3,3	-0,8	-1,4	-1,8	-51,0

Source: StatsSA GDP Q2

The recession before the lockdown was evident with some of the economic sectors showing contractions already, such as, manufacturing, construction, and mining. COVID-19 exacerbated the adverse economic performance suppressing the economic fundamentals. The South African economy has now contracted in four consecutive quarters placing the country in a fully-fledged recession. The sectoral performance of the primary, secondary, and tertiary sector will now be discussed in more detail.

1.4.1 Primary sector

The agricultural sector was the only sector that expanded in the second quarter of 2020, at a robust pace of 15.1 percent. This reflected the agricultural sector's essential-goods-provider status during the national lockdown. The production of field crops as well as horticultural and animal products was supported by favourable weather conditions and increased foreign demand.

The real output of the mining sector contracted sharply further by 73.1 percent in the second quarter of 2020 following a decline of 21.5 percent in the first quarter. Mining output subtracted 6.0 percentage points from overall GDP growth as production declined in all the mining subsectors, particularly of platinum group metals (PGMs), gold, iron ore, chromium ore and coal. Production was also suppressed by supply-chain disruptions related to domestic and international lockdown restrictions, which limited the exporting of minerals to foreign countries.

1.4.2 Secondary Sector

The real output of the manufacturing sector contracted by 74.9 percent in the second quarter of 2020 and subtracted the most of all sectors from overall GDP growth, at 10.8 percentage points. Even before the lockdown manufacturing activity had already been impeded by rising input costs and insufficient demand in an environment of low business confidence. The lack of reliable energy supply is also a challenge.

The real output of the sector supplying electricity, gas and water declined for a fourth consecutive quarter in the second quarter of 2020, by a notable 36.4 percent, weighed down by both electricity distribution and water consumption.

The decrease in the real GVA by the construction sector of 76.6 percent was the most severe of all sectors in the second quarter of 2020 and extended the period of uninterrupted contractions to a full two years. The contraction in the second quarter reflected the further deterioration in civil construction as well as in residential and non-residential building activity, as the national lockdown brought almost all construction activity to a halt.

1.4.3 Tertiary Sector

The Trade, Catering and Accommodation industry contracted by 67.6 percent in the second quarter of 2020, subtracting 10.5 percentage points from overall GDP growth, following a revised decline of 0.7 percent in the preceding quarter. Activity in Wholesale, Retail and Motor trade as well as in Tourism and Accommodation contracted sharply, weighed down by restrictions on non-essential purchases and travel during the lockdown.

The real output of the Transport, Storage and Communication services sector reverted to a sharp contraction of 67.9 percent in the second quarter of 2020 following a slight increase of 0.5 percent in the first quarter. Weaker activity occurred in land and air transportation as well as in transport support services, as only the transportation of essential goods, which constitutes a small part of activity in the sector, was permitted for most of the quarter.

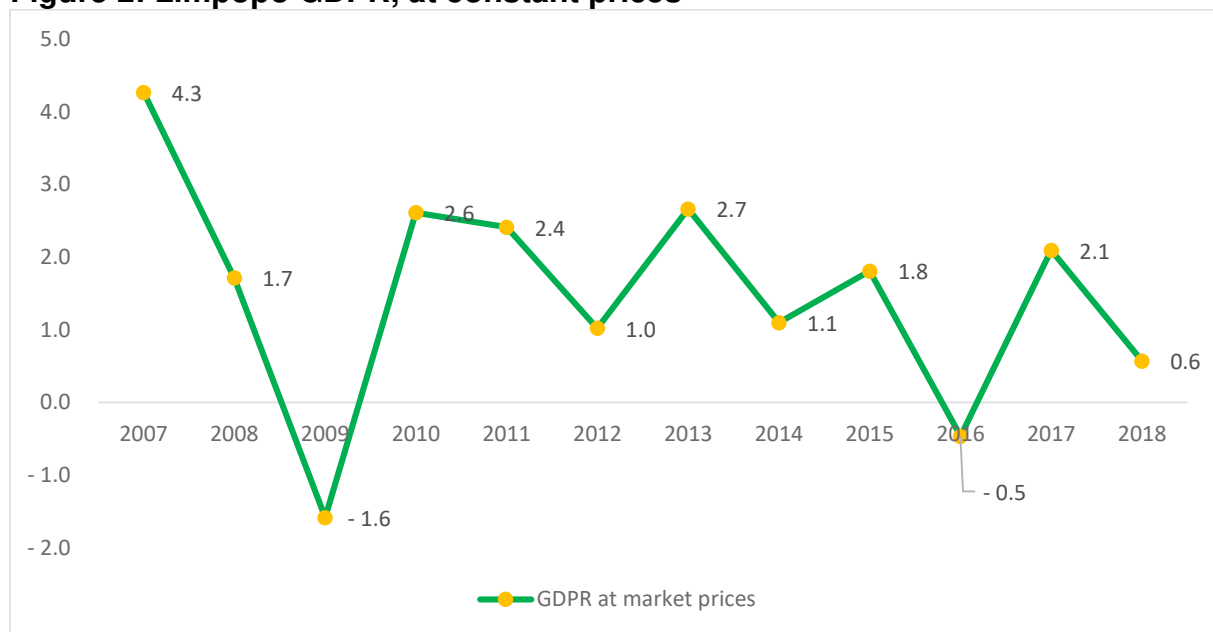
The real GVA by the Finance, Insurance, Real Estate, and Business Services sector receded by 28.9 percent in the second quarter of 2020, subtracting 5.4 percentage points from overall GDP growth. This was the first contraction since the second quarter of 2009 when real output in the sector decreased by 0.6 percent in the aftermath of the global financial crisis. The contraction was evident in the Finance and Insurance subsector where reduced banking activity lowered the output of the monetary intermediation subsector.

The real GVA by the General Government services sector reverted from a revised increase of 1.2 percent in the first quarter of 2020 to a decrease of 0.6 percent in the second quarter. The contraction reflected a decrease in the number of employees in the General Government sector.

1.5 Limpopo Economic Outlook

According to Statistics SA, Limpopo economy grew by only 0.6 percent during 2018. This is a continuation of the relative poor growth performance since 2013. The growth of the provincial economy is still hugely influenced by the performance of the mining industry as it is the largest and most erratic sector in the province- influenced by international demand and commodity price changes. It is expected that the provincial economy will not be spared from the adverse Covid 19 effects due to reduced demand in precious metals.

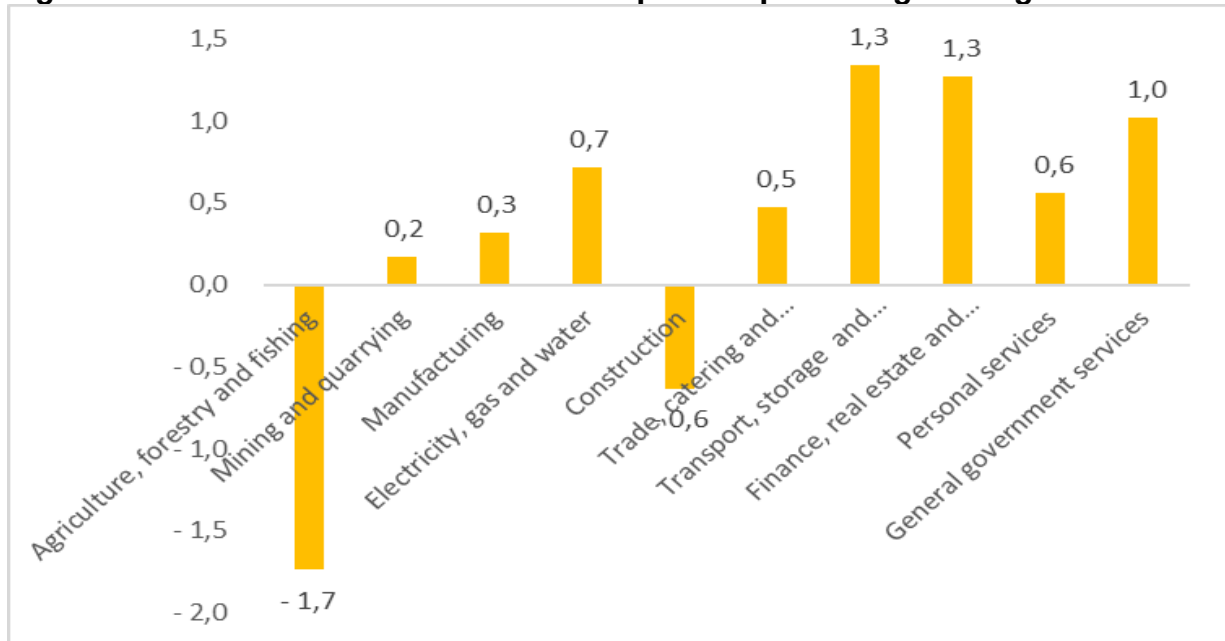
Figure 2: Limpopo GDP, at constant prices



Source: StatsSA, 2019

Growth in the province was driven by largely the tertiary sector. The Mining sector contributed 0.2 percent, Manufacturing 0.3 percent, and Electricity, Gas and Water grew by 0.7 percent. Contractions were witnessed in Agriculture, Forestry and Fishing by -1.7 percent and Construction by -0.6 percent.

Figure 3: LIMPOPO GDP Constant 2010 prices - percentage changes



Source: StatsSA, 2019

1.6 Demography

1.6.1 Population

The Limpopo provincial population stands at 5.9 million people, which is characterized by a youth budge. The population growth rate for the past 5 years averaged 4.6 percent. There is a high correlation between population growth and the demand for public services because increases in the population leads to a higher the demand for public services. It is therefore expected that public infrastructure and other public services should have grown by at least 4 percent to circumvent public service backlogs and to provide the new demand for services only. This excludes trying to address the serious maintenance backlog in terms of infrastructure.

About 87.3 percent of the total population reside in four of the five districts namely Mopani (1.2 million), Vhembe (1.5 million), Capricorn (1.3 million) and Greater Sekhukhune (1.2 million) respectively, while the population of Waterberg district is 0.6 million people. The districts that witnessed a significant increase in their population growth in the past ten years are Vhembe district (11.6 percent), Waterberg district (11.6 percent) and Greater Sekhukhune district (11.7 percent).

Table 3: Limpopo population by district

Population (Number)	2009	% contribution	2019	% contribution	% Growth rate (2009 - 2019)
Limpopo	5 464 504	100%	5 982 584	100%	9,5%
Mopani (DC33)	1 108 421	20,3%	1 206 998	20,2%	8,9%
Vhembe (DC34)	1 305 128	23,9%	1 456 706	24,3%	11,6%
Capricorn (DC35)	1 282 618	23,5%	1 343 501	22,5%	4,7%
Waterberg (DC36)	682 222	12,5%	761 689	12,7%	11,6%
Greater Sekhukhune (DC47)	1 086 116	19,9%	1 213 691	20,3%	11,7%

Source: Quantec

Generally, districts with high population numbers equally experience the largest increase in the number of households, assuming that the household size stays constant, like for instance the four districts already mentioned. The unique service delivery challenge facing the province is that household density is relatively high in rural homes however, the households are spread over large geographic areas due to a lack of proper spatial planning in various of these rural areas. The Mopani and Greater Sekhukhune districts have experienced the largest growth in households over the past ten years recorded at 17.9 percent and 18.4 percent, respectively.

Table 4: Limpopo number of households

Households (Number)	2009	% contribution	2019	% contribution	% Growth rate (2009 - 2019)
Limpopo	1 355 777	100%	1 549 950	100%	14%
Mopani (DC33)	283 859	20,9%	323 123	20,8%	13,8%
Vhembe (DC34)	315 175	23,2%	371 509	24,0%	17,9%
Capricorn (DC35)	328 802	24,3%	360 778	23,3%	9,7%
Waterberg (DC36)	181 340	13,4%	202 446	13,1%	11,6%
Greater Sekhukhune (DC47)	246 601	18,2%	292 094	18,8%	18,4%

Source: Quantec

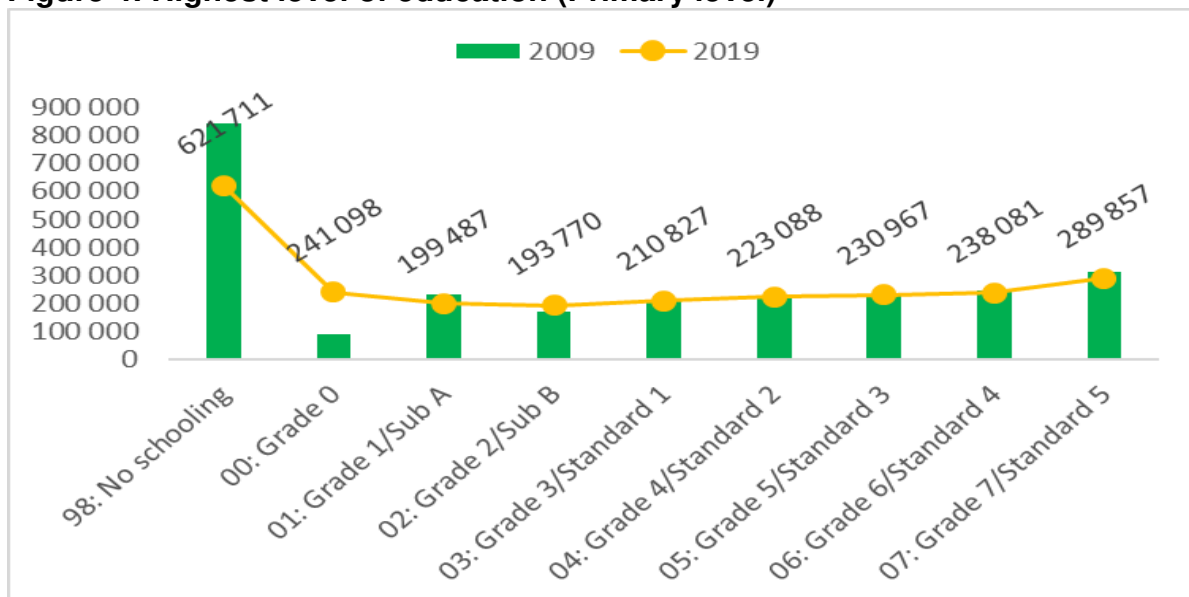
1.7 Education

According to the World Economic Forum, all countries, regardless of their national wealth, stand to gain from more and better education. According to a recent OECD report, providing every child with access to education and the skills needed to participate fully in society would boost GDP by an average 28 percent per year in

lower-income countries and 16 percent per year in high-income countries for the next 80 years.

Limpopo is characterized by a low skills base with 93.4 percent of the population having matric or lower as their highest level of education. This is a fundamental impediment for development in many aspects. Government has made strides in reducing the number of people who have never been to school in the past ten years, however the number is still high at 621 711 people in 2019. The risk of a low literate society is the inability for government to communicate with them, i.e. the messages relating to COVID-19. The number of people with grade 1 to Grade 7 as their highest level of education has not changed significantly.

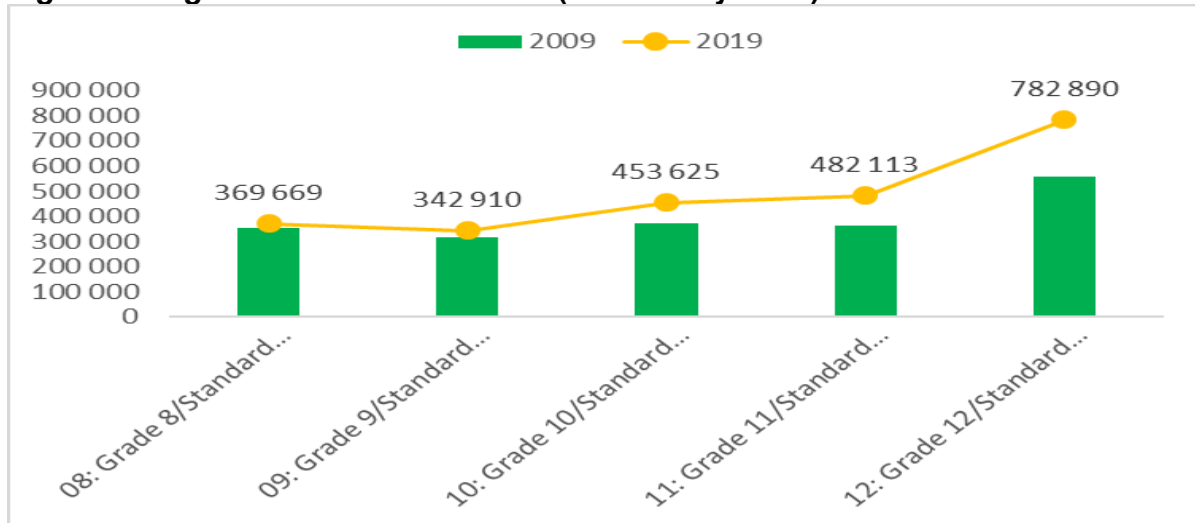
Figure 4: Highest level of education (Primary level)



Source: Quantec

The province has witnessed a significant rise in the number of people with the matric qualification rising from 557 076 in 2009 to 782 890 in 2019. This increase of the cohort raises concerns as it is created by either lack of funding to pursue advanced qualifications at higher learning institution, limited spaces in higher learning institutions and or poor results that act as an impediment to enter higher learning institutions.

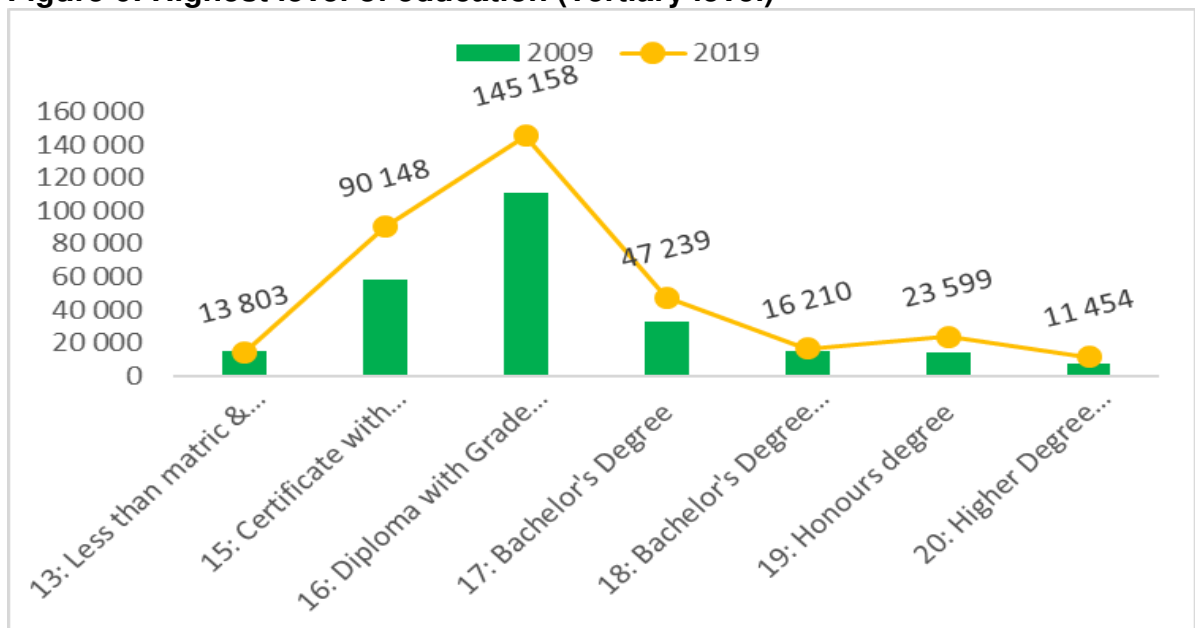
Figure 5: Highest level of education (Secondary level)



Source: Quantec

The skills base in the province is dominated by individuals who poses Certificates with Matric and Diploma with Matric sitting at 90 148 and 145 158 respectively in 2019. This requires a meticulous assessment of the skills needs in the province in respect to the skills supply. A mismatch of the two could partially explain the slow pace of development in the province. The global economic growth is supported by complex tertiary services such as ICT and research and development, and therefore a low skills base will imply slow and reduced participation in the global economic arena.

Figure 6: Highest level of education (Tertiary level)



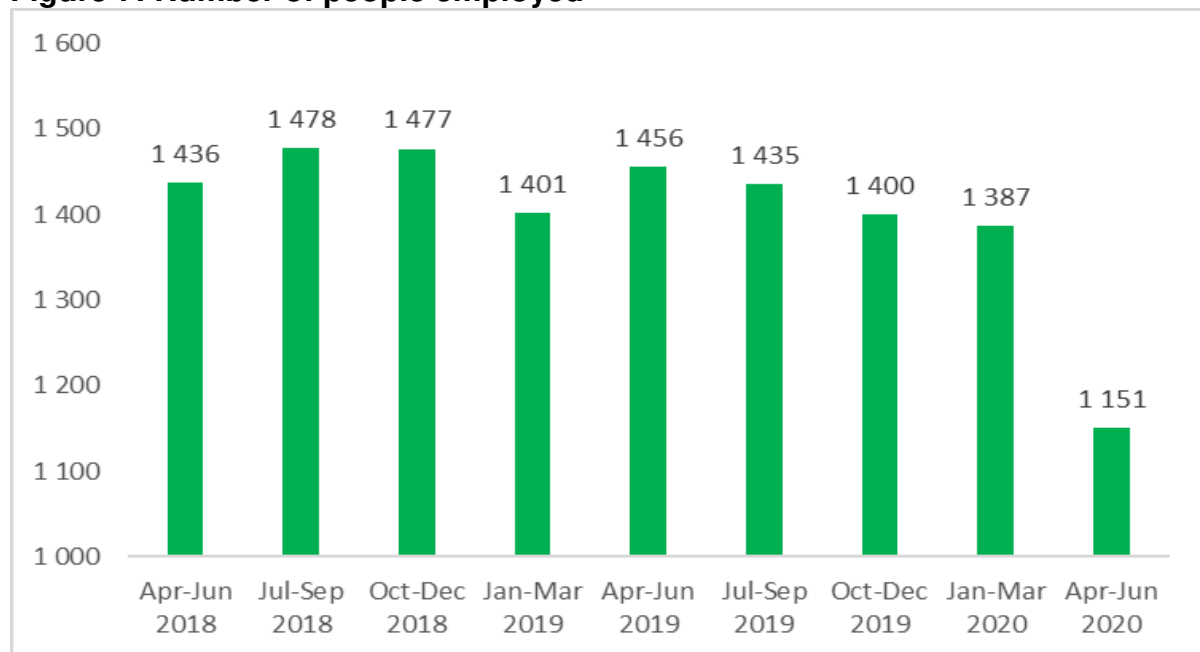
Source: Quantec

1.8 Labour Market

1.8.1 Employment

The traditional labour market has gone through a shock and it continues to undergo continuous transformation globally, including structural and legal reforms. This transformation requires a national response in order for South Africa to remain competitive relative to other countries. Employment worldwide suffered a significant contraction particularly in the traditional labour intensive sectors, however, ICT and delivery services saw a remarkable increase in employment since the advent of Covid-19. In the province, employment declined from 1.4 million to 1.1 million workers. This declining trend has been continuing since the third quarter of 2019.

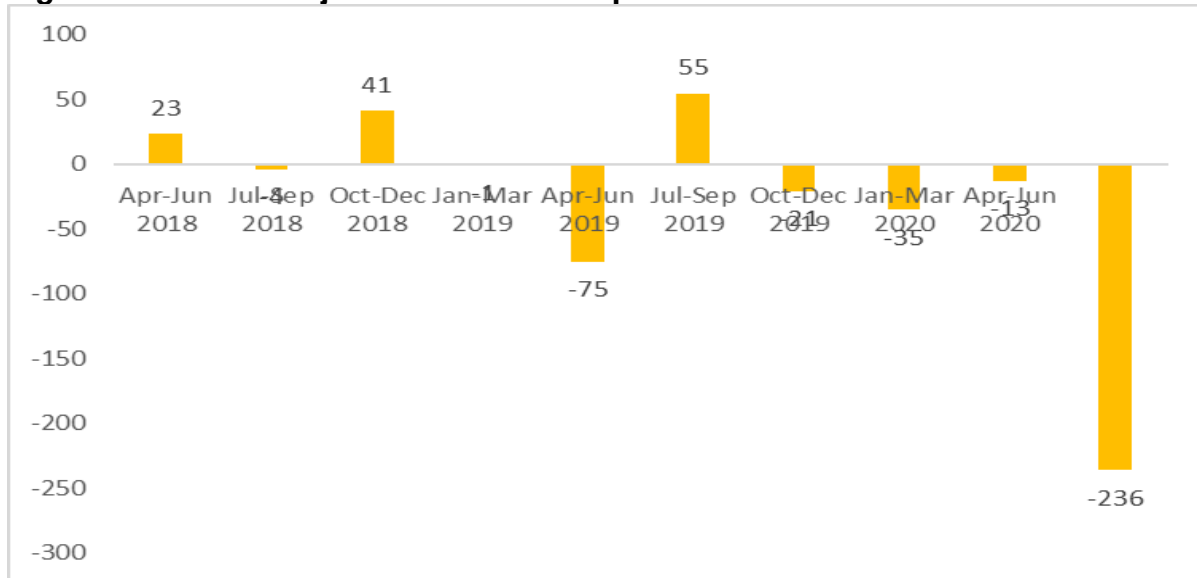
Figure 7: Number of people employed



Source: QLFS Q2

The province shed 223 thousand people in the second quarter from -13 thousand in the first quarter to -236 in the second quarter, while the country shed 2.2 million jobs in the same period. Unemployment causes workers to suffer financial difficulties that may lead to emotional destruction. When it happens, consumer spending, which is one of an economy's key drivers of growth, goes down, leading to a recession or even a depression when left unaddressed.

Figure 8: Number of jobs created in the province

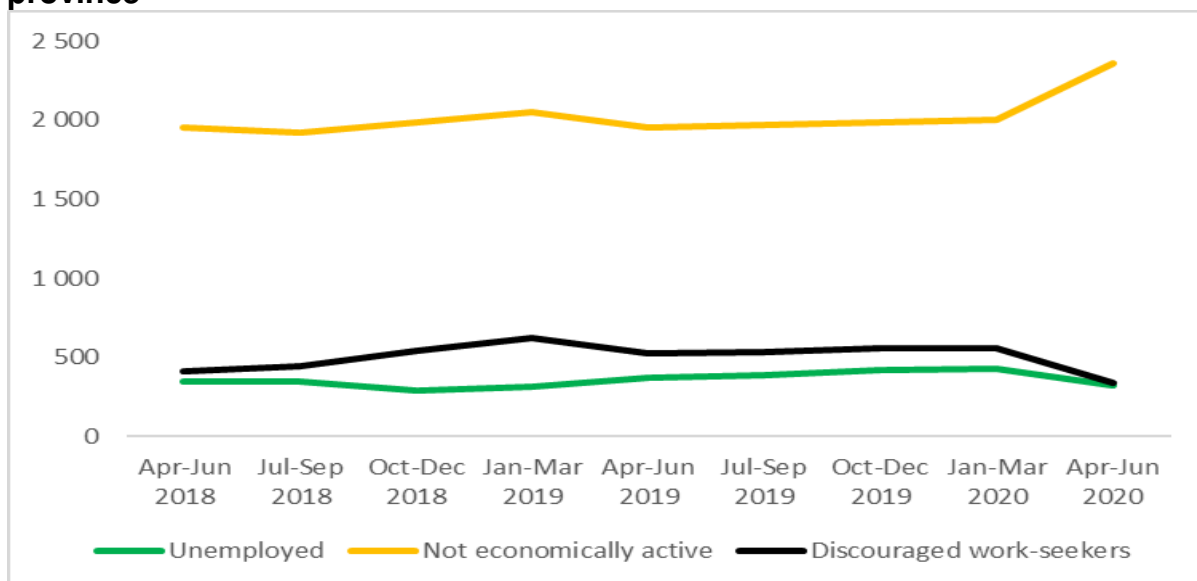


Source: QLFS Q2:2020

1.8.2 Unemployed

During the low economic growth in the second quarter of 2020, a decline was observed in the number of people unemployed and the discouraged workers. This therefore implies that those that were not actively looking for employment decided to stay put, not by choice, but by the fact that human movement was restricted during the lockdown and potential employers had their operations shut.

Figure 9: Unemployment, economically inactive and discouraged in the province



Source: QLFS Q2

Despite the huge number of job losses, the provincial unemployment rate in the second Quarter decreased to 21.9 percent, down from 23.6 percent in the previous quarter. The reason for the decline is due to the impact of the definition of being official unemployed, according to the strict definition, that is utilized by Statistics SA. According to Statistics SA a person is deemed to not be officially unemployed if they were not actively looking for employment in the two weeks before the labour force survey. During the lockdown various of the unemployed were not able to actively look for jobs and subsequently they are not deemed to be officially unemployed.

Figure 10: Expanded unemployment rate



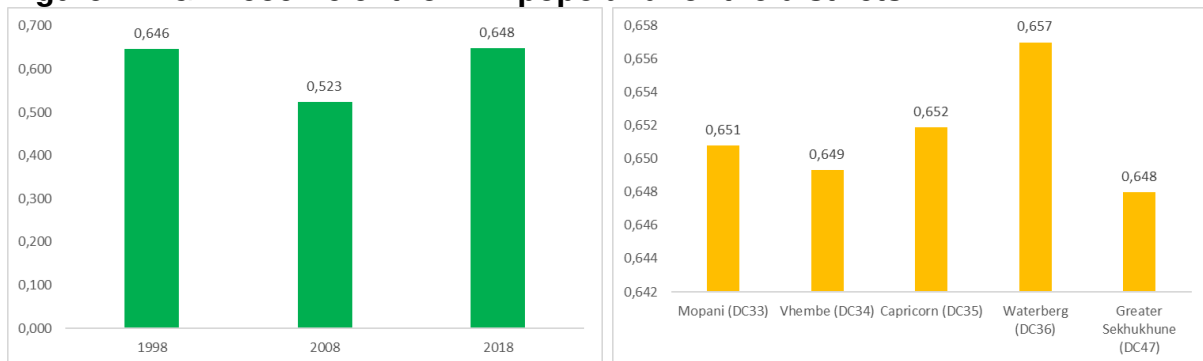
Source: QLFS Q2

The unemployment elasticity for growth in South Africa has traditionally been 0.5 implying that for each one percent increase in GDP the unemployment rate will decline by 0.5 percent. As has been indicated, an economic contraction of approximately 10 percent is expected for 2020, implying that the unemployment rate will increase by 5 percent, assuming everything else stay constant. The assumption unfortunately does not hold true because many industries in South Africa could not operate on full capacity due to the lockdown. This is a second reason why substantial job losses is forecasted for the year.

1.9 Income Inequality

Income inequality in the province increased from 0.52 in 2008 to 0.65 in 2018. Income inequality is caused by multiple factors for which government has initiated development programmes to tackle the social challenge. However, this problem is multi-faceted and requires a comprehensive response. Waterberg district had the highest income inequality in the province, while Vhembe and Greater Sekhukhune district have the lowest income inequality at 0.649 and 0.648 respectively in 2018. The challenge in Waterberg is that not everyone is benefiting in the same way from the economic development in the district. In Vhembe and Sekhukhune, the income levels differ relative less than in Waterberg.

Figure 11: Gini coefficient for Limpopo and for the districts

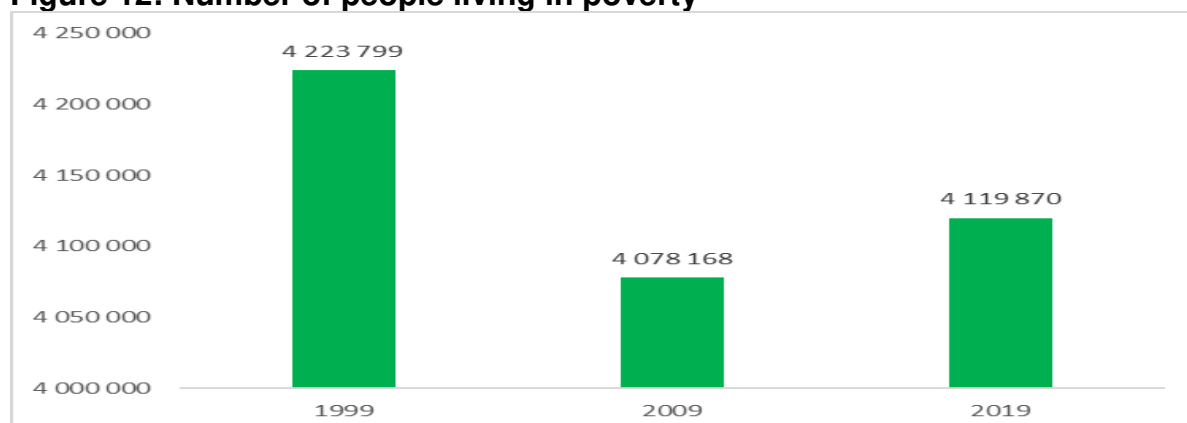


Source: Quantec

1.10 Poverty

Poverty eradication is a long-standing policy priority of various government programmes with the aim to ensure an equitable society characterized by broad-based development. Yet again, poverty is multifaceted and requires a meticulous cocktail of interventions to ensure sustainable outcomes. There were indications of decreasing number of people living in poverty from 4.22 million people in 1999 to 4.07 million in 2009. The number increased in 2019 to 4.12 million. The number is anticipated to rise because of the consequences of COVID 19, where many people lost income streams from employment and business failures (particularly informal traders). The lockdown also highlighted the extreme plight of the poor with hundreds of people joining ques to get food. The problem of food security increased dramatically as the lockdown continued.

Figure 12: Number of people living in poverty



Source: IHS Markit- Regional Explorer

1.11 Household infrastructure

1.11.1 Access to dwelling

The number of households that live in a house or brick structure on a separate stand or yard improved from 62.0 percent in 1999 to 86.0 percent in 2019. This is indicative of the Human Settlement department's efforts in building the indigent population decent houses and improve average disposable income of households who have the ability to build themselves decent homes. There are only 5 percent (70 287 households) that still live in Traditional dwelling/hut/structure made of traditional materials. The COVID 19 pandemic created less infections in rural areas than in the cities due to low population density of settlements. The risk is, however, that a high number of people are often sharing one house, limiting the options for social distancing and increasing the chances of COVID infection.

Table 5: Number of households with access to dwelling

Dwelling	1999	2009	2019	1999	2009	2019
	Number			Percent		
Total - Type of dwelling	1 203 771	1 355 777	1 549 950	100%	100%	100%
House or brick structure on a separate stand or yard	752 276	999 484	1 333 032	62%	74%	86%
Traditional dwelling/hut/structure made of traditional materials	255 349	169 137	70 387	21%	12%	5%
Flat in a block of flats	8 632	9 907	11 141	1%	1%	1%
Town/cluster/semi-detached house (simplex, duplex or triplex)	7 710	8 894	10 010	1%	1%	1%
House/flat/room, in backyard	26 648	21 223	18 132	2%	2%	1%
Informal dwelling/shack, in backyard	21 304	27 264	35 977	2%	2%	2%
Informal dwelling/shack, NOT in backyard, e.g. in an informal/squatter settlement	54 610	54 039	46 358	5%	4%	3%
Room/flatlet not in backyard but on a shared property	11 265	12 870	16 801	1%	1%	1%
Other/unspecified/NA	65 977	52 959	8 113	5%	4%	1%

Source: Quantec

1.11.2 Access to electricity

The province has majority of households electrified where 87 percent of households use electricity for lights. Only 11 percent use candles and 1 percent still use paraffin. There is a very insignificant number of households that use solar for lighting. According to the United Nations (UN) the Sustainable Development Goal (SDG) seven, that aspires affordable and clean energy, further requires that there needs to be improved access to clean and safe cooking fuels and technologies to support the fight against global warming and its adverse consequences.

Table 6: Number of households with access to electricity

Electricity	1999	2009	2019	1999	2009	2019
	Number			Percent		
Total - Energy for lighting	1 203 771	1 355 777	1 549 950	100%	100%	100%
Other/unspecified	9 304	3 884	0	1%	0%	0%
Electricity	699 379	1 001 584	1 351 753	58%	74%	87%
Gas	3 446	2 588	2 299	0%	0%	0%
Paraffin	127 830	61 197	13 394	11%	5%	1%
Candles	361 239	279 845	170 382	30%	21%	11%
Solar	2 573	5 013	7 737	0%	0%	0%
None	0	1 665	4 385	0%	0%	0%

Source: Quantec

1.11.3 Access to refuse removal

Only 21.0 percent of the provincial households have access to formal refuse removal in 2019. This is an improvement from the past two decades which stood at 15.0 percent. The concern is that 66 percent of the households dispose their own refuse, which remains a concern due to lack of proper management over refuse removal. The waste is often dumped polluting the air, soil, and water which damages the environment in the worst way possible.

Table 7: Number of households with access to refuse removal

Refuse removal	1999	2009	2019	1999	2009	2019
	Number			Percent		
Total - Refuse removal	1 203 771	1 355 777	1 549 950	100%	100%	100%
Unspecified / other	5 167	4 802	12 321	0%	0%	1%
Removed by local authority at least once a week	185 676	248 785	324 301	15%	18%	21%
Removed by local authority less often	11 701	11 715	10 692	1%	1%	1%
Communal refuse dump	21 008	17 765	21 422	2%	1%	1%
Own refuse dump	792 538	895 682	1 024 265	66%	66%	66%
No rubbish disposal	187 681	177 028	156 949	16%	13%	10%

Source: Quantec

1.11.4 Access to sanitation

There is a relatively low number of households with flushing toilets in the province at 23.0 percent, while 68.0 percent of households have access to Pit latrine sanitation. The topographic and scattered nature of rural settlements has posed a significant challenge to the roll out sanitation reticulation in the province, prompting solutions suited for rural settlements.

Table 8: Number of households with access to sanitation

Sanitation	1999	2009	2019	1999	2009	2019
	Number			Percent		
Total - Toilet facility	1 203 762	1 355 762	1 549 950	100%	100%	100%
Flush or chemical toilet	234 960	293 006	349 010	20%	22%	23%
Pit latrine	698 227	834 226	1 056 566	58%	62%	68%
Bucket latrine	7 608	8 875	9 720	1%	1%	1%
None of the above	262 968	219 655	134 654	22%	16%	9%

Source: Quantec

1.11.5 Access to water

Only 18 percent of households have access to piped water inside the dwelling. While 34.0 percent have piped water inside yard, 20.0 percent have piped water on community stand: distance less than 200m. from dwelling and 13.0 percent have Piped water on community stand: distance greater than 200m. from dwelling. There is 3.0 percent (49 590 households) who access water from the dam/river/stream/spring.

Table 9: Number of households with access to water

Water	1999	2009	2019	1999	2009	2019
	Number			Percent		
Total - Access to water	1 203 771	1 355 777	1 549 950	100%	100%	100%
Piped water inside dwelling	151 082	192 363	280 678	13%	14%	18%
Piped water inside yard	338 159	435 623	527 174	28%	32%	34%
Piped water on community stand: distance less than 200m. from dwelling	244 264	238 065	317 706	20%	18%	20%
Piped water on community stand: distance greater than 200m. from dwell	207 197	246 274	205 714	17%	18%	13%
Borehole/rain-water tank/well	74 841	55 460	39 841	6%	4%	3%
Dam/river/stream/spring	124 119	107 863	80 740	10%	8%	5%
Water-carrier/tanker/Water vendor	20 728	32 813	49 590	2%	2%	3%
Other/Unspecified/Dummy	43 382	47 316	48 508	4%	3%	3%

Source: Quantec

1.12 Conclusion

The advent of the COVID-19 pandemic has changed how government, business and society perceives things and does things. Government was challenged on how to continue providing public services to all citizens using new methods, as was business, who were faced with the challenge of remaining relevant and profitable amidst the lockdown and COVID-19 regulations.

The use of ICT is proving to be the solution of the recovery phase of post COVID-19 regime. ICT was always applied but its relevance was highlighted by the pandemic and thereby accelerated full application. New businesses and future growth opportunities are in the ICT sector and government needs to investigate in order to optimise the benefits that could be attained from aligning to the fourth Industrial revolution. Municipalities will have to appreciate ICT in the provision of municipal services and optimisation of service delivery and revenue collection.

The economic impact of the COVID crisis created huge pressure on the fiscus with the debt to GDP ratio expected to increase to more than 100 percent soon. The lower profit levels of companies will also lead to lower tax revenue which in turn will put pressure on the equitable share allocation of the Limpopo Province. In this regard the Province has already been asked to reprioritize and lower its budget. Provincial departments will have to learn how to do more with less.

Chapter 2: CHAPTER 2: BUDGET POLICY PRIORITIES

2.1. Introduction

For the first time since the 2009 global economic crisis the World economy is expected to decline drastically during 2020, due to the outbreak of COVID-19 towards the end of 2019, with the first cases recorded in China. Slow economic growth is expected in all the countries, and South Africa and the provincial economy is not an exception. According to the International Monetary Fund (IMF) the South African economy is expected to decline by 8.0 percent in 2020. During the period of COVID-19 crisis the country implemented a lockdown, which put a strain in most industries and leading to a 51 percent decline in the country's GDP during the second quarter of 2020.

The country was already in an unstable financial position when the COVID-19 outbreak was announced, with the economy already in a recession. The situation worsened with the latest credit rating downgrade. Due to the constrained revenue generation base and the need to tackle the pandemic, the country approached international lenders, in this instance the IMF, for funding in the form of loans as the country tried to minimise the impact of the crisis to its citizens, as they were faced with job losses and hunger due to closure of industries. The current financial state of the country is unsustainable, with the economic growth being stagnant, unemployment rising, and inequality being extremely high as exposed by the COVID-19 pandemic.

The South African economic conditions are mostly affected by local and global forces, such as the deteriorating financial conditions of the country caused by the continuing bailouts of state owned entities by the National Treasury, and on an international space the trade war between China and the United States of America, is not doing South Africa any good. In terms of fiscal policy, it is expected that the debt to GDP ratio will struggle to stabilize in the near future below 100 percent, leaving fairly limited scope for further fiscal intervention if the COVID-19 crisis worsens.

The 2020 Limpopo MTBPS (Medium Term Budget Policy Statement) framework is modelled in line with the national MTBPS, which aims to lead the country's and provincial economies to reconstruction and recovery, by ensuring that fiscal discipline

is maintained given the social and economic conditions that are more challenging and need to be addressed.

The mid-term budget adjustment is based on addressing the provincial priorities as outlined by the Provincial government in the revised Limpopo Development Plan (LDP). The LDP highlights the need to address the provincial development challenges and to unlock economic opportunities through increased productivity and a transformed economic structure with greater emphasis on value addition and high investment on infrastructure projects that will help in the creation of employment and stimulating the economy.

The province continues to focus on four key areas for development namely: increased economic growth rates, decreasing unemployment rates, decreasing poverty rates and decreasing inequality levels. The 2020 MTBPS provincial budget policy framework is driven by the need to achieve the provincial LDP targets as well as striving to help to improve the quality of implementation of existing programmes, thereby not exerting additional pressure on the provincial budget. On a National level this MTBPS is also aligned the Medium Term Strategic Framework (MTSF) (2019-2024) and the reconstruction and recovery plan for the economy.

The South African government and the Limpopo provincial government should urgently implement the reconstruction and recovery plan, which is aimed at boosting growth in the short term, while also creating the conditions for higher long-term sustainable growth. These growth reforms should promote economic transformation, support labour-intensive growth, and create a globally competitive economy as outlined in the National Minister of Finances' research paper titled "Economic Transformation, Inclusive Growth, and Competitiveness: Towards an Economic Strategy for South Africa".

2.2. Implementation approach of the provincial priorities

Realization of the LDP goals is depended mostly on the practical and implementable action plans from the sector Departments that translate the LDP targets into their respective strategic objectives in their Strategic plans and Annual Performance Plans (APP's). The implementation of the LDP targets is based on stakeholder participation and intergovernmental collaborations, as stakeholders and partners continue play vital roles in the achievement of the developmental agendas of the province. Private Sector should be given sufficient latitude, through the development of a conducive environment by provincial government, to expand and develop their operations through increased capital expenditure in the province to support employment creation and economic growth. Integrated and aligned intergovernmental relations could help to achieve optimal developmental outcomes in addressing the socio-economic challenges facing the Limpopo communities.

2.3. Discussion on provincial priorities

The Limpopo Development plan (LDP) is strategically aligned to the National Development Plan (NDP), the South African economic reconstruction and recovery plan as announced by President Ramaphosa, and the 2019 specific and detailed reforms for “Economic Transformation, Inclusive Growth, and Competitiveness” from the National Treasury as announced by the Minister of Finance. It is also aligned to the MTSF 2019-2024. The alignment of the economic framework to the national strategies is to ensure that provincial government give support to the national developmental agenda. The implementation must also take place within the framework for district-based planning, as launched by the Presidency.

For the past decade, the South African economy has experienced stagnation which has put a strain in the effort to tackle the historical structural inequalities, unemployment, and poverty. There is a consensus amongst the social partners that there should be substantial structural change in the economy that would unlock growth and allow for development. Government's conviction is that the country must massively mobilise all our resources and efforts in economic activities that will put the economy in a sustainable recovery trajectory after the effect of COVID-19.

The challenges in the South African economy have overtime been worsened by sustained low levels of investment and growth. The economy has also experienced a series of downgrades, including the State-Owned Enterprises (SOEs), that has impacted adversely on the cost of borrowing. In addition, low levels of growth and challenges related to revenue leakages have also impacted negatively on resource mobilisation. These challenges coupled with an increasing budget deficit and a rising stock of debt has constrained the fiscal space. To break the stranglehold of these challenges and other economic constraints, a plan is required that will help us take advantage of the opportunities presented by the recovering global economy.

The sluggish economic growth prior the lockdown was deepened by the Covid-19 pandemic. Many people lost their jobs, many have gone without income for extended periods, and many are going hungry every day. Inequality is expected to widen and poverty to deepen. Given the extent of the devastation, the economic response required should match or even surpass the scale of the disruption caused. A stimulus package, which will stimulate the economy of the country and it is comprised of the implementation of growth-enhancing economic reforms, and the reprioritisation of public spending to support growth and job creation. The plan should also enhance infrastructure investment and establish an Infrastructure Fund. Other issues to consider is addressing the urgent and pressing matters in education; health and investing in municipal social infrastructure improvement.

The 2020 Provincial MTBPS has also been aligned to the South African economic reconstruction and recovery plan as announced by the President, as well as the 2019-2024 MTSF and the 7 priorities set at national level. It is important to note that the province has shaped the economic framework in line with the provincial natural competitive and comparative advantages which are unique to the geographical area of the province. In the following section an alignment of the provincial targets to the national outcomes will be discussed.

Priority 1 – Building a capable, ethical and developmental state

In preparation for the 6th Term of Administration (2019-2024), the Office of the Premier is reviewing the 2015-2020 Limpopo Development Plan, as the 5-year overarching document to guide integrated planning and delivery in the province. The Office has also commissioned a Position Paper on the Fourth Industrial Revolution as the guide on how the province will benefit from the advantages and opportunities presented by 4IR for improved access to government services and operations given the new normal as presented by the Covid-19 challenge. Office of the Premier has compiled four reports on the implementation of the Provincial integrated planning framework (PIPF) with the following highlights:

- 4 Provincial Planning and Development Forum meetings were convened to effect inter-sphere planning and coordination.
- Departmental Planners were trained in the Theory of Change in preparation for the development of 5-year (2020-2025) Strategic Plans (SPs) and 2020/21 Annual Performance Plans (APPs).
- Supported sector departments and municipalities during their strategic planning sessions to provide information on the 2019-2024 Medium Term Strategic Framework and LDP priorities.
- Convened the District Engagement sessions as prescribed in the PIPF to ensure alignment of SPs and APPs to the municipal IDP process. The final phase of the IDP – Integration was, however, discontinued due to the pronouncement of the nationwide lockdown in March 2020 after only one district engagement (Mopani) was conducted.
- The Presidential pronouncement of the District Development Model (DDM) and selection of the Waterberg District as the Presidential Pilot, has put more impetus on the implementation of the PIPF as it is based on the same notion of having Districts as theatres of inter-sphere planning and coordination. Districts were supported to develop Socio-Economic Profiles and finalise District One Plan or District-Wide IDP which incorporates the contribution of national and provincial sector departments as a response to emerging issues articulated in Profiles.
- The province also hosted the launch, by the President of the Republic of South Africa, of the Waterberg District Pilot.

- The Premier launched DDM in Capricorn and Vhembe Districts. Mopani and Sekhukhune have since been included as additional Presidential focus districts and the Presidency is planning to launch them in November 2020.

The Office of the Premier has continued to provide strategic support in the development and implementation of strategic policies and plans that drive the implementation of the Limpopo Spatial Development Framework (LSDF) and Spatial Planning and Land Use Management Act (SPLUMA) inclusive of establishment of Municipal Planning Tribunals. The Office supported municipalities with the review and/or development of Municipal Spatial Development Frameworks, and Land Use Schemes aligned to SPLUMA.

The Office of the Premier is continuing with skills development and the building of a capable workforce in line with the LDP. The provincial Departments trained their staff in accredited courses and in line Workplace skills plans (WSPs). All the twelve Departments implemented training programmes in line with their WSPs with a total of 25 374 employees trained during the year under skills programmes and a further 89 officials from various Departments trained on WITS School of Governance programmes which started in November 2019.

About 928 learners are placed on internship programmes, 1895 learners placed on Work Integrated Learning programmes and 23 learners were placed on a Learnership 18.1 programme, and a further 353 learners were placed on a Learnership 18.2 programme. 72 learners have completed their studies under employee bursary scheme and a further 536 learners are continuing with their studies under this programme. 158 learners were awarded bursaries in the academic year 2019.

About 494 learners have completed their studies, and 811 learners are continuing with their studies under the unemployed bursary scheme.

130 learners were placed in all eleven provincial departments, under the PSETA Bursary, and a total of 170 Learners/youths in Limpopo Province benefitted from MerSETA (Manufacturing, Engineering and Related Services SETA) for the 2019/20 financial year.

Priority 2 – Economic transformation and job creation

The NDP provides a long-term vision through 2030 for accelerating GDP growth so that unemployment and inequality can be reduced and for creating a more inclusive society. This will be achieved through implementation plans and programmes, in particular the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP) and the major focus on infrastructure, as highlighted in the MTBPS on National level.

According to Outcome 4, higher levels of economic growth will be achieved by the following supporting measures:

- Building enough energy generation capacity to power the economy. The MTBPS on National level indicates that 12000 MW will be procured from Independent Power Producers (IPP) over the MTEF.
- Taking steps to address the skills shortage including allowing regulations, in the immediate term, by Home Affairs to make it easier for skilled foreign workers to work in South Africa.
- Ensuring that the regulatory framework avoids unnecessary costs to producers and supports sustainable investment while continuing to encourage employment creation and economic inclusion.

LEDET (Limpopo Department of Environment and Tourism) is responsible for creating conditions for rapid economic growth in the Limpopo province. A key strategic initiative to achieve higher economic growth, and to address the triple challenge of unemployment, poverty and inequality, is the re-industrialization of the provincial economy with the key focus on establishing the Special Economic Zones (SEZ) in Musina – Makhado and in Tubatse. Key economic development milestones on implementation of the industrialisation project recorded during the year under review include the following, among other things:

- Completed the External and Internal Master Plans for the South site of the Musina Makhado SEZ;
- Secured additional investment pipelines to the tune of \$6 billion for the Musina Makhado -SEZ project;
- Completed the Environmental Impact Assessment (EIA) for the South site of the SEZ;

- Completed the Infrastructure Master Plan for Tubatse-Fetakgomo SEZ project in Sekhukhune District; and
- Tubatse-Fetakgomo Industrial Hub was accepted by the Presidential Infrastructure Council.

In facilitating job creation through Enterprise Development Support Program, the Department provided financial support to 139 local SMMEs worth R48.4 million. In the provision of non-financial support to SMMEs and Cooperatives, a total of 7282 young people were provided with business and technical skills. The Department further submitted a business plan for the establishment of the Limpopo Skills Academy to the Provincial Treasury.

The District Development Model (DDM), as launched by the Presidency, is utilised as a new integrated approach aimed at addressing these service delivery challenges on the national, provincial and local level in a coordinated manner with the aim of speeding up service delivery and economic development, including job creation. An important part of the implementation plan was the development of a joint, single development plan per district. Although there is a challenge of capacity within the Local Municipalities, the Department continues to implement the local economic development capacity building programme. In this regard forty councillors and Local Economic Development officials received training from the Department.

According to LEDET a positive regulatory environment by government contributes significantly towards SMME development, sustainable growth and creates a less constricted business environment for innovation and entrepreneurship. LEDET managed to support 9 out of 22 municipalities to take up Limpopo Business Registration Act of 2015 (LIBRA). The LIBRA implementation by municipalities enabled a fair competition amongst businesses, promoting a level playing field and also reduced illegal business operations and thereby protected citizens from unsafe food and products.

Stable basic infrastructure, including water, sewage, roads, schools, and other infrastructure, has been identified as key for the South African economy to reach higher levels of economic growth and job creation. Stable infrastructure is also one of

the first considerations for foreign investors evaluating Foreign Direct Investment (FDI) opportunities in the province. Basic infrastructure also plays a key role in terms of providing a better life for all.

The Department of Public Works, Roads and Infrastructure is mandated to render technical services in building management, real estate management as well as roads construction and maintenance services, including coordinating implementation of the EPWP, guided through by management.

The Department managed to complete 7 capital projects in the planned time during the 2019/20 financial year. In terms of the implementation of GIAMA, the Department conducted condition assessments of infrastructure needed for service delivery by Provincial Government. During 2019/20 the Department has ensured that all the user departments in the Province complied with the Government Immovable Asset Management Act, 2007 and Infrastructure Delivery Management System (IDMS) with regard to the compilation of credible planning documents such as User Asset Management Plans (U-AMPs) and Infrastructure Programme Management Plans (IPMPs).

The purpose of the plans is to ensure that the entire portfolio of assets belonging to Limpopo Provincial Government for the next ten years would be uniformly managed in an effective, efficient, economic, and appropriate manner. The Department managed to prepare Custodian Asset Management Plan (C-AMP), Infrastructure Programme Implementation Plans (IPIPs) in response to the U-AMPS and IPMPs submitted by the client Departments.

The Department of Public Works, Roads and Infrastructure has spent more than R 2.1 Billion on Roads in Limpopo in the 2019/20 financial year. Some of the output includes 143 kilometres of roads re-gravelled and 101 197 m² of blacktop patching including potholes repaired. Properly maintained roads are important for the logistics industry, farmers, and the public to reduce the transportation cost of goods.

The preservation of the environment remains at the forefront of the Environmental branch of LEDET as the key process of ensuring sustainable development in the Limpopo province. In terms of the sustainable development paradigm the overarching

consideration in terms of economic development should firstly be the environmental considerations, then the social considerations and only finally the economic impact and considerations. Some of the key focus areas are integrated pollution and waste management, natural biodiversity management, and the management of the provincial game reserves.

The Department managed to achieve the following outcomes during 2019/20:

- On sustainable environmental management and protection, the Department issued over 14 000 biodiversity permits for hunting, export and import of fauna and flora, issued 212 Environmental Impacts Applications (EIA) for the projects worth R6.4 billion of investment with the potential to create approximately 300 jobs once development construction commences.
- Integrated pollution and waste management is a holistic and integrated system and process of management, aimed at pollution prevention and minimisation at source, managing the impact of pollution and waste on the receiving environment and remediating damaged environments. The Department also supported over 55 waste recycling projects to empower emerging recyclers to participate in the waste economy sector.
- To enforce compliance with environmental legislation, the department conducted over 600 environmental inspections on environmental authorisation, permits and licences issued, and launched the Honorary Rangers Program with the Manenzhe community in Vhembe District.
- As part of the commercialization of the game reserves with the aim to make them financially sustainable, five revenue enhancement projects were developed, twelve resorts marketing initiatives conducted, and twelve resort assessments were conducted.

Priority 3 – Education, skills and health

A proper basic education system is one of the key determinants for economic develop in Limpopo. It is also important that the schools provide the learners with the necessary skills that is needed in the labour market. Emphasis should be placed on Science and Mathematics, since those are scares skills that is needed, especially by the mines.

The Department of Education identified the following strategic priorities for 2019/20:

- Early childhood development
- Infrastructure
- Learner attainment
- Reading for meaning

The Limpopo Department of Education persistently aims to improve learner performance outcomes in the entire schooling system and not only in Grade 12, achieving well in the foundation, intermediate, senior and further education phases.

The Department's matric pass rate target has not been revised and it planned to achieve 80 percent in Grade 12 during the 2019/20 financial year. Limpopo achieved a pass rate of 73.2 percent in 2019, representing an improvement of 3.8 percent from 2018. Unfortunately, Limpopo underperformed when compared to the national pass rate of 81.3 percent and to the Free State province, who achieved an 88.4 percent pass rate. Despite these challenges the level of educational attainment in Limpopo increased noticeably since 1996. More female students and children from poorer backgrounds, than before, received a Bachelors pass in South Africa. In Limpopo the number of matriculants with a Bachelors pass increased to more than 70 percent, despite the rural nature of the province.

Early Childhood Development lays a solid foundation for further improved learning in the subsequent grades, and it is in this regard that 100 Early Childhood practitioners have completed four year degrees at the University of North West, all under the sponsorship of the Department. 95 percent of all primary schools in Limpopo are now offering Grade R.

The provisioning of infrastructure is a major expenditure item for the Department of Education. Due to the challenges with implementation a Technical Support Team will be appointed to increase the infrastructure delivering capacity. The Department is also striving to provide proper sanitation at all the schools.

The importance of an effective and efficient public health care systems was highlighted during the COVID-19 crisis, where the public was suddenly dependant on the public

hospitals to treat them against the virus. A huge demand was placed on the provisioning of Intensive Care Units (ICUs) to the COVID-19 patients. This ties in with the Sustainable Development Goal (SDG) number 3 which aims to ensure healthy lives and to promote wellbeing for all at all ages by achieving targets like to reduce the mortality rate at live birth to less than 70 per 100 000 globally, and to end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases. Access to proper health care is also part of the process to determine the level of development in a Province, based on the Human Development Index (HDI).

According to the draft reviewed LDP, the Department of Health made good progress on the different LDP targets that relates mainly to health. The target for life expectancy was 60 years for males and 65 years for females and the achievement was 59 years for males and 65.4 years for females. In terms of the availability of Health care facilities through the infrastructure build program, the Department aimed to reduce the backlog by 120 but only achieved 89. The rural nature of the province creates challenges to supply adequate infrastructure and social services.

The Department of Health also made significant strides in terms of implementing its strategic objectives. The implementation of the Mother and Child Centre of Excellency (MMCE) strategy saw an improvement in maternal deaths and under five mortality reduction. Under five case fatality due to pneumonia reduced from 3.5 percent to 2.7 percent indicating an improvement of 0.8 percent. Infant PCR test positive around 10 weeks' rate remained below 1 percent. There was a marked reduction in maternal deaths as evidenced by a significant drop in Maternal mortality in facility ratio of 97.8/100 000, which is below the target of 120/100000.

In line with the 90/90/90 HIV/ AIDS strategic plan, the department managed to reach and even surpass its targets in some of the areas. People living with HIV/AIDS had access to services and more were enrolled for ART, exceeding the target. ART clients, remained on ART registered 379 211 from a target of 376 774, while HIV tests done were 1 591 314 above the target of 1 444 150.

In terms of the important function of pharmaceutical services, the Department of Health implemented a strategy to pay the service providers on time. In the process the accruals have been reduced from R703 million in 2018/19 to less than R400 million in the 2019/2020 financial year.

The planned implementation of universal health care in terms of the National Health Insurance (NHI) in 2025 was supported by the expanded District-based piloting of NHI services.

Priority 4 – Consolidating the social wage through reliable and quality basic services

The mandate of the Department of Social Development simultaneously includes providing social services to the most vulnerable sectors of our society, namely the Children, women and people with disabilities. In the year under review the Department Continued to provide social welfare, children and families, restorative, and research and development services. The Integrated Community Development programme provided sustainable livelihood initiatives such as food and nutrition security, youth development, training of community based organisations, income generating projects, women empowered on socio-economic opportunities and Job opportunities through expanded public works programme. The following were achieved during 2019/20:

- As part of restorative justice, 14 040 victims of crime and violence accessed services from victim empowerment programme service centres.
- To develop the youth, 181 000 children have accessed the registered Early Child Development Programme.
- Child and Youth Centre were funded with transfers of R28 289 000 to provide care and support for children declared in need of care.
- The Department capacitated 3962 NPOs according to the capacity building guideline.
- Provided food relief to 111 708 food insecure households which benefitted 679 246 individuals who have become vulnerable due to the effects of the State of Disaster and Lockdown

Priority 5 – Spatial integration, human settlements and local government

According to the NDP South Africa will have a developmental state that is accountable, focused on citizen's priorities, and capable of delivering high-quality services consistently and sustainably through cooperative governance and participatory democracy, by 2030. As indicated in the White Paper on Local Government, developmental local government is "local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives". In this scenario, local government is at the forefront of participatory democracy, involving citizens in meaningful deliberations regarding governance and development; its responsive to citizens' priorities, and enjoys high levels of trust and credibility amongst the public; whose employees are skilled, competent and committed to delivering quality services; is able to cost-effectively increase the quantity and quality of services and operates within a supportive and empowering intergovernmental system. The Cooperative governance program at COGHSTA aims to provide technical and oversight support to municipalities in terms of implementing their mandates. This is pursued through the following sub-programmes: development planning, municipal infrastructure development, local governance support, democratic governance, and disaster management.

In support of achieving the outcome stated the following were achieved during 2019/2020:

- 27 Municipalities were monitored and supported to implement municipal programmes.
- 4 Reports on municipalities complying with MSA regulations on the appointment of Senior Managers. (Outcome 9, Sub-Outcome 4) (B2B Pillar 5)
- 27 municipalities were supported to institutionalize the Performance Management System (Outcome 9, Sub-Outcome 4) (B2B Pillar 5).
- 27 municipalities monitored on the extent to which anti-corruption measures are implemented (Outcome 9, Sub-Outcome 4) (B2B Pillar 3)
- 5 municipalities supported to maintain functional Disaster Management Centres
- 22 Municipalities assisted with the implementation of SPLUMA.

- 27 municipalities were supported with development of IDP's (Outcome 9, Sub-Outcome 1)
- 27 municipalities were supported with compilation of Annual Financial Statements for submission to the Auditor-General

Adequate housing and improved quality living environments, even for people living in informal settlements, are of the utmost importance. The delivery of housing is a key deliverable for Government.

In terms of Human Settlements, the following progress was made during 2019/20:

- The department managed to reduce the housing backlog by 8182 Units.
- 2716 households were issued with improved secured tenure in a form of a title Deeds
- 8000 development areas have been identified for the construction of housing Units
- 5560 sites installed with water and sanitation infrastructure as part of the IRDP and UISP
- 3995 beneficiaries were issued with title Deeds through the Enhanced Extended Discount Benefit Scheme
- 667 job opportunities created through construction of houses and servicing of sites

The Department of Agriculture, Rural Development is responsible for comprehensive rural development in the Limpopo province. The promotion of agriculture forms the basis for rural development, given its strategic nature and its accessibility to rural communities in the province. The Limpopo Department of Agriculture and Rural Development continues to play its role on rural areas by contributing to economic growth, food security and creation of jobs because of agrarian transformation and infrastructure development programmes in Limpopo

During the 2019/2020 financial year the Department management the following:

- In terms of support on the disaster management function 7698 farmers were supported. The substantial number of farmers supported was caused by the prolonged dry conditions in critical parts of the Province that led to more livestock farmers in all five districts supported through the Drought Relief

Scheme funded by the Comprehensive Agriculture Support Programme (CASP).

- A further 1399 farmers were trained in terms of CASP. The new CASP requirements for farmers to comply with water rights licensing prior to irrigation support provided, necessitated more training on the related water rights issues.
- A total of 31937 smallholder producers were supported with agricultural advice by the extension officers. The outbreak of food and mouth disease increased the need for support in the year under review.
- The Department also supported ten commodity groups supported with capacity building. Some of the commodities supported includes potatoes, chicken farming and tomatoes.

Priority 6 – Social cohesion and safe communities

Limpopo province is the melting pot of rich and diverse cultures, being the home of the VhaVenda, Bapedi, VaTsonga, AmaNdebele, Batswana, the Afrikaners, the Indians, people of colour and the English. This rich diversity provides both opportunities as well as social cohesion challenges.

Part of the mandate of the Department of Sport, Arts & Culture, is to develop sport, promote our cultural diversity and foster social cohesion. In all these endeavours, the people of Limpopo, and all who live in the beautiful province, are the priority. The Department continued to promote cultural diversity, foster unity and the spirit of patriotism and tolerance amongst the citizens of Limpopo, through the social cohesion programmes implemented during the period under review.

The Department achieved the following outputs during the year under review:

- The Department continue to promote and deepen social cohesion across society and successfully hosted three social cohesion projects, namely. Mapungubwe Arts Festival from the 7 to 16 December 2019, and the Ku luma Vukanyi and Marula Festival in February 2019.
- With regard to promotion of indigenous languages the Department conducted 15 multilingualism campaigns and six projects promoting previously marginalized indigenous languages.

- Stakeholders meetings were held with artists and crafters for the preparation of national significant days for instance: Freedom day, Africa Day, the SATMA launch, Golden shield Award, Heritage day and Mapungubwe Arts Festival and Kalema Vu Kanyi. These days provide marketing opportunities for the products of the artists and crafters.

The Department continued to provide access to library and information services through 96 libraries spread across the Province. For the 2019/20 financial year, the Department continued to build four libraries, namely, Mulamula, Seleteng Mavalani, and Runnemedede.

The aim of the outcome is for people living in South Africa to feel safe at home, at school and at work, and to enjoy a community life free of fear, by 2030. The people of South Africa also currently have a serious challenge with corruption. The aim is also to eradicate all corruption by 2030 by properly funding the institutions in the criminal justice system that is addressing the challenge.

In supporting these strategic objectives, the Provincial Department of Transport and Safety identified three strategic outcome-oriented goals namely:

- An efficient, effective, and development-oriented public service
- An accountable, transformed, and professional police service
- All People in Limpopo are and feel safe

In terms of the objectives of national outcome three to make Limpopo as safe and crime free environment, the Department continued to play its oversight role to the South African Police Service by monitoring all the SAPS establishments. In contributing towards building safer communities, the Department's continued support to Community Policing Structures. The EPWP Crime Prevention Through Environmental Design and the Young Civilians on Patrols projects have yielded positive results as communities feel empowered to actively take part in making their environment safer and more secure. The Department also conducted research on the effect of border management on police service.

In terms of crime prevention 150 Social Crime prevention programmes were implemented during the 2019/20 financial year. 117 Community Policing forums were also monitored in terms of their functionality. In terms of road safety, the Department of Transport and Safety conducted 16012 speed operations, 4279 drunk driving operations and 3014770 vehicles were stopped and checked. SANRAL also installed fixed cameras and candle sticks on the N1 between Polokwane and Kranskop. This led to a reduction of accidents on the N1 from Kranskop to Polokwane compared to the previous year. In 2018, 71 fatal crashes with 168 fatalities were recorded in 2018 which reduced to only 50 fatal crashes with 110 fatalities in 2019.

Priority 7 – A better Africa and World

The LDP puts an emphasis on creating a better South Africa and contributing to a better and safer Africa in a better world. In achieving this goal the Office of the Premier coordinated Ministerial missions during the 2019/20 financial year and the following were highlighted : Ministerial Mission to the Bashkortostan Republic of the Russian Federation from 23 to 30 September 2019 has been compiled, with the following highlights: Participation in the anniversary of the small and medium-sized business forum from the 26-27 September 2019. Discussions were also conducted on the intention to cooperate in the field of economic development and industrialization.

Two reports have been compiled during the 2019/20 financial year on the implementation of signed MOU's, with the highlight on the strategic technical Meeting on capacity building between Limpopo and Gaza Province of Mozambique in July 2019 and the review and adoption of the TLSDI Work plan was facilitated by the Joint Provincial Council (JPC), Limpopo and Matabeleland Provinces in August 2019. A technical meeting on issues of economic development and industrialisation in terms of the Limpopo-Henan MoU were facilitated in September 2019.

Further engagements were held with four northern Regions of Namibia, Gaza Province of Mozambique, Matebeleland Provinces of Zimbabwe, during the February 2020 Marula Festival in Phalaborwa, as part of strengthening relations with these provinces in line with the signed MoU's.

The Melteno project funded by the Roger Ferreira Foundation, assisted learners in the foundation phase, in particular Grade R, in the improvement of schools results, parent's participation, reading and writing, playing methods. The following primary schools and Early learning centres were monitored to support the programme: Moshibi Mokobodi, Mannyetha, Lobethal, Wingfield, Kgabo, Sebushi, Mashabela, Amos Matlawane Early learning centre, Nwanabekane, Tau Koena, Moetagare, Thabampshe, Mandela Early learning centre, and Thabanapitse.

2.4. Conclusion

Given the COVID-19 challenges that are faced by the Limpopo province, which range from budget cuts from the national allocation, sluggish economic growth, as well as high unemployment, caused by closure of businesses in the province. The Provincial Government is left with limited options but to use its budget to ignite and reassure the investors that there is a chance for economic development and growth in the local economy. Fiscal policy, which will be more directed to infrastructure development and job creation, will be very key for the province to encourage private sector investment, as this will reduce the cost for running the business in the province.

Provincial planners will need to rely heavily on evidence based planning and resource allocation, given the limited available resources as outlined by the National Minister of Finance, as these resources will need to be allocated to projects and programmes that will have high return on investment and have a strong impact on employment creation. This will make it easier for the provincial government to achieve its goals of making the economy of the province stable as soon as possible. fast-tracking the provision of goods and services and developing the province.

The province has been receiving budget cuts in recent years and the situation was made worse due to COVID-19. This has left the province with less room when it comes to budget allocation and led to more prioritisation as the funds are gradually reduced due to the slow growth in the national and provincial economy. SARS has been facing the challenge of under collection of revenue and this has a huge impact to the national government's revenue budget and a hence led to reductions in the allocation of funds to the provinces. The reduction in allocation of funds to the province will have a

negative effect to the provision of services in the province if strict austerity measures are not taken into consideration.

The provincial budget will continue to be aligned for the attainment and implementation of the LDP objectives and priorities. The provincial financial resources will continue to be directed to economic development projects which are focussed rather on investment in nature than government consumption expenditure and have a potential of stimulating the economy of the province and creating jobs for the citizens. Provincial Departments and municipalities will need to strengthen integrated infrastructure and service delivery planning to realise amplified outcomes, thereby promoting value for money and inclusive growth in the province.

The LDP emphasises the necessity for excellent and effectively coordinated provincial institutions with knowledgeable public servants who are dedicated to the public good and capable of delivering high-quality services, while prioritizing the provincial developmental objectives.

Chapter 3: PROVINCIAL INFRASTRUCTURE DEVELOPMENT AND DELIVERY

3.1 Introduction

The Limpopo Province Infrastructure Development Cluster is one of the structures supporting the Executive Council by way of providing oversight on the infrastructure delivery in the Province on a monthly basis, thus responsible for monitoring the implementation of the infrastructure delivery projects and programmes that are implemented in the Province.

The Provincial Treasury is the chair and coordinator of the meetings of the Infrastructure Cluster Committee, assisted by the Department of Public Works, Roads and Infrastructure (DPWR&I). All provincial departments with infrastructure budgets and projects are members of the Infrastructure Development Cluster, including Entities and Implementing Agencies.

Performance expenditure on infrastructure has been very slow during the previous financial year giving an indication that the infrastructure projects are not implemented at a desired pace. Various reasons such as poor performance by Implementing Agents, underperformance by contractors, late acquisition of land, supply chain management processes, and others are cited as contributory factors.

A successful implementation of infrastructure projects would result in the improvement of employment opportunities in communities as well as the overall achievement of service delivery, but cannot happen without forward planning. It is for this reason that Provincial Treasury and DPWR&I hosted the Infrastructure Planning Workshop during third quarter of 2019/20 financial year to be able to agree on the deliverables for the infrastructure projects for the current and forthcoming financial years as a prerequisite. The Infrastructure Workshop reflected on common challenges being experienced in the implementation of infrastructure projects by departments in the Province; proposed strategies which can be applied to enhance and/or strengthen the provision of oversight on infrastructure delivery; reflected on the capacity of the Infrastructure Strategic Planning HUB in the DPWRI in providing support to departments on their infrastructure programmes; and agreed on the deliverables for the infrastructure

projects implemented by departments for the current and forthcoming financial years or 2021/22 MTEF.

3.2 Limpopo Provincial Government Infrastructure Adjustment Estimates

The provincial infrastructure planning and readiness report for 2020/21 which was based on the main appropriation of R 7. 125 billion was finalised during March 2020 for implementation with effect from 01 April 2020. The COVID-19 has had a huge impact on the provincial infrastructure plan that was finalised and therefore could not be implemented due to the national lockdown and closure of sites including reduction of budgets.

Furthermore, the President in his address on Tuesday, 21 April 2020; pronounced a social and economic support package of around R500 billion which Government will make available in this regard. This meant that the provincial infrastructure budget had to be cut to assist in funding the COVID-19 initiatives.

A criteria was used in the reduction of infrastructure budget across departments focussing on the projects funded through equitable share. The projects from initiation to design stages, it was proposed that these projects be put on hold and the budgets be redirected to the COVID-19 pandemic.

Table 10 : Summary of provincial infrastructure adjustments estimates

Provincial Adjustment Appropriation 2020/21								
Department (Votes)	Provincial Adjustment Appropriation 2020/21							
	2020/21 Main appropriation	2020/21 COVID adjustment	2020/21 Proposed appropriation	Adjusted appropriation	% Growth	Expenditure 31 Oct 2020	Main Appropriation % Expenditure 31 Oct 2020	Adjusted Appropriation % Expenditure 31 Oct 2020
Education	1 258 291	977 970	-	977 970	0%	311 222	32%	32%
Agriculture & Rural Development	220 214	89 002	-	89 002	0%	49 538	56%	56%
LEDET	20 000	6 600	4 600	11 200	70%	6 676	101%	60%
Health	952 819	1 053 776	-	1 053 776	0%	346 567	33%	33%
PWR&I - Roads	2 505 298	2 228 412	-	2 228 412	0%	832 146	37%	37%
PWR&I - Works	865 360	744 182	-	744 182	0%	527 455	71%	71%
Transport	51 574	32 574	-	32 574	0%	4 796	15%	15%
CoGHSTA	1 100 412	961 241	-	961 241	0%	331 103	34%	34%
Social Development	71 794	25 213	5 000	30 213	20%	22 272	88%	74%
Sport, Arts & Culture	79 759	53 359	-	53 359	0%	17 990	34%	34%
TOTAL	7 125 521	6 172 329	9 600	6 181 929	0%	2 449 765	40%	40%

The provincial infrastructure budget is proposed to be adjusted upwards from R6.172 billion COVID-19 adjustment budget by an amount of R9.6 million to R6.181 billion. The upward movement is attributed to the departments of Economic Development Environment & Tourism and Social Development as follows:

Department of Economic Development Environment & Tourism

The department's infrastructure budget is proposed to be adjusted upwards from R6.6 million to R11.2 million, an increase of R 4.6 million or 70.0 percent.

Department of Social Development

The department's infrastructure budget is proposed to be adjusted upwards from R25.2 million to R30.2 million, an increase of R 5.0 million or 20.0 percent.

Initially the Limpopo Provincial Treasury did an analysis of Equitable Share (ES) infrastructure budgets, with the propose to assess whether underspending departments could help fund other departments that were facing infrastructure budget pressures. This initiative did not yield positive results as there was no agreement reached during these engagements with departments. It has been proposed to the CFO offices of the department of Social Development and Economic Development Environment & Tourism to reprioritise internally in order to fund these proposed upward adjustments in the meantime, so that contractual obligations can be honoured and construction on site is not halted.

Monitoring of expenditure performance will continuously be done on a monthly basis through the Infrastructure Technical Management Committee (ITMC) as a third adjustment may become inevitable due to the effects of the COVID-19 pandemic.

3.3 Limpopo Provincial Government Infrastructure Expenditure Plans

The infrastructure budget is primarily funded from both conditional grants and equitable share. The Limpopo Provincial Government has allocated R19.536 billion for infrastructure delivery over the 2021 Medium Term Expenditure Framework (MTEF) period. All infrastructure departments will prioritise projects in line with the allocation and conditions stipulated in the grants framework.

Table 11: Summary of provincial infrastructure payments and estimates by vote

	Outcome			Main appropriation	Medium term estimates		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Rand thousand							
Vote 03: Education	1 301 995	955 051	636 873	1 258 291	1 261 150	1 319 820	1 319 820
Vote 04: Agriculture and Rural Development	144 165	201 723	-	220 214	219 171	304 804	304 804
Vote 06: Economic Development, Environment and Tourism	63 364	64 678	-	20 000	20 000	20 000	20 000
Vote 07: Health	652 027	651 784	-	952 819	952 819	952 819	952 819
Vote 08: Transport	19 779	5 691	-	51 574	51 574	51 574	51 574
Vote 09: Public Works, Roads and Infrastructure	2 595 040	1 956 343	3 010 294	3 370 658	2 752 738	2 673 416	2 642 181
Vote 10: Sport, Arts and Culture	35 526	35 405	51 150	79 759	44 000	50 900	54 000
Vote 11: Co-operative Governance, Human Settlements and Traditional Affairs	1 254 461	1 223 419	-	1 100 412	1 100 412	1 100 412	1 100 412
Vote 12: Social Development	30 138	37 705	-	71 794	71 794	71 794	71 794
Total Infrastructure (including non infrastructure items)	6 096 495	5 131 799	3 698 317	7 125 521	6 473 658	6 545 539	6 517 404

Over the 2021 MTEF the Department of Public Works Roads & Infrastructure is allocated a total budget of R 8.06 billion or 41.0 percent; CoGHSTA allocation of R3.301 billion or 17.0 percent; the Department of Education R3.90 billion or 20.0 percent; and the Department of Health R2.858 billion or 15.0 percent. The provincial infrastructure is funded through approximately 65.0 percent conditional grants and the remainder is Provincial Equitable Share. The focus of this budget over the three years is towards investment in maintenance and upgrades & additions, which totals R2.269 billion or 12.0 percent and R3.832 billion or 20.0 percent respectively.

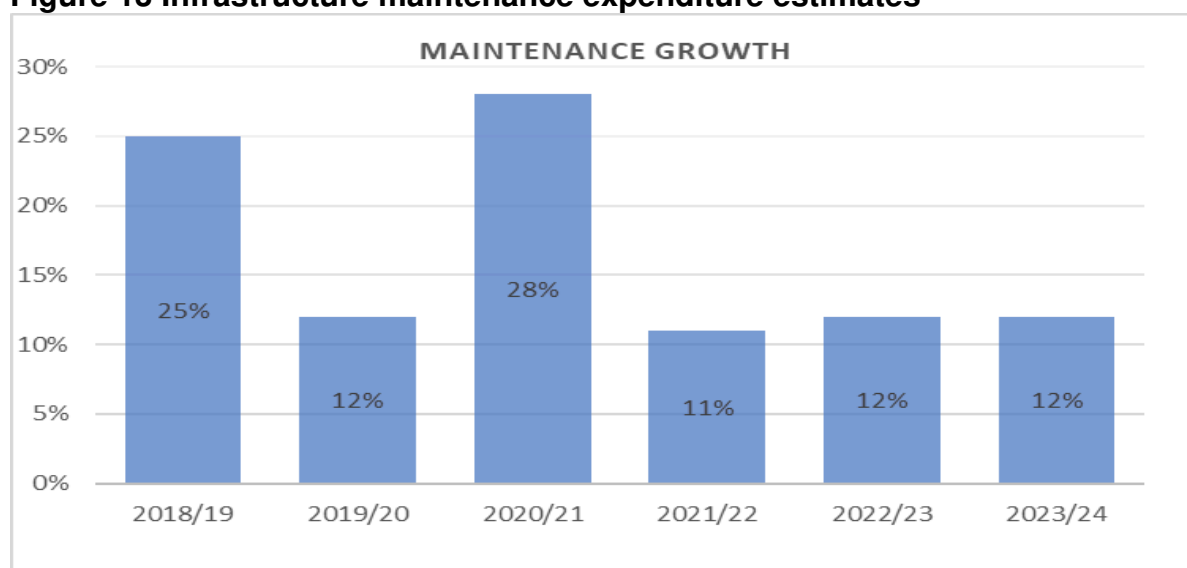
Table 12: Summary of provincial infrastructure payments by category

	Outcome			Main appropriation	Medium term estimates		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Rand thousand							
Existing infrastructure assets	4 291 571	2 379 051	839 121	3 920 990	2 205 767	2 434 765	2 456 755
Maintenance and repairs	1 028 473	1 270 466	438 879	1 972 286	739 220	756 001	774 399
Upgrades and additions	2 171 051	940 067	316 606	1 466 322	1 189 442	1 321 768	1 321 768
Rehabilitation and refurbishment	1 092 047	168 518	83 636	482 382	277 105	356 996	360 588
New infrastructure assets	410 678	320 940	253 044	773 011	574 422	437 890	439 490
Infrastructure transfers	1 353 779	2 178 704	1 293 589	1 220 689	2 303 271	2 369 580	2 305 765
Infrastructure transfers - Current	11 429	490 483	-	2 000	2 000	2 000	2 000
Infrastructure transfers - Capital	1 342 350	1 688 221	1 293 589	1 218 689	2 301 271	2 367 580	2 303 765
Infrastructure: Payments for financial assets	-	-	-	-	-	-	-
Infrastructure: Leases	-	-	47 226	-	50 624	51 246	52 501
Non Infrastructure	40 468	253 104	1 265 337	1 210 831	1 339 574	1 252 058	1 262 893
Total Infrastructure (including non infrastructure items)	6 096 495	5 131 799	3 698 317	7 125 521	6 473 658	6 545 539	6 517 404

In the 2021 MTEF, expenditure estimates for rehabilitation and refurbishment is R994.6 million; upgrading and additions of existing facilities is R3.832 billion; and R2.269 billion is allocated for maintenance. A shift in focus is towards investment in the refurbishment and renewal of ageing infrastructure, which responds to lifecycle planning.

The graph below illustrates the Province’s commitment to maintain existing infrastructure over time, resulting in an average allocation of twenty-four per cent from 2018/19 to 2023/24.

Figure 13 Infrastructure maintenance expenditure estimates



3.4 Overview of Infrastructure Sectors

3.4.1 Abridged Provincial Infrastructure Strategy

The departments of Health and Education including all other departments have been, for the past and current year, struggling with infrastructure matters either due to non-delivery, poor spending of budget and spending efficiencies (value for money), delays in projects completion and poor project monitoring. Currently there are only a few appointed built environment professionals. These are very expensive professionals who are also on Specific Occupation Dispensation (OSD) salary scales, therefore resulting in difficulty in the recruitment of experienced and appropriately skilled professionals.

With National Health Insurance (NHI) coming into effect as a policy reform there are so many uncertainties on the service transformation platform. The move by the Department of Education to eradicate the sanitation backlogs has placed tremendous pressure on the current capacity available within the department.

EXCO has resolved that both Education and Health establish support in a form of Infrastructure Technical Resource Units (ITRU) that will advise and develop accelerated plans for Infrastructure Delivery, whilst their Built Environment Capacity is strengthened. These ITRUs, which in Health has already been established and in Education is at an advanced stage, will ensure capacity in a short to medium term to allow for a smooth transition to the Department of Public Works, Roads and Infrastructure Strategic Planning Hub over the medium to long term.

On the other hand, the Department of Public Works, Roads and Infrastructure has been granted permission to establish Programme Management Support (PMS) and to date the support has started through Government Technical Advisory Centre (GTAC). GTAC is primarily assisting in developing an integrated infrastructure governance, institutional arrangements and systems in order to utilise the Infrastructure Strategic Planning Hub efficiently as a shared service to cater for the needs of the province including the implementation of Limpopo Integrated Infrastructure Master Plan (LIIMP) in line with Infrastructure Delivery Management System (IDMS).

The departments through agency delivery agreements have finalized and confirmed with implementing bodies such as IDT, DBSA, the Mvula Trust etc. budgets and programme scope assignments for the 2020/12 financial year. These implementing bodies are continuing to deliver projects as per the governance arrangements with departments, monitored on a monthly basis through the infrastructure governance structures. It is also important to draw attention to specific facilitators, barriers, and contextual factors that may affect readiness to implement the allocated budgets i.e. a proposed decision to close down the Independent Development Trust (IDT) will have an impact on the infrastructure plans over the MTEF. The province is continuing to engage with National Department of Public Works and IDT to ensure a smooth transition in this regard.

3.5 Conclusion

The Department of Public Works Roads and Infrastructure through the GTAC Programme Management Support is facilitating the scoping and definition of the Programme Management Unit (PMU) establishment for the Limpopo Integrated Infrastructure Master Plan (LIIMP) and Provincial Infrastructure Coordination. This will include the development of PMU Concept, Terms of Reference, PMU Establishment Plan including facilitating the induction of the PMU Resources. This process will not be embarked on by appointing an external service provider, but use the internal resources already available at Office of the Premier and the Infrastructure Strategic Planning Hub.

The progress on process towards developing 2020-2025 LDP is ongoing through the Office of the Premier and this process informs the planning and prioritization of infrastructure projects over the MTEF.

Department of Public Works Roads and Infrastructure together with Provincial Treasury will conduct the Infrastructure Planning and Readiness Workshop for 2021/22 so that the alignment to the planning in terms of Infrastructure Delivery Management System (IDMS) and alignment model is in synch. The departments have been supporting the process towards the launch and implementation of the District Development Model in the province in all districts.

Chapter 4: PROVINCIAL BUDGET AND SPENDING PATTERNS

4.1 Introduction

The financial year 2020/21 started differently from what all the officials and people at large are used to. After the discovery of Corona virus infections in South Africa, His Excellency the President of South Africa declared a State of National Disaster in March 2020 and put the country on lockdown level 5. This in essence meant that all trade, movements and gatherings were restricted except for essential services and special travel permits were required to travel during this period. Departments and Entities put on hold implementation of their plans as a move to fight the spread of the virus. The outbreak of the pandemic necessitated that the country should react accordingly in order to deal and address the spread of the corona virus. The country had to source funds in order to procure the Personnel Protective Equipment (PPE) and other chemicals such as sanitizers in order to prevent the spread of the virus. A special budget adjustment was delivered by the Minister of Finance which ultimately led the province to table a special adjustment budget in July 2020. These changes required departments and entities to relook and revise their plans.

During the virtual quarterly expenditure reviews conducted in August 2020, it was evident that the performance and expenditure patterns of the departments and entities had been impacted due to State of National Disaster rules. The country and the province had to adapt to doing things differently, conditional grant frameworks were amended in order to allow spending of some grant funds to deal with the COVID-19 demands.

From a service delivery perspective, the province had to provide the essential services and at the same time fight the spread of the corona pandemic. Departments were encouraged to improve on Information and Communication Technology infrastructure in order to meet the demand for online and virtual meetings which has become the norm since the outbreak of the pandemic.

4.2 Cash Management

Provincial Treasury normally conducts Annual Cash Allocations Bi-laterals with all departments and subsequently issues Cash Allocation Letters at the beginning of the financial year and just after tabling the Adjustment Estimates. These serve to mitigate the risk of overspending the budget as they enable Treasury to outline and clarify payment and cash management processes, as well as schedule payment runs and allocation of funds. It also enables departments to set informed payment terms with their service providers in the course of service delivery. The processes have not yet been finalized this year due to delays in issuing the National Treasury Adjustments Payment Schedule. Table 13 below provides for details on transfers from the National Revenue fund as at 30 September 2020:

Table 13: Funds received from National Revenue Fund as at 30 September 2020

Fund/Grant Names	Receipts from National Revenue Fund					
	Annual Budget	Cash Flows Against National Payments Schedule				Balance to Annual Budget
		Allocation 30-Sep-20	% Allocation 30-Sep-20	Actual Receipt 30-Sep-20	Deviation from Schedule	
Equitable Share	62 328 931	31 164 468	50%	31 164 468	-	31 164 463
Conditional Grants:-	9 346 958	5 706 873	61%	4 735 098	971 775	4 611 860
National School Nutrition Prog.	1 369 485	1 013 766	74%	705 933	307 833	663 552
HIV/AIDS	21 339	11 252	53%	11 252	-	10 087
Education Infrastructure	976 043	753 818	77%	616 563	137 255	359 480
Learner with profound intellectual disabilities	32 432	23 351	72%	23 351	-	9 081
Maths, Science and Technology	38 140	23 430	61%	18 068	5 362	20 072
Letsema Projects	52 860	42 288	80%	31 716	10 572	21 144
CASP	174 498	116 779	67%	87 249	29 530	87 249
Land Care Programme	12 970	5 837	45%	5 837	-	7 133
Health Facility Revitalisation	742 473	327 187	44%	327 187	-	415 286
Comprehensive HIV/AIDS	2 402 449	1 150 250	48%	1 006 336	143 914	1 396 113
National Tertiary Services	445 200	230 734	52%	204 597	26 137	240 603
Health Professional Training & Development	157 624	78 814	50%	78 814	-	78 810
Statutory Human Resources	74 547	37 275	50%	37 275	-	37 272
National Health Insurance	32 066	16 032	50%	-	16 032	32 066
Public Transport Operation	402 035	164 889	41%	164 889	-	237 146
Provincial Roads Maintenance	1 098 659	763 790	70%	632 132	131 658	466 527
Human Settlement Development	948 161	698 416	74%	645 482	52 934	302 679
Title Deed Restoration	13 080	14 241	109%	-	14 241	13 080
EPWP Integrated Grant	25 379	17 765	70%	6 344	11 421	19 035
Social Sector (EPWP) Incentive	59 073	41 351	70%	14 768	26 583	44 305
Early Childhood Development	127 724	66 510	52%	31 046	35 464	96 678
Mass Participation & Sport Development	32 291	29 182	90%	23 929	5 253	8 362
Community Library Services Grant	108 430	79 916	74%	62 330	17 586	46 100
Total National Payments	71 675 889	36 871 341	51%	35 899 566	971 775	35 776 323

Departments opened the financial year with a group favorable bank balance amounting R1.3 billion, comprising 2019/20 unspent funds and revenue accruals which were subsequently surrendered/paid into Provincial Revenue Fund (PRF) in 2020/21. National Treasury has approved R220.5 million in roll-overs for various Conditional Grants that were underspent by R789.9 million last financial year, with the balance of R569.5 million being surrendered back to National Revenue Fund.

As at 30 September 2020 Provincial Treasury had transferred a total of R32.487 billion to the various departments for their spending needs as tabulated below in Table 14

Table 14: Actual Expenditure vs Cash Allocations and Actual Funds Transferred to departments as at 30 September 2020

Departments	Opening Bank Balances at 01-Apr-20 R' 000	Cash Allocation 30-Sep-20 R' 000	Actual Expenditure 30-Sep-20 R' 000	Tranfers To Departments 30-Sep-20 R' 000	Variance Cash allocation Vs Actual Expenditure		Variance Actual Expenditure Vs Funds Transferred	
					Amount R' 000	%	Amount R' 000	%
					Education	335 757	15 653 358	15 114 163
Health	91 751	12 175 668	10 930 126	10 893 795	1 245 542	10,2%	-36 331	-0,3%
Social Development	-562	1 135 277	1 028 236	1 058 192	107 041	9,4%	29 956	2,9%
Office of the Premier	18 155	212 794	184 051	184 966	28 743	13,5%	915	0,5%
Provincial Legislature	22 738	234 043	178 613	238 085	55 430	23,7%	59 472	33,3%
Agriculture	80 043	896 842	738 523	799 654	158 319	17,7%	61 131	8,3%
Provincial Treasury	26 406	247 917	210 875	199 086	37 042	14,9%	-11 789	-5,6%
Economic Development, Environmental & Tourism	29 395	687 952	723 323	721 636	-35 371	-5,1%	-1 687	-0,2%
Transport	126 180	1 217 108	936 385	847 320	280 723	23,1%	-89 065	-9,5%
Public Works, Roads and Infrastructure	436 792	2 002 307	1 401 250	1 410 415	601 057	30,0%	9 165	0,7%
CoGHSTA	85 671	1 268 243	848 038	867 783	420 205	33,1%	19 745	2,3%
Sport, Arts & Culture	57 598	262 321	179 097	183 276	83 224	31,7%	4 179	2,3%
Total	1 309 924	35 993 830	32 472 680	32 487 830	3 521 150	9,8%	15 150	0,0%
Equitable Share		30 286 957	29 532 500	29 358 474	754 457	2,5%	-174 026	-0,6%
Conditional Grants		5 706 873	2 940 180	3 129 356	2 766 693	48,5%	189 176	6,4%
Total		35 993 830	32 472 680	32 487 830	3 521 150	9,8%	15 150	0,0%

4.3 Interest Performance

The province generates interest from its daily favorable group bank balance comprising the Exchequer Account, Exchequer-linked Call Account, PMG Accounts, as well as Wildlife Resorts and Agricultural Colleges sub-accounts held with the provincial banker. It further generates interest from its Corporation for Public Accounts (CPD) account held at the South African Reserve Bank (SARB). In terms of the table below, the province recorded an overall decline of 8.9 percent in interest revenue from R115.3 million during same period in 2019/20 to R105.1 million this financial year. The decline was mainly on CPD account which dropped 11.9 percent over the same period, mainly due to a sharp decline in interest rates, as announced by the SARB during the year.

Table 15: Interest Performance as at 30 September 2020

R'000

Institution	2020/21												
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Total
Call Account (absa)	2 265	69											2 334
CPD (SA Reserve Bank)	10 283	15 051	13 325	17 391	16 648	18 521							91 219
Commercial Bank (absa)	2 163	4 176	1 352	1 199	1 282	1 349							11 521
Total	14 711	19 296	14 677	18 590	17 930	19 871	-	-	-	-	-	-	105 075

Institution	2019/20												
	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Total
Call Account (absa)	-	-											-
CPD (SA Reserve Bank)	14 225	19 417	13 005	18 459	20 879	17 592							103 577
Commercial Bank (absa)	2 178	2 312	1 297	1 767	2 277	1 938							11 769
Total	16 403	21 729	14 302	20 226	23 156	19 530	-	-	-	-	-	-	115 346

-11,93%
 -8,90%

4.4 Expenditure outcomes as at 30 September 2020

As at 30 September 2020, the province spent R32.5 billion or 45.3 percent of the total adjusted budget of R71.6 billion. The Department of Economic Development, Environment and Tourism and Provincial Legislature are the highest percentage spending departments at 54.5 percent and 49.1 percent, respectively. The spending during the period was impacted by the COVID-19 lockdown.

Table 16: Provincial overall expenditure as at 30 September 2020

Department/Vote	2018/19			2019/20			2020/21		
	Main Appropriation	Actual spending as at September 2018	Actual spending as % of Main Budget	Main Appropriation	Actual as at September 2019	Actual spending as % of Main Budget	Special Adjsutment	Actual as at September 2019	Actual spending as % of Main Budget
Education	30 607 772	14 709 933	48,1%	32 291 008	15 504 715	48,0%	33 577 565	15 114 163	45,0%
Health	19 511 420	10 213 607	52,3%	20 777 068	10 361 331	49,9%	23 227 253	10 930 126	47,1%
Social Development	1 986 729	972 845	49,0%	2 181 129	1 066 695	48,9%	2 171 921	1 028 236	47,3%
Public Works , Roads and Infrastructure	3 118 176	1 634 353	52,4%	3 616 964	1 588 915	43,9%	3 450 440	1 401 250	40,6%
Agriculture and Rural Development	1 917 354	874 570	45,6%	2 000 770	902 805	45,1%	1 712 750	738 523	43,1%
Transport and Community Safety	2 215 942	998 635	45,1%	2 345 185	1 051 287	44,8%	2 312 643	936 385	40,5%
Co-Operative Governance Human Settlements And Traditional Affairs	2 624 006	1 134 710	43,2%	2 720 467	1 291 270	47,5%	2 215 037	848 038	38,3%
Sport, Art And Culture	472 264	216 412	45,8%	519 537	221 098	42,6%	409 252	179 097	43,8%
Office Of The Premier	420 680	201 030	47,8%	443 476	204 582	46,1%	399 722	184 051	46,0%
Provincial Legislature	360 927	215 230	59,6%	375 755	179 559	47,8%	364 137	178 613	49,1%
Provincial Treasury	472 850	217 472	46,0%	506 841	231 518	45,7%	441 113	210 875	47,8%
Economic Development Environment And Tourism	1 665 375	817 032	49,1%	1 722 710	804 155	46,7%	1 327 631	723 323	54,5%
Total	65 373 495	32 205 829	49,3%	69 500 910	33 407 930	48,1%	71 609 464	32 472 680	45,3%
<i>Economic classification</i>									
Current payments	55 455 766	27 600 672	49,8%	59 300 122	29 022 173	48,9%	61 935 858	28 635 160	46,2%
Compensation of employees	45 956 169	22 923 270	49,9%	49 191 589	24 092 440	49,0%	50 602 563	24 008 443	47,4%
Goods and services	9 498 677	4 676 758	49,2%	10 107 563	4 929 732	48,8%	11 332 349	4 625 764	40,8%
Interest and rent on land	920	644	70,0%	970	1	0,1%	946	953	100,7%
Transfers and subsidies	7 827 311	3 814 733	48,7%	8 185 421	3 804 320	46,5%	7 463 671	3 253 313	43,6%
Payments for capital assets	2 090 418	790 411	37,8%	2 015 367	581 386	28,8%	2 209 935	584 207	26,4%
Payments for financial assets	-	13	0,0%	-	51	100,0%	-	-	100,0%
Total	65 373 495	32 205 829	49,3%	69 500 910	33 407 930	48,1%	71 609 464	32 472 680	45,3%

4.4.1 Spending per Economic Classification

4.4.1.1 Compensation of Employees

The province spent R24.0 billion or 47.4 percent on Compensation of Employees at the end of September 2020. Almost all departments spent below 50 percent due to the COVID-19 pandemic, except for the Departments of Sport, Arts and Culture and the Provincial Legislature which spent 51.4 percent and 53.4 percent respectively. Most departments have not yet paid their performance rewards.

Table 17: Compensation of Employees as at 30 September 2020

Department/Vote	2018/19			2019/20			2020/21		
	Main Budget	Actual spending as at 30 September 2018	% spending	Main Budget	Actual spending as at 30 September 2019	% spending	Special Adjustent	Actual spending as at 30 September 2020	% spending
Education	24 637 533	12 266 143	49,8%	25 957 635	13 046 377	50,3%	27 092 371	12 958 498	47,8%
Health	14 257 472	7 223 497	50,7%	15 808 869	7 508 792	47,5%	16 193 488	7 605 316	47,0%
Social Development	1 084 112	532 075	49,1%	1 182 104	582 983	49,3%	1 260 999	596 688	47,3%
Public Works, Roads and Infrastructure	1 100 857	530 089	48,2%	1 165 707	532 051	45,6%	1 090 814	500 569	45,9%
Agriculture	1 208 280	566 803	46,9%	1 205 829	553 439	45,9%	1 163 917	538 651	46,3%
Transport and Community Safety	1 052 289	507 393	48,2%	1 113 323	537 912	48,3%	1 118 546	534 057	47,7%
Co-Operative Governance Human Settlement	1 041 309	506 728	48,7%	1 094 897	518 018	47,3%	1 024 571	489 421	47,8%
Sport,Art And Culture	199 781	96 110	48,1%	220 471	99 587	45,2%	191 980	98 744	51,4%
Office of the Premier	300 576	147 470	49,1%	318 611	152 276	47,8%	322 134	148 399	46,1%
Legislature	198 319	103 429	52,2%	203 913	112 193	55,0%	224 475	119 789	53,4%
Treasury	310 658	149 112	48,0%	322 089	155 879	48,4%	320 019	145 966	45,6%
Economic Development	564 983	294 421	52,1%	598 142	292 933	49,0%	599 249	272 345	45,4%
Total	45 956 169	22 923 270	49,9%	49 191 590	24 092 440	49,0%	50 602 563	24 008 443	47,4%

4.4.1.2 Goods and Services

The province spent R4.6 billion or 40.8 percent of the total Goods & services budget of R11.3 billion by the end of September 2020, the expenditure has decreased from 48.8 percent in 2019/20 to 40.8 percent in 2020/21 financial year.

Table 18: Goods and Services as at 30 September 2020

Department/Vote	2018/19			2019/20			2020/21		
	Main Budget	Actual spending as at 30 September 2018	% spending	Main Budget	Actual spending as at 30 September 2019	% spending	Special Adjustent	Actual spending as at 30 September 2020	% spending
Education	2 668 540	786 591	29,5%	2 804 857	954 433	34,0%	3 011 470	669 149	22,2%
Health	4 056 727	2 573 868	63,4%	4 194 955	2 522 133	60,1%	5 865 881	2 967 807	50,6%
Social Development	269 344	157 445	58,5%	354 895	156 663	44,1%	248 094	106 486	42,9%
Public Works, Roads and Infrastructure	790 149	377 379	47,8%	808 259	422 214	52,2%	884 751	272 671	30,8%
Agriculture	401 600	184 696	46,0%	491 904	221 493	45,0%	314 539	152 839	48,6%
Transport and Community Safety	324 052	154 068	47,5%	356 408	169 040	47,4%	274 417	138 690	50,5%
Co-Operative Governance Human Settlement	184 548	85 708	46,4%	196 832	104 594	53,1%	160 168	75 926	47,4%
Sport,Art And Culture	219 377	95 965	43,7%	234 671	92 755	39,5%	157 484	55 366	35,2%
Office of the Premier	112 781	50 302	44,6%	117 395	49 894	42,5%	69 422	31 376	45,2%
Legislature	67 984	33 192	48,8%	76 288	34 270	44,9%	51 421	13 486	26,2%
Treasury	143 955	60 598	42,1%	173 531	72 890	42,0%	107 650	56 270	52,3%
Economic Development	259 620	116 946	45,0%	297 567	129 353	43,5%	187 052	85 698	45,8%
Total	9 498 677	4 676 758	49,2%	10 107 562	4 929 732	48,8%	11 332 349	4 625 764	40,8%

4.4.1.3 Transfers and subsidies

The provincial spending is at R3.3 billion or 43.6 percent of the allocated Transfers and Subsidy budget of R7.5 billion.

Table 19: Transfers and subsidies as at 30 September 2020

Department/Vote	2018/19			2019/20			2020/21		
	Main Budget	Actual spending as at 30 September 2018	% spending	Main Budget	Actual spending as at 30 September 2019	% spending	Special Adjustment	Actual spending as at 30 September 2020	% spending
Education	1 566 943	794 313	50,7%	2 491 081	1 258 304	50,5%	2 559 944	1 252 208	48,9%
Health	534 086	466 155	87,3%	376 108	153 056	40,7%	169 245	134 375	79,4%
Social Development	518 899	245 512	47,3%	591 292	307 426	52,0%	632 159	293 479	46,4%
Public Works, Roads and Infrastructure	798 245	576 934	72,3%	1 476 899	580 739	39,3%	1 404 521	597 269	42,5%
Agriculture	158 345	52 461	33,1%	202 401	93 221	46,1%	194 111	30 918	15,9%
Transport and Community Safety	748 861	324 288	43,3%	808 293	339 621	42,0%	883 957	257 484	29,1%
Co-Operative Governance Human Settlements	1 231 244	684 591	55,6%	1 366 507	647 932	47,4%	994 463	274 621	27,6%
Sport, Art And Culture	11 194	5 546	49,5%	13 244	10 275	77,6%	6 457	5 858	90,7%
Office of the Premier	4 380	2 515	57,4%	732	1 718	234,7%	5 645	2 300	40,7%
Legislature	62 936	64 722	102,8%	82 435	33 004	40,0%	81 342	45 338	55,7%
Treasury	6 204	5 147	83,0%	6 528	1 951	29,9%	2 736	1 801	65,8%
Economic Development	448 512	248 347	55,4%	769 901	377 073	49,0%	529 091	357 662	67,6%
Total	6 089 849	3 470 531	57,0%	8 185 421	3 804 320	46,5%	7 463 671	3 253 313	43,6%

4.4.1.4 Payment for Capital Assets

The spending on capital assets is R584.2 million or 26.4 percent of the allocated budget of R2.210 billion as at 30 September 2020. When comparing three financial years capital spending trends, there is no improvement with the spending recoded at, 37.8 percent in 2018/19, 28.8 percent in 2019/20 and 26.4 percent in 2020/21 financial year.

Table 20: Payment for Capital Assets as at 30 September 2020

Payment for capital Assets	2018/19			2019/20			2020/21		
	Main Budget	Actual spending as at 30	% spending	Main Budget	Actual spending as at 30 September 2019	% spending	Special Adjustment	Actual spending as at 30 September 2020	% spending
Education	975 264	443 165	45,4%	1 037 435	245 601	23,7%	913 780	234 308	25,6%
Health	548 018	165 072	30,1%	397 136	177 350	44,7%	998 639	222 628	22,3%
Social Development	48 362	27 978	57,9%	52 838	19 623	37,1%	30 669	31 583	103,0%
Public Works, Roads and Infrastructure	164 335	49 078	29,9%	166 099	53 862	32,4%	70 354	30 741	43,7%
Agriculture	98 442	17 074	17,3%	100 636	34 652	34,4%	40 183	16 115	40,1%
Transport and Community Safety	37 580	1 822	4,8%	67 161	4 712	7,0%	35 723	6 154	17,2%
Co-Operative Governance Human Settlements And	61 421	15 957	26,0%	62 231	20 726	33,3%	35 835	8 070	22,5%
Sport, Art And Culture	40 611	17 824	43,9%	51 151	18 481	36,1%	53 331	18 176	34,1%
Office of the Premier	5 491	2 592	47,2%	6 738	694	10,3%	2 521	1 976	78,4%
Legislature	21 597	10 713	49,6%	13 119	92	0,7%	6 899	-	0,0%
Treasury	10 936	1 640	15,0%	4 693	798	17,0%	10 708	6 838	63,9%
Economic Development	78 361	37 496	47,9%	56 130	4 795	8,5%	11 293	7 618	67,5%
Total	2 090 418	790 411	37,8%	2 015 367	581 386	28,8%	2 209 935	584 207	26,4%

4.5 Equitable share spending

The Equitable Share expenditure as at 30 September 2020 is 47.3 percent or R29.4 billion as compared to 49.4 percent or R29.8 billion in 2019/20.

Table 21: Equitable share spending as at 30 September 2020

R'000	2018/19			2019/20			2020/21		
	Main Budget	Actual spending as at 30 September	% spending	Main Budget	Actual spending as at 30 September 2019	% spending	Special Adjustment	Actual spending as at 30 September 2020	% spending
Education	28 258 124	13 676 531	48,4%	29 830 491	14 603 313	49,0%	31 117 224	14 392 112	46,3%
Health	16 790 580	8 916 616	53,1%	17 703 818	8 996 255	50,8%	19 302 159	9 312 568	48,2%
Social Development	1 859 529	907 362	48,8%	2 099 948	1 032 483	49,2%	2 032 243	972 266	47,8%
Public Works, Roads and Infrastructure	1 986 676	1 023 086	51,5%	2 452 943	1 281 442	52,2%	2 346 075	1 259 087	53,7%
Agriculture and Rural Development	1 571 967	752 126	47,8%	1 658 425	787 475	47,5%	1 465 812	681 689	46,5%
Transport and Community Safety	1 857 133	870 375	46,9%	1 966 395	926 387	47,1%	1 908 608	811 505	42,5%
Co-Operative Governance Human Settlements And Traditional Affairs	1 311 819	624 824	47,6%	1 380 944	657 775	47,6%	1 251 796	582 695	46,5%
Sport, Art And Culture	276 942	130 933	47,3%	301 734	137 254	45,5%	266 531	128 530	48,2%
Office Of The Premier	420 680	201 030	47,8%	443 476	204 582	46,1%	399 722	184 051	46,0%
Provincial Legislature	360 927	215 230	59,6%	375 755	179 559	47,8%	364 137	178 613	49,1%
Provincial Treasury	472 850	217 472	46,0%	506 841	231 518	45,7%	441 113	210 875	47,8%
Economic Development Environment And Tourism	1 661 999	815 612	49,1%	1 719 147	803 706	46,8%	1 324 637	723 043	54,6%
Total	56 829 226	28 351 197	49,9%	60 439 917	29 841 749	49,4%	62 220 057	29 437 034	47,3%

4.6 Conditional Grants

Table 22: Conditional Grants spending per department as at 30 September 2020

R'000 Department / Vote	2018/19			2019/20			2020/21		
	Main Budget	Expenditure	% Expenditure	Main Budget	Expenditure	% Expenditure	Main Budget	Expenditure	% Expenditure
Vote 3: Education	2018/19			2019/20			2020/21		
National School Nutrition Programme	1 229 299	532 329	43,3%	1 292 011	610 840	47,3%	1 369 485	395 256	28,9%
Maths Science and Technology	43 364	37 091	85,5%	45 802	3 577	7,8%	38 140	62 325	163,4%
HIV/AIDS (Life Skills Education)	27 116	7 180	26,5%	29 124	11 227	38,5%	21 339	2 097	9,8%
Education Infrastructure Grant	1 011 680	442 736	43,8%	1 050 160	254 937	24,3%	976 043	243 173	24,9%
EPWP Incentive Allocation	2 134	615	28,8%	2 385	1 285	53,9%	2 069	426	20,6%
Social Sector (EPWP) Grant	14 355	6 200	43,2%	14 196	6 574	46,3%	20 833	8 671	41,6%
Learners with Profound Intellectual disabilities	21 700	7 251	33,4%	26 839	12 962	48,3%	32 432	10 103	31,2%
Total	2 349 648	1 033 402	44,0%	2 460 517	901 402	36,6%	2 460 341	722 051	29,3%
Vote 4: Agriculture and Rural Development	2018/19			2019/20			2020/21		
Land Care	12 603	1 797	14,3%	12 863	8 364	65,0%	12 970	16	0,1%
Comprehensive Agriculture Support Programme	256 521	99 016	38,6%	246 542	90 059	36,5%	174 498	42 037	24,1%
EPWP Incentive Allocation	5 000	4 027	80,5%	7 686	6 193	80,6%	6 610	2 943	44,5%
ILima/Letsema Projects	71 263	17 604	24,7%	75 254	10 714	14,2%	52 860	11 838	22,4%
Total	345 387	122 444	35,5%	342 345	115 330	33,7%	246 938	56 834	23,0%
Vote 6 - Economic Development, Environment and Tourism	2018/19			2019/20			2020/21		
EPWP Incentive Allocation	3 376	1 420	42,1%	3 563	449	12,6%	2 994	280	9,4%
Total	3 376	1 420	42,1%	3 563	449	12,6%	2 994	280	9,4%
Vote 7: Health	2018/19			2019/20			2020/21		
Health Professions Training and Development	139 366	66 155	47,5%	147 168	72 982	49,6%	157 624	65 210	41,4%
Hospital Revitalisation	536 898	162 280	30,2%	457 951	195 553	42,7%	742 473	230 073	31,0%
Comprehensive HIV and AIDS	1 600 516	847 695	53,0%	1 947 302	781 916	40,2%	2 371 845	987 761	41,6%
National Tertiary Services	387 560	195 082	50,3%	409 263	230 733	56,4%	445 200	220 528	49,5%
Human Pappiloma Vaccine	27 471	10 562	38,4%	29 009	9 935	34,2%	30 604	-	0,0%
Disaster Management (COVID-19)	-	-	0,0%	-	-	0,0%	42 449	42 448	100,0%
EPWP Incentive Allocation	2 000	1 325	66,3%	2 000	471	0,0%	-	-	0,0%
Social Sector (EPWP) Grant	27 029	13 892	51,4%	37 299	15 827	42,4%	28 286	13 640	48,2%
Human Resources Capitalisation Grant	-	-	0,0%	43 258	57 659	133,3%	74 547	35 067	47,0%
Total	2 720 840	1 296 991	47,7%	3 073 250	1 365 076	44,4%	3 925 094	1 617 558	41,2%
Vote 8 - Transport and Community Safety	2018/19			2019/20			2020/21		
Public Transport Operations	356 809	126 487	35,4%	376 790	124 900	33,1%	402 035	124 880	31,1%
EPWP	2 000	1 773	88,7%	2 000	-	0,0%	2 000	-	0,0%
Total	358 809	128 260	35,7%	378 790	124 900	33,0%	404 035	124 880	30,9%
Vote 9 - Public Works, Roads and Infrastructure	2018/19			2019/20			2020/21		
Provincial Infrastructure	1 124 146	606 902	54,0%	1 158 253	302 785	26,1%	1 098 659	136 458	12,4%
EPWP Incentive Allocation	7 354	4 365	59,4%	5 768	4 688	81,3%	5 706	5 705	100,0%
Total	1 131 500	611 267	54,0%	1 164 021	307 473	26,4%	1 104 365	142 163	12,9%
Vote 13 - Sport, Arts and Culture	2018/19			2019/20			2020/21		
Mass Participation and Sport Development Grant	67 679	23 286	34%	71 489	38 809	54%	32 291	6 730	20,8%
Community Library Services	125 643	61 291	49%	144 314	44 195	31%	108 430	43 447	40,1%
EPWP Incentive Allocation	2 000	902	45%	2 000	840	42%	2 000	390	19,5%
Total	195 322	85 479	44%	217 803	83 844	38%	142 721	50 567	35,4%
Vote 11 - Cooperative Governance, Human Settlements and Traditional Affairs	2018/19			2019/20			2020/21		
Human Settlement Development	1 285 681	506 606	39,4%	1 301 677	629 538	48,4%	948 161	264 190	27,9%
EPWP Incentive Allocation	2 000	-	0,0%	2 026	-	0,0%	2 000	-	0,0%
Deeds Restoration grants	24 506	3 280	13,4%	35 820	3 957	11,0%	13 080	1 153	8,8%
Total	1 312 187	509 886	38,9%	1 339 523	633 495	47,3%	963 241	265 343	27,5%
Vote 12 - Social Development	2018/19			2019/20			2020/21		
Social Sector (EPWP) Grant	8 008	3 124	39,0%	10 189	3 091	30,3%	9 954	5 245	52,7%
Early Childhood development	68 561	30 071	43,9%	68 992	29 744	43,1%	127 724	49 780	39,0%
Social Worker Employment	50 631	32 288	63,8%	-	-	0,0%	-	-	0,0%
EPWP Incentive grant	-	-	0,0%	2 000	1 377	68,9%	2 000	945	47,3%
Total	127 200	65 483	51,5%	81 181	34 212	42,1%	139 678	55 970	40,1%
Total Conditional grants	8 544 269	3 854 632	45,1%	9 060 993	3 566 181	39,4%	9 389 407	3 035 646	32,3%

The expenditure on conditional grants as at 30 September 2020 was 32.3 percent or R3.0 billion as compared to 39.4 percent or R3.6 billion in 2019/20. The highest spending departments as at the end of September 2020 are Health and Social Development at R1.6 billion or 41.2 percent and R55.9 million or 40.1 percent respectively. The lowest spending departments are Public Works, Roads and Infrastructure and Economic Development at 12.9 percent and 9.4 percent respectively.

4.7 COVID-19 EQUITABLE SHARE SPENDING

Provincial departments have so far spent R871.8 million or 28.7 percent of the equitable share allocated COVID-19 pandemic budget. Department of Health has the most of the allocation due to the fact that the department is at the forefront in fighting and preventing the corona virus spread. Most of the departments received the orders and actual expenditure will start reflecting during the third quarter of the financial year.

Table 23: COVID-19 Equitable Share Expenditure

LIMPOPO COVID-19 CONSOLIDATED REPORT			
DEPARTMENT	BUDGET	EXPENDITURE	% SPENDING
Premier	6 821	746	10,9%
Legislature	1 000	441	44,1%
Education	430 220	70 837	16,5%
Agriculture and Rural Development	32 200	13 408	41,6%
Provincial Treasury	479	318	66,4%
Economic Development	2 418	1 568	64,8%
Health	2 469 753	770 016	31,2%
Transport and Community Safety	4 274	3 205	75,0%
Public Works, Roads and Infrastructure	49 598	3 899	7,9%
Sport Arts and Culture	16 049	1 125	7,0%
CoGHSTA	1 532	1 421	92,8%
Social Development	26 890	4 790	17,8%
TOTAL	3 041 234	871 774	28,7%

4.8 PROVINCIAL OWN REVENUE PERFORMANCE

4.8.1 Overall receipts

Table 24: Revenue collection as at 30 September 2020

REVENUE COLLECTION	2018/19 Actual Receipts			2019/20 Actual Receipts			2020/21 Actual Receipts		
	Main appropriation	Actual Collection as at 30 September 2018	Collection % as at 30 September 2018	Main appropriation	Actual Collection as at 30 September 2019	Collection % as at 30 September 2019	Main appropriation	Actual Collection as at 30 September 2020	Collection % as at 30 September 2020
Office of the Premier	567	239	42,2%	583	297	51,0%	608	210	34,5%
Education	41 264	18 314	44,4%	43 826	46 672	106,5%	51 034	17 591	34,5%
Agriculture and Rural Development	12 579	4 718	37,5%	12 579	4 367	34,7%	12 320	2 987	24,2%
Provincial Treasury	300 000	142 108	47,4%	280 874	117 636	41,9%	247 781	104 793	42,3%
Economic Development, Tourism and Environment	160 918	77 516	48,2%	158 941	80 089	50,4%	167 683	22 683	13,5%
Health	168 177	106 347	63,2%	193 610	89 478	46,2%	212 297	64 459	30,4%
Transport	524 149	270 035	51,5%	584 740	317 897	54,4%	651 293	251 056	38,5%
Public Works, Roads and Infrastructure	28 355	14 421	50,9%	30 438	16 752	55,0%	34 962	15 790	45,2%
Sport, Arts and Culture	1 940	393	20,2%	2 224	384	17,3%	2 253	190	8,4%
Co-operative Governance, Human settlements and Traditional Affairs	4 784	2 731	57,1%	5 119	23 293	455,0%	5 323	1 575	29,6%
Social Development	3 969	1 300	32,7%	4 182	1 414	33,8%	2 500	1 108	44,3%
Total departmental receipts	1 246 702	638 122	51,2%	1 317 116	698 279	53,0%	1 388 054	482 441	34,8%

As at 30th September 2020, provincial own revenue collection is R482.4 million or 34.8 percent of the main appropriation, less than the projected collection for the period of R694.5 million or 50.0 percent of the main appropriation. The Province has significantly under collected by R212.2 million or 15.3 percent. The under collection is mainly on motor vehicle licences; casino and horse racing taxes; and patient fees by Departments of Transport and Community Safety; LEDET and Health respectively. The under collection is mainly influenced by the decline or lack of economic activities due to the enforced lockdown as a result of Covid-19 pandemic. The collected revenue is less than that of the previous year corresponding period of R698.3 or 53.1 percent.

4.8.2 Own Revenue per economic classifications

Table 25: Own revenue per economic classification as at 30 September 2020

Revenue collection	2018/19 Actual Receipts			2019/20 Audited outcome			2020/21 Actual Receipts		
	Main appropriation	Actual Collection as at 30 September 2018	Collection % as at 30 September 2018	Main appropriation	Actual Collection as at 30 September 2019	Collection % as at 30 September 2019	Main appropriation	Actual Collection as at 30 September 2020	Collection % as at 30 September 2020
Tax receipts	475 120	245 841	51,7%	518 779	326 647	63,0%	660 665	229 998	34,8%
Sale of goods and services other than capital assets	357 018	131 932	37,0%	285 096	138 218	48,5%	324 527	108 307	33,4%
Transfers received from:					170		9 179	-	0,0%
Fines, penalties and forfeits	71 571	31 522	44,0%	78 763	34 862	44,3%	72 041	26 048	36,2%
Interest, dividends and rent on land	190 616	180 370	94,6%	300 742	139 894	46,5%	249 166	105 248	42,2%
Sales of capital assets	10 367	98	0,9%	11 648	2 901	24,9%	17 055	493	2,9%
Revenue financial transactions in assets and liabilities	32 813	64 048	195,2%	51 673	55 661	107,7%	55 421	12 347	22,3%
Total provincial receipts	1 137 506	653 812	57,5%	1 246 701	698 352	56,0%	1 388 054	482 441	34,8%

4.8.2.1 Tax Receipts

An amount of R229.9 million or 34.8 percent has been collected against the projections of R334.1 million or 50.6 percent. The under collection of R104.1 million or 15.8 percent is mainly on motor vehicle licences registration and renewal fees by Department of Transport and Community Safety; and casino taxes by Department of Economic Development, Environment and Tourism. Collection is less than that of the previous year corresponding period of R326.6 million or 54.1 percent.

4.8.2.2 Sale of Goods & Services other than capital assets

As at 30th September 2020, actual collection is R108.3 million or 33.4 percent against the projections of R159.8 million or 49.3 percent. The under collection of R51.5 million or 15.9 percent is mainly influenced by less collection on patient fees by the Department of Health, less collection on entrance fees, camping fees & accommodation by LEDET as well as less collection on abnormal load permits by Transport and Community Safety. Collection is below that of the previous year corresponding period of R138.55.7 million or 54.5 percent.

4.8.2.3 Transfers received from Public Entities

There is no collection against projection of R9.1 million due to delayed transfer of accumulated surpluses / unspent funds from Schedule 3 (C) Public Entities.

4.8.2.4 Fines, penalties and forfeits

Fines, penalties and forfeits collected amounted to R26.0 million or 36.2 percent against the set own revenue projections of R36.2 million or 50.4 percent. Under collection of R10.2 million or 14.2 percent is mainly due to less collection of penalties on motor vehicle traffic fines by Transport and Community Safety.

4.8.2.5 Interest, Dividends and Rent on Land

Collection as at the 30th September 2020 is R105.2 million or 42.2 percent against the set own revenue projections of R122.7 million or 49.3 percent. Under collection of R17.5 million or 7.0 percent is mainly influenced by less interests earned from favourable bank balances by Provincial Treasury due to the interest rate reductions announce by the South African Reserve Bank. Collection is below that of the previous year corresponding period of R139.9 million or 49.7 percent.

4.8.2.6 Sale of Capital Assets

Collection of R0.493 million or 2.9 percent against the set projection of R0.206 million or 1.2 percent. Over collection emanates from recovery of previous year auction conducted but not accounted in the year of receipt by CoGHSTA and sale of property by PWRI without a budget. Collection is below that of the previous year corresponding period of R2.9 million or 22.7 percent.

4.8.2.7 Transactions in Financial Assets and Liabilities

The item collected R12.3 million or 22.3 percent against the set own revenue projections of R32.1 million or 57.9 percent. Under collection of R19.7 million or 35.6 percent is mainly due to less recovery of previous year's expenditure related debts by LEDET, Education and Health.

4.9 Provincial Infrastructure Performance

Table 26: Infrastructure Expenditure comparison as at 30 September 2020

Infrastructure Expenditure Comparison as at 30 September year-on-year										
Department	Budget (R'000)		Expenditure (R'000)			% Expenditure				
	2018/19	2019/20	2020/21		2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
			Main	Adjusted						
Education	1 013 426	1 051 986	1 258 291	977 970	442 802	254 945	243 173	43,7%	24,2%	24,9%
Agriculture & Rural Development	160 455	223 426	220 214	89 002	68 260	74 989	21 273	42,5%	33,6%	23,9%
LEDET	54 481	45 267	20 000	6 600	36 048	2 846	6 676	66,2%	6,3%	101,2%
Health	729 277	656 200	952 819	1 053 776	212 110	280 237	223 878	29,1%	42,7%	21,2%
PWR&I - Total	1 958 938	2 153 433	3 370 658	2 972 594	1 072 212	959 998	1 214 298	54,7%	44,6%	40,8%
PWR&I - Roads	1 883 322	2 077 037	2 505 298	2 228 412	1 054 073	935 137	756 856	56,0%	45,0%	34,0%
PWR&I - Works	75 616	76 396	865 360	744 182	18 139	24 861	457 442	24,0%	32,5%	61,5%
Transport	27 915	43 021	51 574	32 574	1 064	3 179	4 796	3,8%	7,4%	14,7%
CoGHSTA	1 312 187	1 337 497	1 100 412	961 241	506 607	721 409	358 137	38,6%	53,9%	37,3%
Social Development	43 201	47 846	71 794	25 213	28 490	22 977	20 138	65,9%	48,0%	79,9%
Sport, Arts & Culture	40 031	47 128	79 759	53 359	23 948	17 378	18 001	59,8%	36,9%	33,7%
TOTAL	5 339 911	5 605 804	7 125 521	6 172 329	2 391 541	2 337 959	2 110 370	44,8%	41,7%	34,2%

As at 30 September 2020, the Provincial Infrastructure expenditure was at R2.1 billion or 34.2 percent of the adjusted Provincial infrastructure budget of R6.2 billion. Current year spending was negatively affected by the impact of the COVID-19 pandemic. As the restrictions are being eased, it is hoped that there will be some improvement in the expenditure for the projects, which are under construction.

4.10 Conclusion

Overall provincial spending as at 30 September 2020 amounts to R32.5 billion or 45.3 percent of the total adjusted budget of R71.6 billion. Of the R32.5 billion total expenditures, R29.5 billion or 47.5 percent is on equitable share and R3.0 billion or 32.3 percent is on Conditional grants.

The Province has collected an amount of R498.4 million or 34.8 percent against the set own revenue projections of R694.5 million or 50.0 percent, which reflects a significant under collection of R212.1 million or 15.3 percent.

The Provincial Infrastructure expenditure stood at R2.1 billion. The total expenditure represents 34.2 percent of the adjusted Provincial infrastructure budget of R6.2 billion.

Chapter 5: Mid Term Review

5.1 Introduction

In terms of Section 18 (1) (b) of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999) (PFMA), Provincial Treasury must exercise control over the implementation of the provincial budget. The Limpopo Development Plan (LDP) is a planning document with targets that need to be achieved by departments and public entities. During the mid-term reviews, all set targets on the LDP are assessed and resources are made available on the basis of the departmental mandates and capacity to deliver services on a particular financial year. The objective of these mid-term reviews are to examine the departmental priorities within the context of applicable baseline allocations for the 2020/21 financial year through Adjustment Bilateral Meetings and Medium Term Expenditure Committee (MTEC) Hearings between Provincial Treasury and departments with their public entities.

Provincial Treasury presented proposed 2020/21 budget adjustments to the Head of Departments' Forum which recommended same to Executive Council Budget Committee for approval. The Executive Council ultimately granted approval for the 2020/21 budget adjustments.

5.2 Basis of budget adjustment estimates for 2020/21 financial year

In terms of section 31 of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999) (PFMA) the MEC for Finance in a province may table an adjustment budget in the Provincial Legislature. Section 31 (2) prescribes that an adjustments budget of a province may only provide for: -

- (a) The appropriation of funds that have become available to the province;
- (b) Unforeseeable and unavoidable expenditure recommended by the provincial Executive Council of the province;
- (c) Any expenditure related to emergency situations;
- (d) The shifting of funds between and within votes or when assets and liabilities are transferred emanated from the transfer of functions;

- (e) The utilization of savings under a main division within a vote for the defrayment of excess expenditure under another main division within the same vote; and
- (f) The roll-over of unspent funds from the preceding financial year.

5.3 Provincial Own Revenue

5.3.1 Summary of Revised Provincial Own Revenue estimates

Table 27: Summary of Provincial Own Receipts per department

	2020/21			
	Proposed Receipts (Own Revenue)			
	Main appropriation	Movement	Revised estimate	% Growth
R thousand				
Office of the Premier	608	(172)	436	-28.2%
Education	51 034	-	51 034	0.0%
Agriculture and Rural Development	12 320	(1 129)	11 190	-9.2%
Provincial Treasury	247 781	(46 068)	201 713	-18.6%
Economic Development, Environment and Tourism	167 683	(43 656)	124 027	-26.0%
Health	212 297	(32 197)	180 100	-15.2%
Transport and Community Safety	651 293	-	651 293	0.0%
Public Works, Roads and Infrastructure	34 962	2 871	37 833	8.2%
Sport, Arts and Culture	2 253	(1 641)	612	-72.9%
Co-Operative Governance Human settlements and Traditional Affairs	5 323	2 380	7 703	44.7%
Social Development	2 500	-	2 500	0.0%
Total departmental receipts	1 388 054	(119 611)	1 268 443	-8.6%

The original provincial own revenue target decreases by R119.6 million or 8.6 percent of the main appropriation, i.e. from R1.4 billion to R1.3 billion. The decrease is mainly influenced by slow performance on interest, casino taxes as well as patient fees from the Departments of Provincial Treasury (R46.1 million), Economic Development, Environment & Tourism (R43.7 million) and Health (R32.2 million) respectively.

The other contributing factor towards the downward adjustment is the lack of economic activities during the enforced lockdown. Despite the overall decline on the provincial own revenue baseline, the following two departments increased their own revenue targets: Public Works, Roads & Infrastructure (R2.9 million) and CoGHSTA (R2.4 million). The increase is mainly influenced by anticipated proceeds from auction sale of capital assets / scraps as well as interest from implementing agency respectively. The own revenue baseline for the departments of Transport & Community Safety, Education and Social Development remain unchanged however, these departments to adjust within item level based on collection trends. The revenue budget for the other remaining five departments also recorded an insignificant decline.

5.3.2. Provincial Own Revenue adjustments per department

Vote 1: Office of the Premier

Office of the Premier derives its revenue mainly from commission on insurance and parking fees. The revenue budget decreases from R0.608 million to R0.436 million showing a decline of R0.172 million or 28.2 percent of the main appropriation, mainly due to less anticipated recovery of departmental debts, commission on insurance and parking fee.

Vote 3: Education

The main source of revenue for the department is commission on insurance. The budget of the department remains unchanged at R51.0 million however, to adjust within item level based on collection trends, once-off anticipated recovery of previous year's debts as well as to cater for sale of capital assets and scraps.

Vote 4: Agriculture and Rural Development

The departmental own revenue collection is derived from commission on insurance, academic services: tuition, registration & exam fees, boarding services and sale of agricultural produce. The revenue budget of the department decreases from R12.3 million to R11.2 million showing a decline of R1.1 million or 9.2 percent mainly due to less anticipated recovery of previous year's debts, veterinary services and commission on insurance. The other contributing factor to reduction in the revenue budget is academic services fees due to lock down.

Vote 5: Provincial Treasury

The own revenue of the department is mainly from interests earned on the Intergovernmental Cash Coordination account and the Paymaster General account. Other sources of revenue are commission on insurance, sale of tender documents and parking fees. The revenue budget is decreasing from R247.8 million to R201.7 or by R46.1 million which translates to 18.6 percent decline, mainly due to less collection of interest from favourable bank balances and less recovery of previous year's expenditure related debts than anticipated.

Vote 6: Economic Development, Environment and Tourism

The department derives its own revenue mainly from tax receipts comprising of casino taxes, horse racing taxes and liquor licenses. Other sources of revenue are hunting permits and entrance fees from nature resorts and reserves. The revenue budget of the department decreases from R167.7 million to R124.0 million, showing a decline of R43.7 million or 26.0 percent of the main appropriation, mainly due to low performance on casino taxes and delayed surrender of unspent funds from Gambling Board and Limpopo Tourism agency (LTA).

Vote 7: Health

The own revenue of the department is mainly generated from patient fees. The own revenue budget of the department decreases from R212.3 million to R180.1 million or a decline by R32.2 million which is 15.2 percent of the main appropriation. The decrease is mainly due slow collection on patient fees due to lack of economic activities during the lockdown.

Vote 8: Transport and Community Safety

The main source of own revenue for the department is from tax receipts in the form of motor vehicle licences as well as penalties, traffic fines and abnormal load licences. The own revenue budget of the department remains unchanged at R651.3 however, to adjust within item level based on collection trends and improved collection on motor vehicles licences since the relaxation of lockdown regulations as well as the implementation of Revenue Enhancement projects.

Vote 9: Public Works, Roads and Infrastructure

The revenue of the department of Public Works, Roads & Infrastructure is mainly derived from rental of government properties. Other revenue sources are commission on insurance and parking fees. The revenue budget increases from R34.9 million to R37.8 million or by R2.9 million which translates to 8.2 percent of the main appropriation. The increase is mainly influenced by the anticipated proceeds from auction sale of capital assets and scraps.

Vote 10: Sport, Arts and Culture

The revenue of the department is derived from commission on insurance, parking fees and entrance fees from hosting of the Mapungubwe Arts Festival. The revenue budget of the department decreases from R2.3 million to R0.612 million or by R1.6 million, which is 72.9 percent of the main appropriation. The decrease is mainly due to the cancellation for the hosting of Mapungubwe Arts Festival in current financial year.

Vote 11: Co-operative Governance, Human Settlement & Traditional Affairs

The main sources of revenue of the department are commission on insurance and parking fees. The revenue budget increases from R5.3 million to R7.7 million or by R2.4 million which translates to 44.7 percent of the main appropriation. The increase is mainly due to once-off anticipated recovery of interest from implementing agency.

Vote 12: Social Development

The main sources of revenue are commission on insurance, rentals and parking fees. The revenue budget of the department remains unchanged at R2.5 million however, to adjust within item level based on collection trends.

5.4 Budget Adjustment Estimates for 2020/21 financial year

5.4.1 Provincial Available Resources

The 2020/21 provincial available funding sources are adjusted downwards by R1.8 billion or 2.4 percent from of R73.1 billion to R71.3 billion. Table 28 below refers

The Provincial Equitable Share allocation is revised downwards by R3.075 billion due to implementation of National Salary freeze as pronounced by the Minister of Finance. The Province is however allocated additional equitable share amounts of R987.8 million in the Department of Education for the Presidential Employment Initiative and a further R57.8 million for the Food Relief Programme in the Department of Social Development.

Conditional Grants are adjusted by R396.763 million which is comprised of Conditional Grant rollovers of R220.534 million, additional Conditional Grant of R201.205 million (R18.640 million for Provincial Drought Relief in the Department of Agriculture and

Rural Development, Presidential Employment Initiatives: - R53.746 million for Health, R70.578 million for Provincial Roads Maintenance Grant in Public Works, Roads and Infrastructure and R58.241 for Early Childhood Development Grant in Social Development) and a reduction of R24.976 million (R3.027 million in Agriculture Grants, R19.893 million Comprehensive HIV and AIDS Grant in Department of Health and R2.056 million in Mass Sport and Library Grants)

The Provincial Own revenue is adjusted downwards from R1.388 billion by R119.611 million or 8.6 percent to R1.268 billion.

Table 28: Adjustment budget for 2020/21

Description	2020/21 Adjusted Appropriation	Proposed 2nd Adjustment	2020/21 Adjusted Appropriation	% Growth
Provincial Receipts				
Equitable Share	62 328 931	(3 075 616)	59 253 315	-4,9%
Equitable Share (Presidential Employment Initiative - Education)	-	987 826	987 826	100,0%
Equitable Share (Food Relief Fund - Socail Development)	-	57 848	57 848	100,0%
Conditional Grants	9 346 958	378 123	9 725 081	4,0%
COVID-19 Disaster Allocation (Health)	42 449	-	42 449	0,0%
Disaster funding (Drought Relief - Agriculture)	-	18 640	18 640	100,0%
Provincial Own Revenue	1 388 054	(119 611)	1 268 443	-8,6%
Total Receipts	73 106 392	(1 752 790)	71 353 602	-2,4%
Departments / Votes				
Vote 1 : Office of the Premier	399 722	(5 437)	394 285	-1,4%
Vote 2 : Provincial Legislature	364 137	(9 472)	354 665	-2,6%
Vote 3 : Education	33 577 565	177 062	33 754 627	0,5%
Vote 4 : Agriculture and Rural Development	1 712 750	(14 287)	1 698 463	-0,8%
Vote 5 : Provincial Treasury	441 113	(2 111)	439 002	-0,5%
Vote 6 : Economic Development, Environment and Tourism	1 327 631	63 160	1 390 791	4,8%
Vote 7 : Health	23 227 253	(629 536)	22 597 717	-2,7%
Vote 8 : Transport and Community Safety	2 312 643	(93 918)	2 218 725	-4,1%
Vote 9 : Public Works, Roads & Infrastructure	3 450 440	79 680	3 530 120	2,3%
Vote 10 : Sport, Arts and Culture	409 252	19 227	428 479	4,7%
Vote 11 : CoGHSTA	2 215 037	28 265	2 243 302	1,3%
Vote 12 : Social Development	2 171 921	110 267	2 282 188	5,1%
Total	71 609 464	(277 099)	71 332 365	-0,4%

5.4.2 Adjustment per department:

Vote 1: Office of the Premier – (R5.437 million)

The budget of the institution is reduced by R5.437 million due to a surrender of R14.343 million from Compensation of Employees to contribute to Provincial surrender of R3.075 billion. The institution received additional allocation of R7.565 million for the implementation of Provincial Digital Signature (ECM) and for the reconfiguration of Public Entities project. Furthermore, the institution is allocated R1.341 million for cost associated with early retirement penalties.

Vote 2: Provincial Legislature – (R9.472 million)

The institution's budget is reduced by R9.472 million due to a surrender of R26.201 million from Compensation of Employees to contribute to Provincial surrender of R3.075 billion and additional R16.729 million retained for the 2019/20 unspent funds as per Section 22 of the PFMA.

Vote 3: Education – R177.062 million

The department received an additional budget of R201.934 million for conditional grant rollover, R987.826 million for Presidential Employment Initiatives and R5.046 million for funding of costs associated with early retirement penalties. The department will also surrender R620.113 million from Compensation of Employees to contribute to Provincial COE surrender of R3.075 billion and R397.631 million from COVID-19 unspent funds.

Vote 4: Agriculture and Rural Development – (R14.287 million)

The department will surrender R52.188 million from Compensation of Employees and R3.027 million from Conditional grants (R2.244 million from CASP, R0.629 million from Illima/Letsema and R0.154 million from Land Care). The Department is allocated R18.640 million for Provincial Disaster Drought Relief Grant and R22.288 million to fund costs associated with Early Retirement Penalties.

Vote 5: Provincial Treasury - (R2.111 million)

The department's allocation is reduced by R2.111 million due to surrender of R16.646 million from Compensation of Employees and receives an additional allocation of R14.535 million to fund Early Retirement Penalties.

Vote 6: LEDET – R63.160 million

The department's allocation is adjusted upwards by R63.160 million. The Department is allocated R5.905 million to fund Early Retirement Penalties and R90.677 million for funding of Infrastructure in Limpopo Connection. The department will also surrender R33.422 million from Compensation of Employees to fund a Provincial COE surrender of R3.075 billion.

Vote 7: Health – (R629.536 million)

The Department will surrender R706.658 million from COVID-19 unspent funds and R19.893 million from the HIV, TB, Malaria and Community Outreach Grant. The department is also allocated R35.435 million to fund Early Retirement Penalties.

The Department receives an approved rollover amount of R7.834 million for Comprehensive HIV and AIDS (R2.581 million) and Health Revitalization Grant (R5.253 million). The department will also receive an additional allocation of R53.746 million for the Presidential Employment Initiatives in the following conditional grants:

- R31.227 million in Community Services Outreached Component under HIV, TB, Malaria and Outreach Grant; and
- R22.519 million for Statutory Human Resource, Training and Development Grant.

Vote 8: Transport – (R93.918 million)

The department will surrender R21.405 million from Compensation of Employees and R80.000 million from unspent funds for Bus Subsidies. The department is also allocated R7.475 million to fund Early Retirement Penalties and R12 thousand to fund 2017/18 unauthorized expenditure as per SCOPA resolution 4 of 2017/18 financial year.

Vote 9: Public Works – R79.680 million

The Department is allocated R100.000 million to settle outstanding municipal rates and taxes, R15.115 million for funding of early retirement penalties and R70.578 million for Presidential Employment Initiatives under Provincial Roads Maintenance Grant. The department will surrender R36.598 million allocated for COVID-19 Quarantine Sites and R69.415 million from Compensation of Employees to fund Provincial COE surrender of R3.075 billion.

Vote 10: Sport, Arts and Culture – R19.227 million

The budget of the department has increased by R19.227 million. The department is allocated R11.805 million on Compensation of Employees, R836 thousand for funding of Early Retirement Penalties and R8.642 million for rollovers in Community Library

Services Grant. Conditional grants for the department has been reduced by R2.056 million (R514 thousand for Mass Participation and Sport Development Grant and R1.542 million for Community Library Services)

Vote 11: CoGHSTA – R28.256 million

The department receives R20.650 million additional allocations for Compensation of Employees, R6.339 million for funding of Early Retirement Penalties and R1.276 million for EPWP Incentive Grant rollover.

Vote 12: Social Development – R110.267 million

The department is allocated R57.848 million for Food Relief Programme, R4.137 million for Early Retirement Penalties, R848 thousand for rollover in respect of Early Childhood Development Grant and R58.241 million for Presidential Employment Initiatives under Early Childhood Development Grant. The department will have to surrender R10.807 million from Compensation of Employees to fund Provincial COE surrender of R3.075 billion.

5.5. Conclusion

The province has experienced severe budget cuts during this adjustment budget due to Compensation of Employee budget reductions of R3.075 Billion emanating from salary freeze savings. The Province has to surrender R3.075 billion from this exercise. As a result of these COE budget cuts, the province could not provide any additional funding to provincial institutions to augment their pressures. This will mean Accounting Officers should focus on budget management controls to avoid unauthorized expenditure at year-end.

Due to the COVID-19 pandemic, a number of people lost jobs, adding more numbers to the high unemployment rate. The President of the Republic of South Africa announced the Economic Stimulus Package and Presidential Employment Initiatives that resulted in the allocation of additional budget for employment in Education at R987.826 million, Health at R53.746 million, Public Works, Roads and Infrastructure at R70.578 million and Social Development at R58.241 million.

Chapter 6: PROVINCIAL FISCAL ENVELOPE – 2021/22 MTEF

6.1 Introduction

The Provincial Equitable Share is reduced Nationally to curb spending levels over the MTEF period to account for compensation of employee's reductions and additional reductions to support other fiscal consolidations. As a result, the National Provincial Equitable Share is reduced by an amount of R60 billion in 2021/22, R85.6 billion in 2022/23 and R64.1 billion in 2023/24 financial years respectively.

The overall Limpopo Equitable Share allocation decrease by 5.5 percent in 2021/22, increase by 0.8 percent in 2022/23 and decrease by 0.5 percent in 2023/24 financial year. Furthermore, due to continuous data updates, the provincial equitable share allocation is reducing from 11.6 percent in 2020/21 to 11.3 percent in 2023/24 financial year. The province is cushioned by the phase-in principle in the current financial year.

6.2 Medium Term Expenditure Framework Estimates

Table 29: National allocation to the Limpopo Province

National Allocation	2020/21	2021/22	2022/23	2023/24	Total
Equitable Share Baseline	62 986 213	65 993 625	69 781 768	67 432 533	203 207 926
Adjustment to baseline ¹ : New data updates	(152 769)	(465 564)	(824 483)	(1 303 276)	(2 593 323)
Revised allocation	62 833 444	65 528 061	68 957 285	66 129 257	200 614 603
Less: Fiscal Framework Reduction	(561 327)	(6 875 671)	(9 728 290)	(7 231 645)	(23 835 606)
Compensation of Employees 2020 (MTEF)	(289 611)	(4 199 785)	(5 131 559)	-	(9 331 344)
Compensation of Employees 2021 (MTEF)	-	(1 938 157)	(3 625 930)	(5 484 531)	(11 048 618)
Non-Compensation of Employees Fiscal Consolidation 2021	(271 716)	(737 729)	(970 801)	(1 747 114)	(3 455 644)
Earmarked allocations	56 814	262 310	153 580	160 709	197 470
Plus: Social Development Food Relief function shift	6 635	7 072	7 404	7 731	22 207
Plus: Social Development Social Work grant conversion	58 381	61 592	64 487	67 329	193 408
Plus: Social Worker Addition	11 260	13 940	14 610	15 254	43 804
Plus: Social: Gender Based Violence and STI	12 805	14 965	15 680	16 731	47 376
Plus: Education: Sanitary Dignity Project	32 749	34 042	35 345	36 903	106 290
Plus: Health: Cuban Doctors	-	115 366	-	-	115 366
Plus: Treasury: Municipal Interventions	9 889	10 333	10 819	11 295	32 447
Plus: Treasury: Infrastructure Development	5 000	5 000	5 235	5 466	15 701
Total Preliminary Provincial Equitable Share	62 328 931	58 914 700	59 382 575	59 058 321	176 976 467

The 2021/22 MTEF Provincial Equitable Share baseline allocation has been adjusted downwards due to data updates by R465.6 million in 2021/22, R824.8 million in 2022/23 and by R1.303 billion in 2023/24 financial years. The allocation includes earmarked allocations which will be allocated to respective departments. Amounts of R6.875 billion in 2021/22, R9.728 billion in 2022/23 and R7.232 billion in 2023/24 was further reduced as the provincial contribution towards national fiscal consolidation.

Table 30: Provincial Sources of Funding

Provincial 2020 MTEF Allocation	2020/21	2021/22	2022/23	2023/24
	R '000	R '000		
	Main Appropriation	Medium-term estimates		
Source of funding				
Equitable share	62,328,931	58,914,700	59,382,225	59,058,321
Provincial Own revenue	1,388,054	1,458,056	1,534,855	1,603,231
Total Provincial	63,716,985	60,372,756	60,917,080	60,661,552
Conditional grants	9,890,179	9,920,024	10,371,155	10,371,155
Total	73,607,164	70,292,780	71,288,235	71,032,707
<i>Year-on-year growth</i>		-4.5%	1.4%	1.1%
<i>Equitable Share Growth</i>		-5.5%	0.8%	-0.5%
<i>National Treasury CPI-X Assumption</i>		4.1%	4.4%	4.5%

The total provincial equitable share allocation in 2021/22 financial year amounts to R58.915 billion which reflects negative growth of 5.5 percent when compared to R62.328 billion of 2020/21. In 2022/23 and 2023/24 financial years, equitable share allocations amount to R59.382 billion or growth of 0.08 percent and R59.058 billion or 0.5 percent growth year-on-year respectively.

Total provincial sources of funding is reduced by 4.5 percent in 2021/22, 1.4 percent in 2022/23 and 1.1 percent in 2023/24 financial year.

6.3 Conditional Grants

National departments will finalize their respective conditional grant allocations per province after consultations with relevant stakeholders. In terms of Section 27(1)(f)(i) of the 2020 Division of Revenue Act, national departments responsible for conditional grants must submit the allocations for each grant per province to the National Treasury by 30 November 2020.

6.4 Provincial Own Receipts

Table 31: Provincial Own Revenue estimates over the MTEF

Summary of provincial own receipts by Vote	2019/20	2019/20	2020/21	2021/22	2022/23
Vote 01: Office of the Premier	583	587	608	641	674
Vote 02: Provincial Legislature	246	6,144	260	274	287
Vote 03: Education	43,826	74,993	51,034	53,234	60,906
Vote 04: Agriculture and Rural Development	11,722	11,722	12,320	12,936	13,557
Vote 05: Provincial Treasury	280,874	235,757	247,781	260,170	272,658
Vote 06: Economic Development, Environment & Tourism	158,941	158,941	167,683	176,905	186,635
Vote 07: Health	193,610	201,861	212,297	222,912	234,154
Vote 08: Transport	584,739	617,869	649,380	681,849	714,578
Vote 09: Public Works, Roads & Infrastructure	30,438	38,016	34,962	36,563	38,242
Vote 10: Community Safety	94	141	136	108	113
Vote 11: Co-Operative Governance, Human Settlements & Traditional Affairs	5,119	26,493	5,323	5,552	5,791
Vote 12: Social Development	4,182	3,910	4,017	4,528	4,746
Vote 13: Sport, Arts & Culture	2,224	2,135	2,253	2,384	2,515
Total provincial own receipts by Vote	1,316,598	1,378,570	1,388,053	1,458,055	1,534,854

Provincial own revenue is anticipated to increase from the baseline of R1.317 billion in 2019/20 to R1.388 billion in 2020/21 financial year which represent a minimal growth of 0.7 percent. A further increase to R1.458 billion or 5.0 percent, R1.535 billion and to R1.603 billion is anticipated in 2021/22, 2022/23 and 2023/24 respectively. Over the past six financial years, the province managed to sustain the R1 billion mark on own revenue collection. However, the socio-economic outlook of the province and nationally, makes it compulsory for provinces to continuously strive to enhance revenue collection in an effort to generate more revenue.

6.5 Provincial MTEF Allocations

Table 32: 2021 MTEF Provincial Allocations

Departments	2020/2021 Main Appropriation	2021/2022	2022/2023	2023/2024	2021/22 Main Appropriation % growth	2021/22 % growth	2022/23 % growth
Vote 01: Office of the Premier	450 205	403 904	402 736	443 229	-10.3%	-0.3%	10.1%
Vote 02: Legislature	385 137	372 853	377 223	383 694	-3.2%	1.2%	1.7%
Vote 03: Education	33 893 648	32 783 805	32 725 188	33 385 385	-3.3%	-0.2%	2.0%
Vote 04: Agriculture	2 031 311	1 839 094	2 014 753	2 042 506	-9.5%	9.6%	1.4%
Vote 05: Provincial Treasury	521 312	444 956	451 057	499 750	-14.6%	1.4%	10.8%
Vote 06: LEDET	1 706 008	1 348 497	1 400 213	1 468 883	-21.0%	3.8%	4.9%
Vote 07: Health	22 142 941	20 740 222	21 163 606	22 337 169	-6.3%	2.0%	5.5%
Vote 08: Transport	2 454 549	2 341 297	2 376 028	2 415 583	-4.6%	1.5%	1.7%
Vote 09: Public Works	3 859 787	3 143 880	3 229 043	3 382 088	-18.5%	2.7%	4.7%
Vote 10: Sport, Arts & Culture	524 882	498 725	511 044	524 657	-5.0%	2.5%	2.7%
Vote 11: CoGHSTA	2 466 516	2 361 325	2 402 970	2 457 531	-4.3%	1.8%	2.3%
Vote 12: Social Development	2 360 027	2 189 277	2 241 357	2 408 207	-7.2%	2.4%	7.4%
Total	72 796 325	68 467 835	69 295 218	71 748 681	-5.9%	4.8%	1.2%

The total provincial allocation in 2021/22 financial year amounts to R68.469 billion which reflects negative growth of 5.9 percent when compared to R72.796 billion of 2020/21. All votes show negative growths with Provincial Treasury, Economic Development, Environment and Tourism and Transport and Community reflecting 14.6, 21.0 and 18.5 percent reductions respectively. In 2022/23 and 2023/24 financial years, the allocations amount to R69.295 billion, a growth of 4.8 percent and R71.749 billion a further growth of 1.2 percent growth year-on-year respectively.

6.6. Conclusion

The reduction on provincial equitable share due to freezing of salary increases, new equitable share data updates and national fiscal consolidations will have a negative impact on the allocation of funds to the Province. For the past three financial years the equitable share baseline allocation has been decreasing and thus, the Province relies more on own revenue collections and reserves to supplement the equitable share allocation.



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

OUR OFFICES:

CALL: 015 298 700

FAX: 015 295 7010

SEND A MAIL:

info@limtreasury.gov.za

POSTAL ADDRESS:

PRIVATE BAG X 9486

POLOKWANE

0700

PHYSICAL ADDRESS:

ISMINI TOWERS

46 HANS VAN RENSBURG

POLOKWANE

0700

PR387/2020

ISBN: 978-0-621-48975-0