

# **FOREWORD**

The Limpopo Provincial Government made some strides in addressing socio-economic challenges within the province, however more still needs to be done to deal with challenges of inequality, poverty and unemployment affecting communities. The 2016 provincial budget strives to promote integrated development planning through the allocation of resources informed by the socio-economic data analysis and provincial imperatives that are key to improving the lives of the people within the province.

The budget is allocated when the South African economy is faced with a low economic growth which prevails in most global economies, the weaker rand and declining mineral prices which impact negatively on the provincial economy. The South African economic growth rate was 1.3 percent in 2015 and projected to decline to 0.9 percent in 2016 before rising to 1.7 percent in 2017 and 2.4 percent in 2018. The risks to the provincial economy include, amongst other, the impact of slower global growth on exports and the current severe drought plaguing the province, particularly in the critical productive sector of Agriculture.

The local economy will remain resilient as global activity is projected to gather some pace in 2016. Growth in the province will come from deliberate action plans outlined in the Limpopo Development Plan (LDP) which mainly focus on economic growth and transformation, infrastructure development, building a developmental state as well as fostering social cohesion. The fiscal constraints facing the country will affect the pace of the provincial government's contribution to provincial development in the medium-term. However, the provincial government is dedicated to support the social services and economic development programmes that are aimed at rural development, job creation and poverty alleviation.

For the provincial government to maintain a healthy cash position, the Provincial Treasury remains committed to providing guidance and support to government institutions for improved implementation of financial management prescripts, provision of prompt and quality services while maintaining high standards of administrative discipline. The province will continue implementing national reforms by focusing on reducing inefficiencies in the system, while doing more with less. Departments have been advised to brace themselves for fiscal consolidation and implementation of tighter control measures to maintain a healthy fiscal position.

I would like to thank the entire administration of the Limpopo Provincial Government, Head of Department of the Provincial Treasury and the Provincial Treasury staff members, for the help, support and understanding during the budget preparation processes which has enabled Provincial Treasury to prepare a budget that responds to the priorities of this government.



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## List of Abbreviations

**CAPS** - Curriculum Assessment Policy Statement

**CFO** – Chief Financial Officer

**CoGHSTA** – Cooperative Governance, Human Settlements and Traditional Affairs

**ECD** - Early Childhood Development

**EPWP** - Expanded Public Works Programme

**EXCO** – Executive Council

**GAAL** – Gateway Airport Authority Limited

**GDP** – Gross Domestic product

**GIAMA** – Government Immovable Asset Management

**GITO** – Government Information Technology Office

**HH** – Households

**LDP** – Limpopo Development Plan

**LEDET** – Limpopo Department of Economic Development Environment and Tourism

**LTSM** – Learner Teacher Support Material

**MTBPS** – Medium Term Budget Policy Statement

**MTEC** – Medium Term Expenditure Committee

**MTEF** – Medium Term Expenditure Framework

**MTSF** – Medium Term Strategic Framework

**NGO** – Non - Government Organization

**NDP** – National Development Plan

**PICC** – Presidential Infrastructure Coordinating Commission

**PPP** – Public Private Partnerships

# CHAPTER ONE

## 1 SOCIO ECONOMIC OVERVIEW

The economy of the country enjoyed economic resilience between 2003 up to 2006 and this was short lived until the global economic crisis came into effect in 2009 with a major blow to the economy of the country. The economy of the province is mainly relying on three sectors for economic growth, which are Mining, Community services and Trade. This is risky in the long run as changes in these sectors may lead into dire situations, looking at the weakening international prices for minerals, particularly of platinum, and supply side constraints which curbed growth in the mining sector. The low provincial economic growth is further worsened by drought conditions that are projected to linger for some time, with farmers and consumers being mostly affected.

The levels of poverty have reduced significantly in the province, but more still needs to be done in adopting sustainable means of improving the livelihood of communities. With unemployment continuing to be a challenge, accompanied by slow economic growth and the income gap widening, policy reforms will continue to be an issue as solutions to these challenges are being sought. There are strides by government to close the gap but government can't do it alone, hence a call for private sector to join hands in addressing these challenges.

The continuous growth in the population numbers has prolonged the process of delivering the basic services to the citizens of the country and the province. This is worsened by some municipalities' lack of sustainable fiscal positions that are constrained by institution's cash flows which compromise service delivery, however plans are in place to ensure that residents have access to basic services such as water, electricity, housing and sanitation.

Through integrated planning that is fostered by the Limpopo Development Plan (LDP), the province will move faster in addressing challenges that are brought by economic imbalances.

## 1.1 DEMOGRAPHIC PROFILE

A country's demographic profile is a very important aspect when it comes to planning and resource allocation, hence there should be an in-depth understanding of the demographic profiles, as it helps the planners both in the private and public sectors to understand different subsets within the population of a country and its province. The population together with its subsets is continuously changing from time to time, hence the need to analyse these population changes regularly to ensure that plans are in a position to address the needs of its citizens.

South Africa's population is standing at 54.9 million, with Gauteng and Kwazulu-Natal provinces having the highest population at 13.2 million and 10.9 million respectively. Limpopo's population is the fifth largest nationally sitting at 5.7 million in 2015, which is 10 percent of the national population.

**Table 1-1: SA Population by provinces and 2018 estimates**

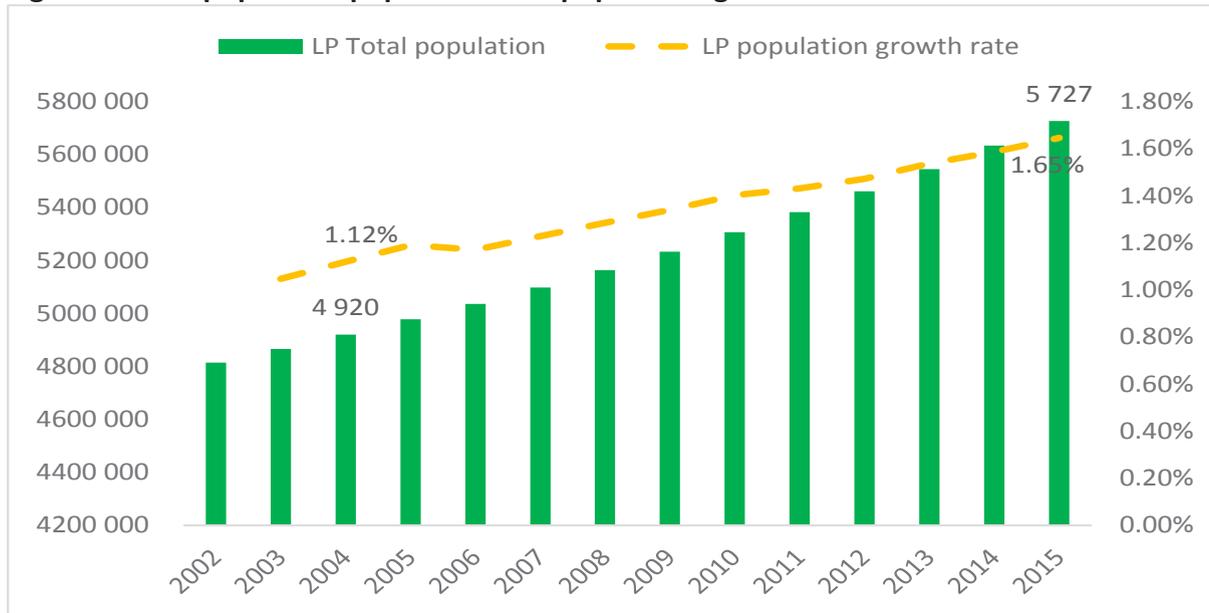
| Total population    | 2015              | 2018 Estimate     | % share 2015 | % share 2018 Estimate |
|---------------------|-------------------|-------------------|--------------|-----------------------|
| Eastern Cape        | 6 916 200         | 6 815 094         | 13%          | 12%                   |
| Free State          | 2 817 900         | 2 773 543         | 5%           | 5%                    |
| Gauteng             | 13 200 300        | 14 088 410        | 24%          | 25%                   |
| Kwazulu-Natal       | 10 919 100        | 11 039 740        | 20%          | 19%                   |
| Limpopo             | 5 726 800         | 5 849 604         | 10%          | 10%                   |
| Mpumalanga          | 4 283 900         | 4 395 703         | 8%           | 8%                    |
| Northen Cape        | 1 185 600         | 1 212 630         | 2%           | 2%                    |
| NORTH West          | 3 707 000         | 3 858 959         | 7%           | 7%                    |
| Western Cape        | 6 200 100         | 6 589 734         | 11%          | 12%                   |
| <b>South Africa</b> | <b>54 956 900</b> | <b>56 623 417</b> | <b>100%</b>  | <b>100%</b>           |

Source: Health trust system

### 1.1.1 Limpopo population growth rate

In the last decade, the provincial population has been growing by an average of 1.3 percent per annum rising from 4.9 million in 2004 to 5.7 million in 2015. Some of the growth has been spurred by international migrations from the SADC countries which could stimulate economic growth through augmented aggregate demand for goods and services, yet it may also increase demand for public goods and services such as clinics, schools, roads etc...which may be consumed. It is estimated that the population will increase from 54.9 million to 56.6 million in 2018, which is an increase of 3.0 percent.

**Figure 1-1: Limpopo total population and population growth rate**

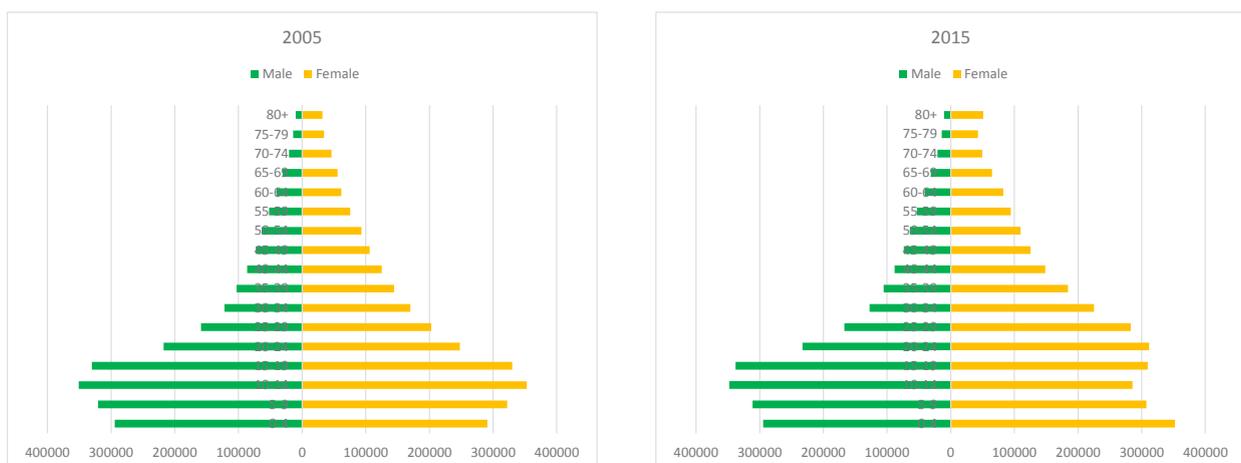


Source: StatsSa Population Estimates 2015

The provincial government needs to ensure that service delivery grows at a faster rate than that of the provincial population growth rate of 1.65 percent to ensure that service delivery backlogs are curbed and human development is accelerated.

### 1.1.2 Limpopo population by gender and age

**Figure 1-2: Limpopo population by gender and age**



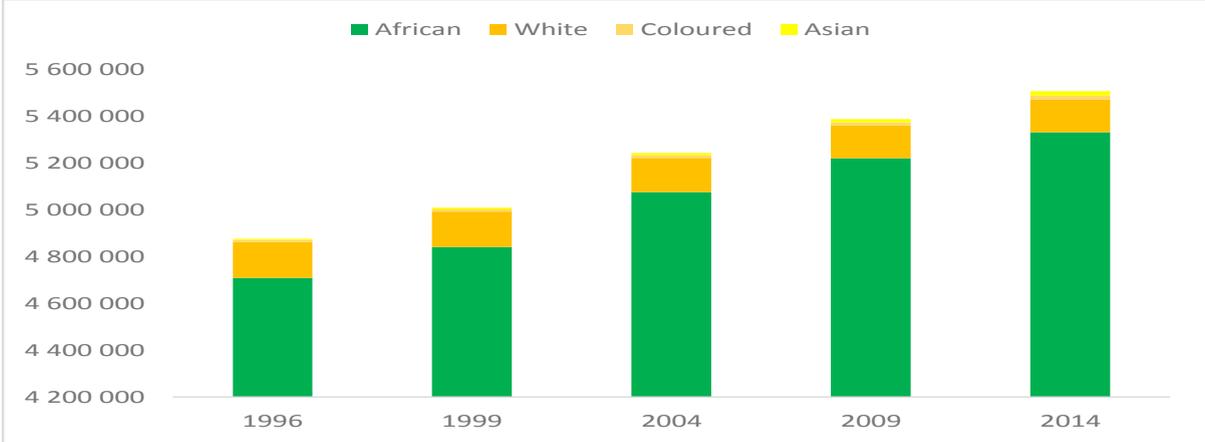
Source: StatsSa Population Estimates 2015

From the above diagram, the provincial population structure has changed significantly. The provincial population is very youthful, with the female population dominating. Nevertheless, it is noticeable that female births have increased in the past ten years which unfortunately is accompanied by high mortality rates. The continuation of this skewed population structure could invent social imbalance in the future if not addressed promptly. While male birth rate have not increased much and yet there is low mortality among male infants.

The elderly females generally are living much longer than their counter parts, for mostly generalised reasons that men tend to adopt riskier life styles. Also men assume riskier jobs such as security guards, and working in the mines where they are susceptible to illnesses that curb their lifespan. It leaves the elderly female population vulnerable and susceptible to lack of care, abuse and robbery, especially those in rural areas.

**1.1.3 Provincial population per race**

**Figure 1-3: Limpopo population by race**



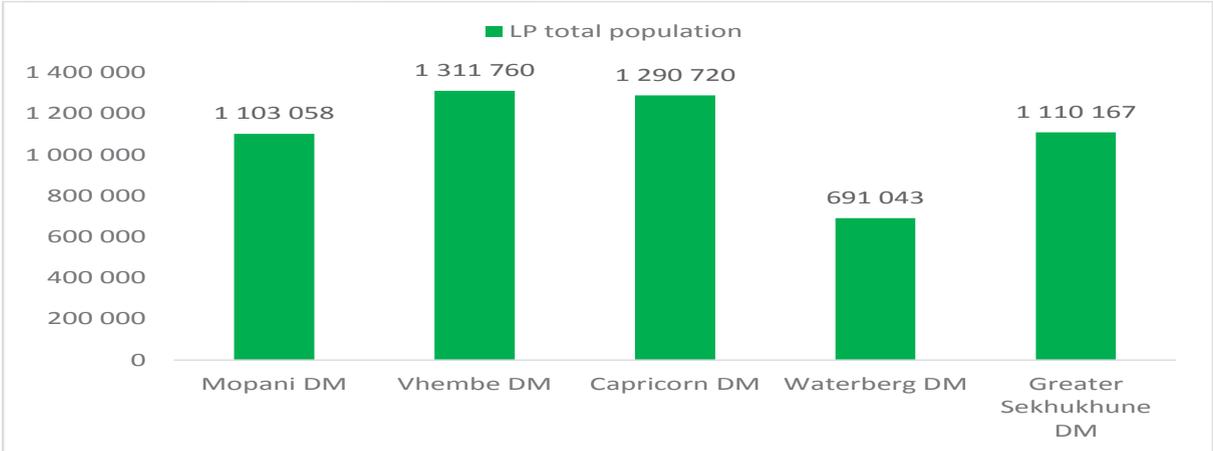
Source: Regional Explorer 2015

About 96 percent of the Limpopo province is made up of Africans. In 2014, the African population was recorded at 5.5 million which is 2.1 percent growth from the 2009 figure of 5.2 million. White population size is at 139 thousand, constituting only 2.5 percent which is a decline from the 2009 figure of 140 thousand. The Coloured and Asians combined population makes up 0.6 percent of the total provincial population. In 2009 the Coloured and Asian population was 13 thousand, which rose to 19 thousand in 2014.

**1.1.4 Limpopo Population by district**

About 48 percent of the population in Limpopo reside in Vhembe district and Capricorn district, with a combined population of 2.6 million, followed by Greater Sekhukhune and Mopani both at 1.1 million. The lowest population is in Waterberg district municipality with a population of 691 thousand.

**Figure 1-4: Limpopo total population by district**

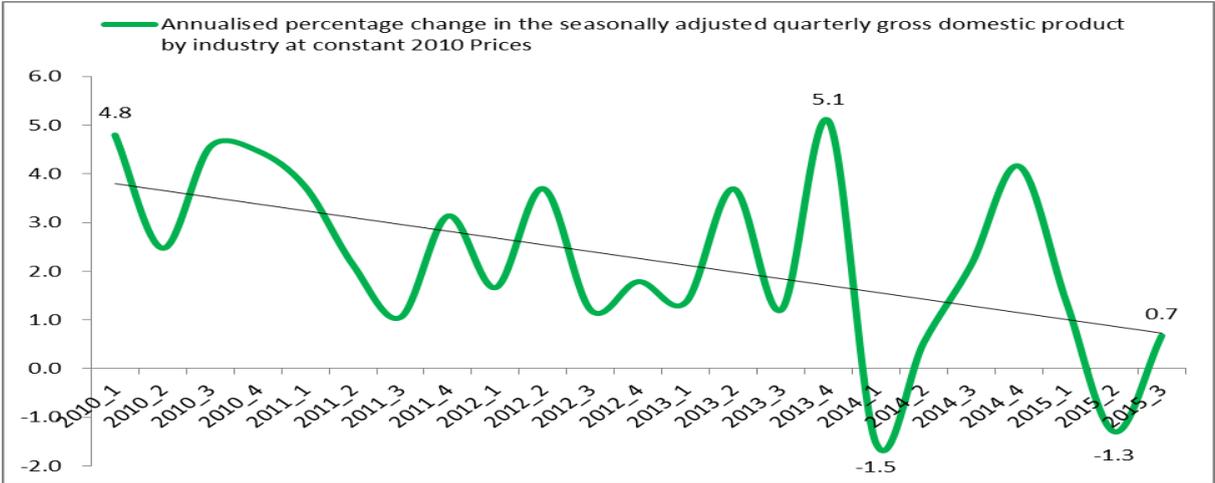


Source: Regional Explorer 2015

## 2 SOUTH AFRICAN ECONOMY

This section will discuss economic performance of the South African economy mainly focusing on the performance of the economy in the third quarter of 2015, while the regional analysis will be based on the annualised data of 2014 due to data limitations.

**Figure 2-1: South Africa Annualised % change in seasonally adjusted GDP**



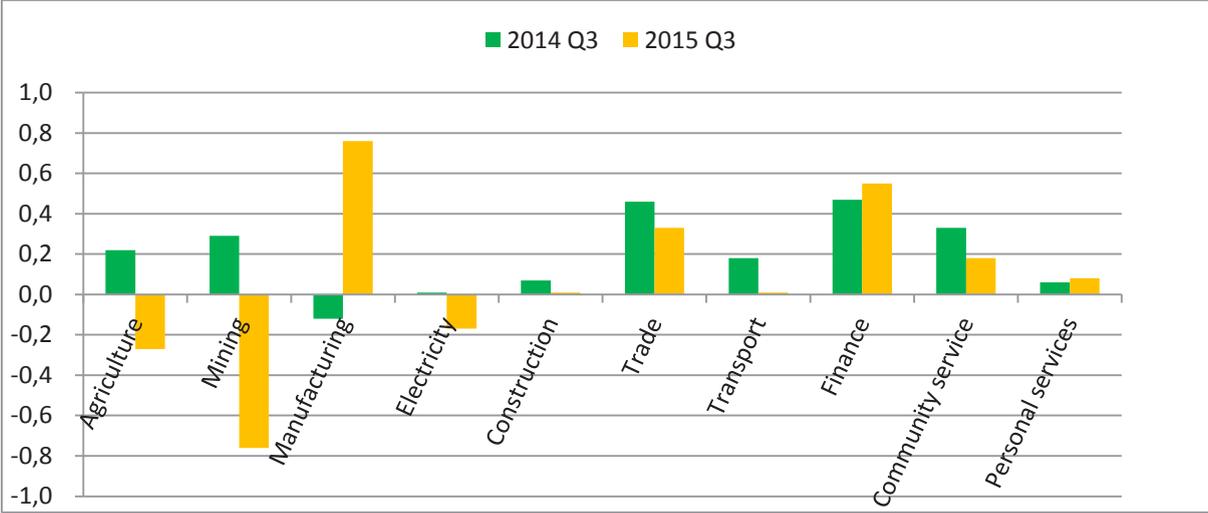
Source: StatsSa GDP Q3\_2015

Real gross domestic product (GDP) at market prices increased by 0.7 percent during the third quarter of 2015, while the seasonally adjusted real GDP at market prices for the third quarter of 2015 increased by an annualised rate of 0.7 percent compared with a decrease of 1.3 percent during the second quarter of 2015. The implication is that SA avoided sliding into a technical recession, which is defined as experiencing a GDP decline over two consecutive quarters. The Q3 figure was weaker than the market consensus of 1.0 percent.

### 2.1 SOUTH AFRICA SECTORS CONTRIBUTION TO CHANGE IN REAL GDP

The main contributors to the increase in economic activity for the third quarter of 2015 were the manufacturing industry (contributing 0.8 of a percentage point), finance, real estate and business services (contributing 0.6 of a percentage point) and the wholesale, retail and motor trade; catering and accommodation industry (contributing 0.3 of a percentage point). Negative contributions were recorded by the mining and quarrying industry (contributing -0.8 of a percentage point) and the agriculture, forestry and fishing industry (contributing -0.3 of a percentage point).

**Figure 2-2: South Africa Contributions to the seasonally adjusted annualised changes in real GDP**

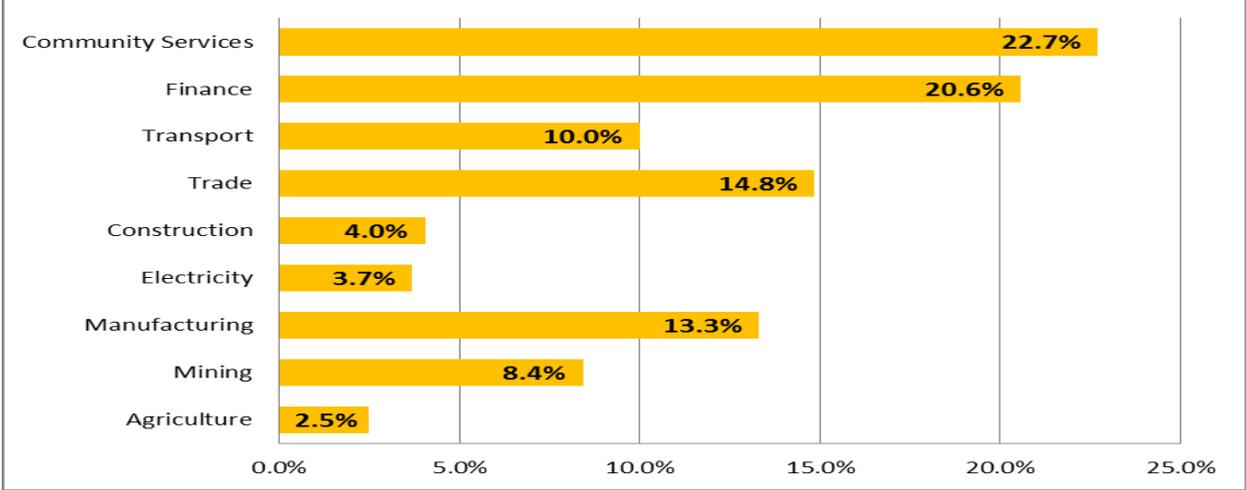


Source: StatsSa GDP Q3\_2015

**2.2 SOUTH AFRICA SECTOR'S PERCENTAGE SHARE OF TOTAL GVA**

The South African economy is mainly sustained by Manufacturing, Finance and Trade. In 2014 Community services and Finance contribute 43.3 percent combined, followed by Trade and Manufacturing which contributed 14.8 and 13.3 percent respectively. The least contributing sectors to the country’s GVA were Agriculture and Electricity which contributed 2.5 and 3.7 percent respectively.

**Figure 2-3: South Africa sector's share of regional total GVA (%)**

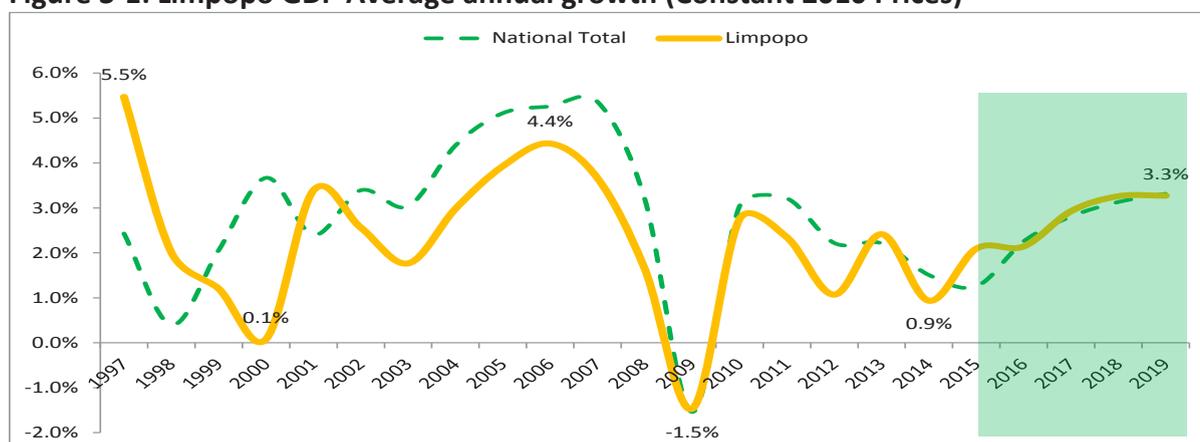


Source: Regional Explorer 2015

### 3 LIMPOPO ECONOMY

The Limpopo's economy managed to maintain positive growth over the years with few exceptions. The global economic down-turn had a significant influence on the local economy. The provincial economy experienced negative growth from 4.4 percent in 2006 to a low of -1.2 percent in 2009. Though the economy recovered from 2010, the growth was lacklustre as economic growth in 2014 was only 0.8 percent. Supply side constraints such as labour unrest, inconsistent electricity supply are also having a negative impact on the economic performance of the province. Albeit, the province is projected to grow by 3.2 percent in 2019, based on the assumption that world economic performance, particularly in developed economies, does not lose momentum.

**Figure 3-1: Limpopo GDP Average annual growth (Constant 2010 Prices)**

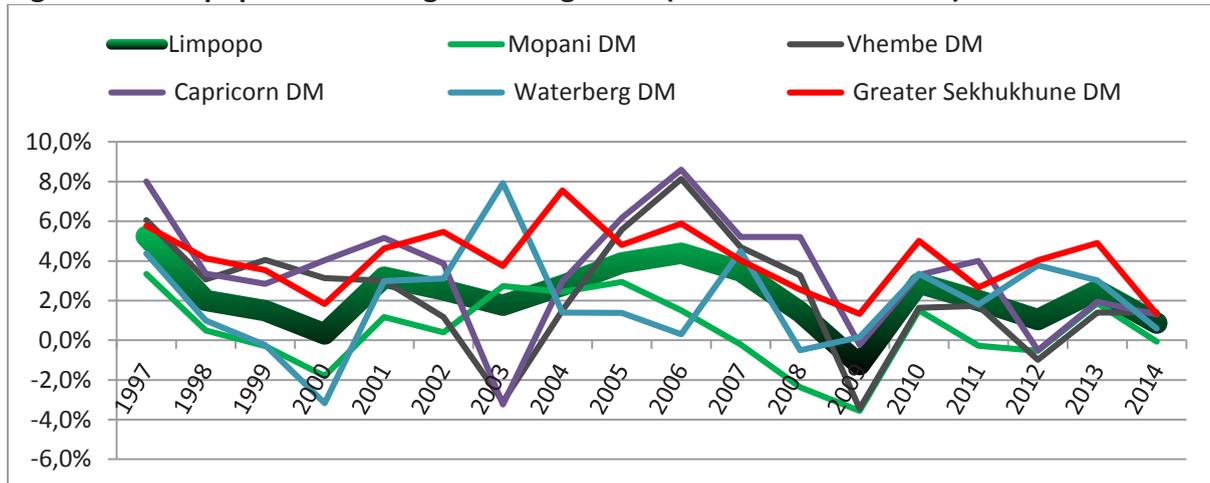


Source: Regional Explorer 2015

#### 3.1 LIMPOPO GDP AVERAGE ANNUAL GROWTH

The below figure shows the provincial and districts GDP average growth rate trends. The districts trends tend to follow a similar pattern with the provincial trend except for some few instances, where other districts tend to be performing well, for instance in 2003 Waterberg district was performing way above the other districts at 7.7 percent and the provincial average GDP growth at 2.6 percent. The same pattern prevails in 2013 where Greater Sekhukhune and Waterberg are above the provincial average at 4.9 percent and 3.3 percent respectively. In the past five years, Vhembe district and Mopani district have been performing below the provincial average growth rate picking at -3.7 percent in 2009, although they both show signs of growth as we approach 2014.

**Figure 3-2: Limpopo GDP Average annual growth (Constant 2010 Prices)**

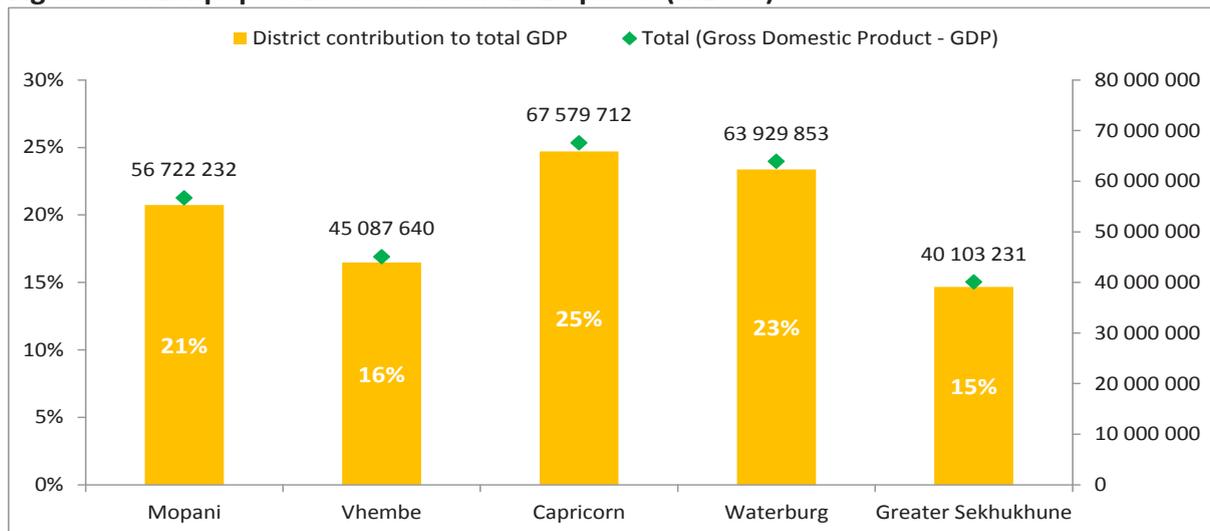


Source: Regional Explorer 2015

### 3.2 LIMPOPO GDP AT CONSTANT 2010 PRICES

The figure below depicts the regional gross domestic product contributed by different district municipalities during the year 2014. The top three district municipalities namely Capricorn, Waterberg and Mopani make up 70 percent of the provincial economy. These economies are mainly supported by mining and community services sectors. Local Economic Development (LED) interventions are necessary to propel growth in the less economically vibrant economies such as Greater Sekhukhune and Vhembe districts.

**Figure 3-3: Limpopo GDP at Constant 2010 prices (R 1000)**



Source: Regional Explorer 2015

### 3.3 LIMPOPO SECTOR CONTRIBUTIONS

The Limpopo economy is mainly driven by Mining Sector, Community services and Trade sector which contributed 27, 24 and 16 percent respectively in 2014. The mining sector's contribution to the local economy has been growing over the years. Mining sector only contributed 15 percent in 1996, and has grown by almost 10 percent since. This has therefore put mining at a strategic position in the local economy as it is one of the major employers in the province. Provincial government has plans of utilising the competitive advantage that is presented by growing the manufacturing sector through adding value to the mined raw materials and by so doing fuelling economic growth and job creation. The least contributing sectors in the local economy are Agriculture, Manufacturing and Construction which contribute 2.6, 2.6 and 3.5 percent respectively to the provincial GVA.

**Table 3-1: Limpopo Sector's share of regional total GVA (%)**

| Years                     | 1996  | 1999  | 2004  | 2009  | 2014  | 2019  |
|---------------------------|-------|-------|-------|-------|-------|-------|
| <b>Agriculture</b>        | 3.2%  | 3.0%  | 3.6%  | 3.2%  | 2.6%  | 2.5%  |
| <b>Mining</b>             | 15.5% | 20.3% | 23.9% | 28.4% | 27.6% | 25.4% |
| <b>Manufacturing</b>      | 5.4%  | 4.2%  | 4.2%  | 2.9%  | 2.6%  | 2.3%  |
| <b>Electricity</b>        | 3.9%  | 3.1%  | 2.6%  | 2.6%  | 4.7%  | 5.4%  |
| <b>Construction</b>       | 3.6%  | 2.5%  | 1.8%  | 4.0%  | 3.5%  | 4.1%  |
| <b>Trade</b>              | 15.8% | 13.8% | 13.9% | 15.7% | 16.3% | 17.3% |
| <b>Transport</b>          | 8.2%  | 8.4%  | 9.2%  | 5.1%  | 5.4%  | 5.6%  |
| <b>Finance</b>            | 17.9% | 16.5% | 16.2% | 15.5% | 13.0% | 13.3% |
| <b>Community services</b> | 26.7% | 28.3% | 24.5% | 22.5% | 24.3% | 24.2% |

Source: Regional Explorer 2015

### 3.4 LIMPOPO DISTRICT SECTOR'S SHARE OF REGIONAL TOTAL GVA

Mopani, Waterberg and Greater Sekhukhune's economies are dominated by mining activity which contribute 35.7, 47.5 and 40.0 percent respectively. This phenomenon raises a significant risk of over-reliance on a solitary sector. Agriculture and manufacturing are the least contributing sectors in all the economies of the province, these sectors are labour absorbing, while manufacturing exerts high multiplier effect and if supported could diminish unemployment and poverty in the province.

**Table 3-2: Limpopo District Sector's share of regional total GVA (%)**

| <b>Economic Sectors</b>   | <b>Mopani</b> | <b>Vhembe</b> | <b>Capricorn</b> | <b>Waterberg</b> | <b>Greater Sekhukhune</b> |
|---------------------------|---------------|---------------|------------------|------------------|---------------------------|
| <b>Agriculture</b>        | 3.50%         | 3.00%         | 1.90%            | 2.90%            | 1.90%                     |
| <b>Mining</b>             | 35.70%        | 10.20%        | 5.50%            | 47.50%           | 40.00%                    |
| <b>Manufacturing</b>      | 1.80%         | 2.70%         | 3.40%            | 2.40%            | 2.60%                     |
| <b>Electricity</b>        | 7.40%         | 5.40%         | 2.70%            | 5.00%            | 2.60%                     |
| <b>Construction</b>       | 3.10%         | 4.80%         | 4.00%            | 3.20%            | 2.40%                     |
| <b>Trade</b>              | 13.10%        | 18.80%        | 22.40%           | 11.80%           | 15.20%                    |
| <b>Transport</b>          | 4.60%         | 6.50%         | 7.00%            | 4.50%            | 4.10%                     |
| <b>Finance</b>            | 10.70%        | 15.70%        | 20.30%           | 7.70%            | 9.90%                     |
| <b>Community services</b> | 20.10%        | 32.90%        | 32.90%           | 15.00%           | 21.30%                    |

Source: Regional Explorer 2015

The provincial government can improve the local economy by minimising the risks of economic growth which includes among others averting supply side constraints such as electricity shortages and arresting labour protests. Through the fiscal policy, government can support economic growth by accelerating and maintaining robust expenditure on economic infrastructure. Empirical research has proven positive correlation between public infrastructure development and economic growth.

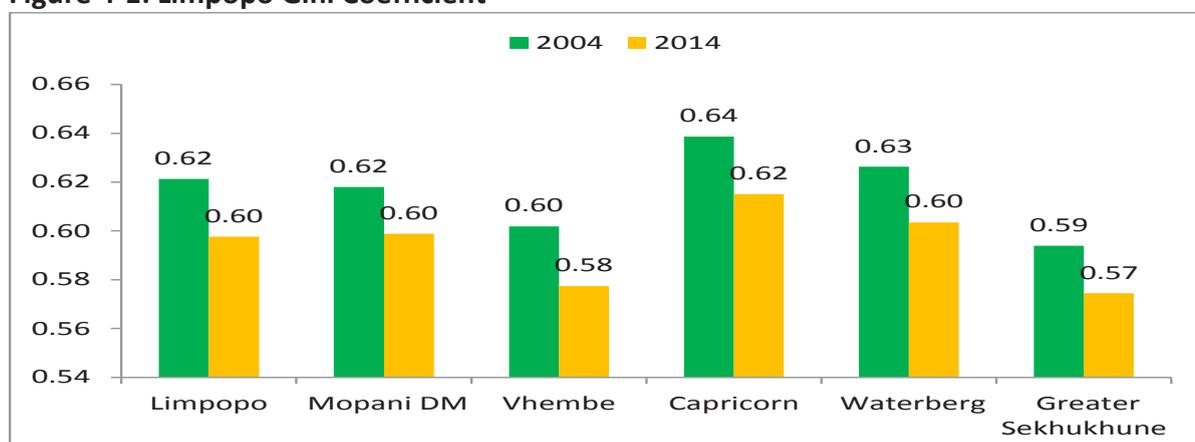
## 4 LIMPOPO DEVELOPMENT INDICATORS

### 4.1 GINI COEFFICIENT

The Gini coefficient is a measure of inequality. A Gini score of 0 implies perfect equality (every individual receives the same income). A Gini score of 1 implies perfect inequality.

As shown in the figure below income inequality is gradually dropping but at a very marginal rate. From 2004, provincial income inequality reduced from 0.62 to 0.60 in 2014. Vhembe and Greater Sekhukhune districts have the lowest Gini Coefficient in the province recorded at 0.58 and 0.57 respectively. Nevertheless, the coefficient in the region is high and provincial government and business has to work harder to reduce unemployment and poverty in the region.

**Figure 4-1: Limpopo Gini Coefficient**



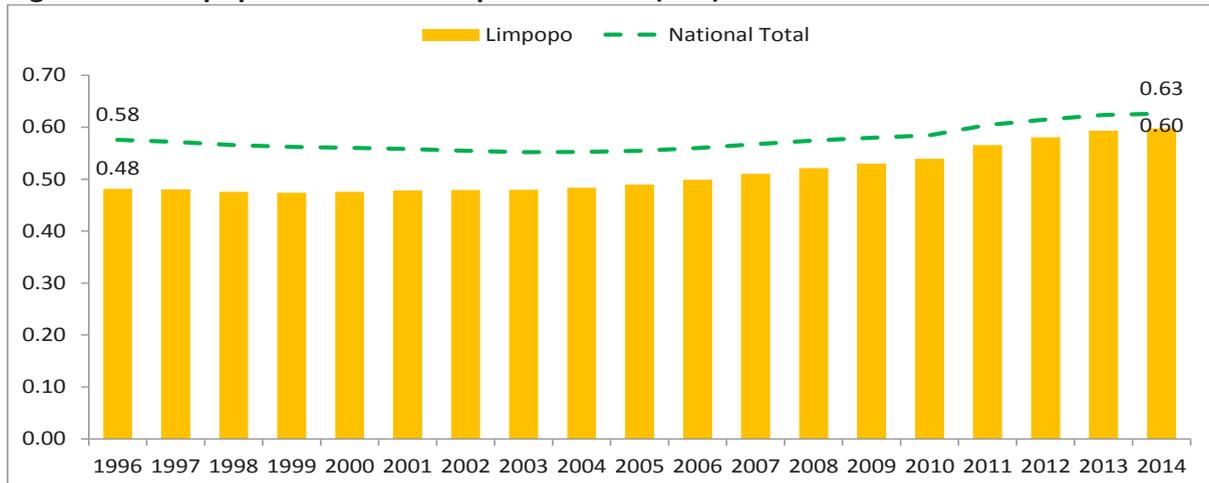
Source: Regional Explorer 2015

### 4.2 HUMAN DEVELOPMENT INDEX (HDI)

The Human Development Index measures a country's average achievements in three basic aspects of human development; longevity, knowledge and a decent standard of living. HDI is measured between 0 and 1. Countries with an HDI score of over 0.8 are considered to have high development and scores between 0.5 and 0.8 to have medium human development and below 0.5 to have low human development.

The Limpopo Human Development Index (HDI) is showing a relative improvement, from 0.48 in 1996 to 0.60 in 2014. Government's efforts in improving the provision of health care services, education reforms and growth in income per capita has supported the upward rise in the provincial HDI. Limpopo's HDI score of 0.6 is marginally lower than our National HDI score of 0.63.

**Figure 4-2: Limpopo Human Development Index (HDI)**

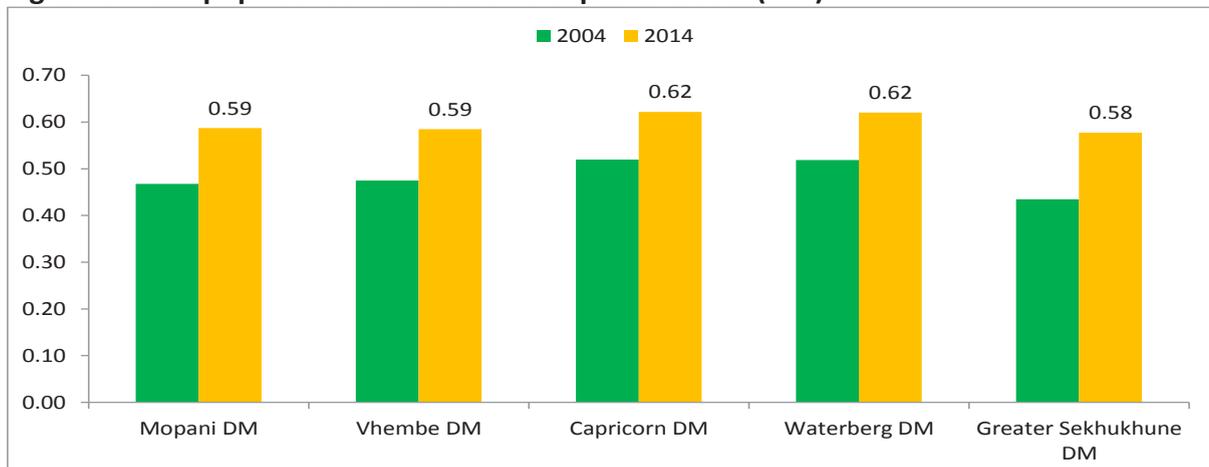


Source: Regional Explorer 2015

#### 4.2.1 Limpopo District Human Development Index (HDI)

From the figure below, it is observed that HDI in all the districts is gradually rising. This is explained by the growing government expenditure on health and education facilities in the province. Capricorn and Waterberg have the highest HDI of 62 percent each in 2014.

**Figure 4-3: Limpopo District Human Development Index (HDI)**

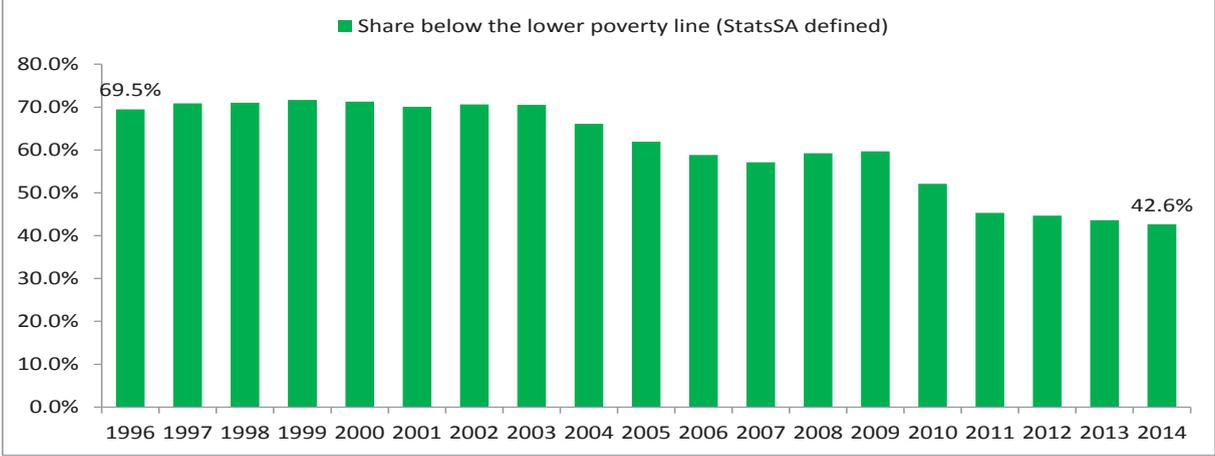


Source: Regional Explorer 2015

### 4.3 LIMPOPO POVERTY

The percentage of people living below the poverty line has reduced from 69.5 in 1996 to 42.6 percent in 2014 of the total population in the province. Again, government's social expenditure has managed to lift people out of poverty, although more still needs to be done.

**Figure 4-4: Limpopo People living below the lower poverty line (StatsSA defined)**

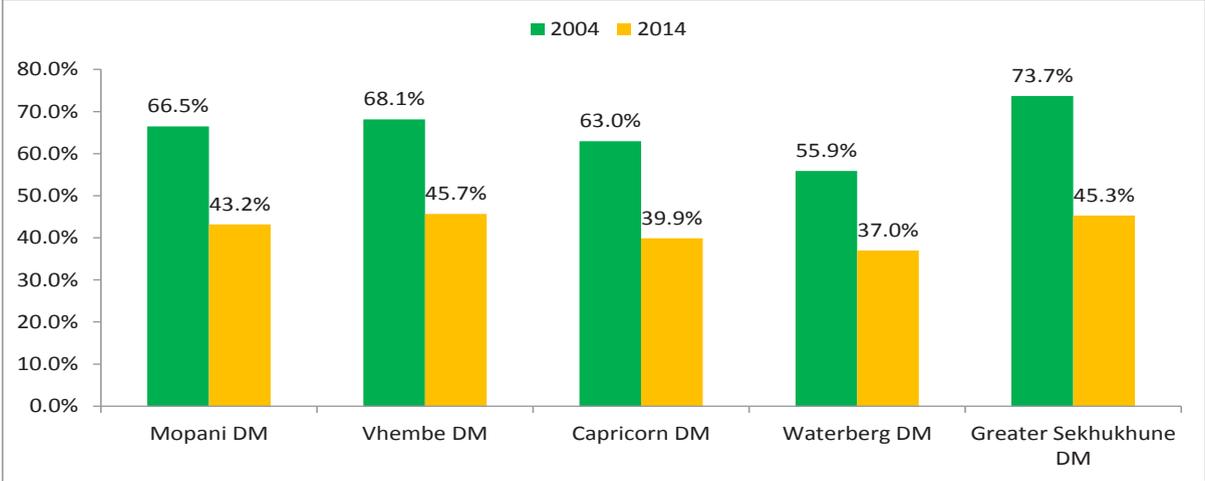


Source: Regional Explorer 2015

**4.3.1 Limpopo Districts People living below the lower poverty line**

The average percentage of people living in poverty is declining in all the districts of the province. Greater Sekhukhune district recorded the largest decline of 28.4 percent followed by Mopani and Capricorn district at 23.3 and 23.1 percent respectively.

**Figure 4-5: Limpopo Districts People living below the lower poverty line (StatsSA defined)**

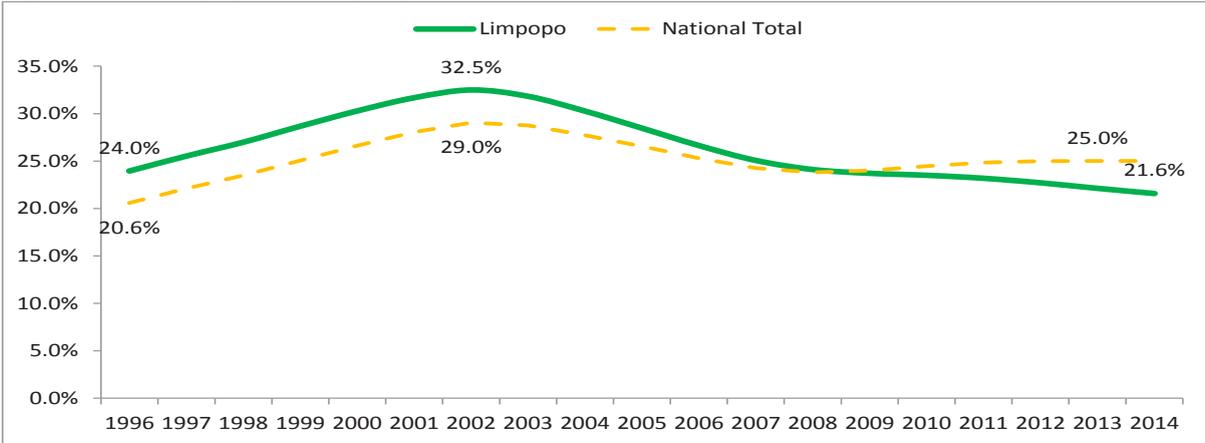


Source: Regional Explorer 2015

**4.4 LIMPOPO LABOUR MARKET**

The main employer in the province is by default the largest contributing sectors in the local economy being Community services, Mining and Trade. Unemployment has recorded an average of 26.5 percent since 1996 and has been trending downwards since 2002 where the rate was 32.5 percent to 21.6 percent in 2014.

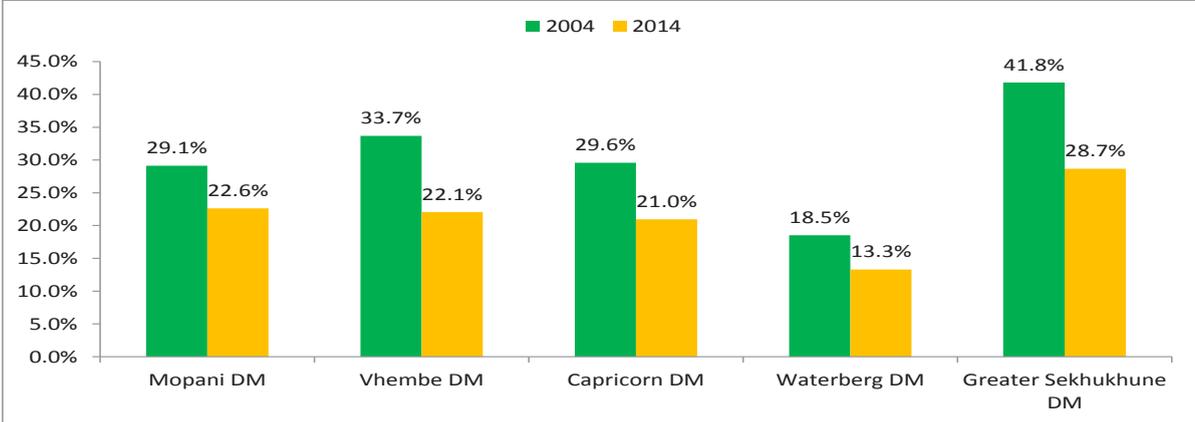
**Figure 4-6: Limpopo Unemployment rate, official definition (%)**



Source: Regional Explorer 2015

The declining trend in the unemployment rate is also observed in all the districts in the province. Unemployment in Greater Sekhukhune district has declined from 41.8 percent in 2004 to 28.7 percent in 2014, although the current rate is still higher than the national average. The lowest unemployment rate is recorded at 13.3 percent in Waterberg, which declined from 18.5 percent in 2004. Government has introduced a the Expanded Public Works Programme (EPWP) which is a labour intensive and absorbing programme and has aided in alleviating unemployment pressures in the low income earning population by providing them with experiential training.

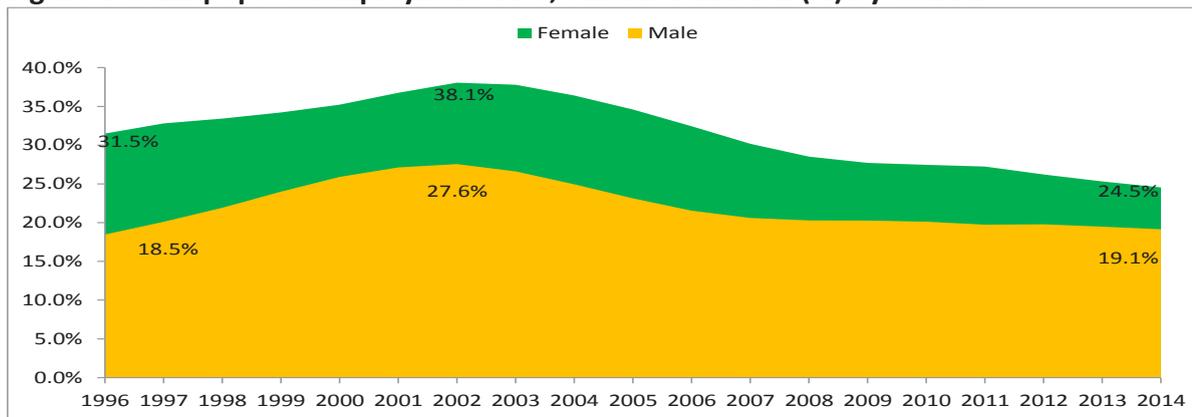
**Figure 4-7: Limpopo Unemployment rate, official definition (%)**



Source: Regional Explorer 2015

Generally, female unemployment rate in the province is much higher than that of males. In 2014, female and male unemployment rate was 24.5 and 19.1 percent respectively. This gap is gradually closing down over the years as women are being encouraged to participate in the mainstreams of the economy.

**Figure 4-8: Limpopo Unemployment rate, official definition (%) by Gender**

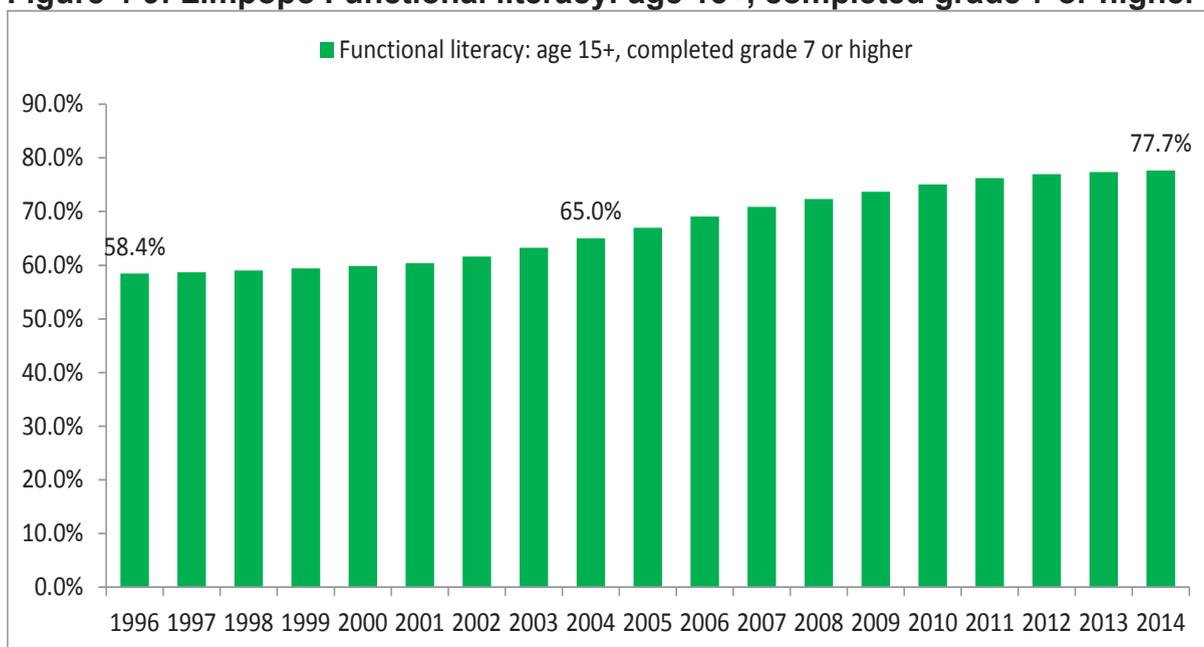


Source: Regional Explorer 2015

## 4.5 LIMPOPO EDUCATION

The percentage of literate population in the province has increased from 65 percent in 2004 to 78 percent in 2014. This is a positive achievement on the part of government as literate population is likely to engage in calculated consumer decision making and government will be able to effectively communicate to the people it is serving.

**Figure 4-9: Limpopo Functional literacy: age 15+, completed grade 7 or higher**



Source: Regional Explorer 2015

#### 4.5.1 Limpopo highest level of education

The province is witnessing a growth in the number of people in possession of matric certificate only, the number having grown from 312 thousands in 1996 to 673 thousand in 2014. These pupils have limited choices of either joining the labour market or furthering their education. This implies that government needs to proactively plan on ways of accommodating the learners in higher learning institutions and coming up with labour intensive programmes to reduce youth unemployment.

**Table 4-1: Limpopo Highest level of education and percentage changes**

| Highest level of education: age 20+  |          | 1996    | 1999    | 2004    | 2009    | 2014    |
|--------------------------------------|----------|---------|---------|---------|---------|---------|
| No schooling                         | Number   | 749 547 | 744 218 | 673 008 | 514 708 | 442 051 |
|                                      | % Change |         | -0.7%   | -9.6%   | -23.5%  | -14.1%  |
| Grade 0-2                            | Number   | 26 866  | 41 069  | 62 645  | 73 935  | 74 947  |
|                                      | % Change |         | 52.9%   | 52.5%   | 18.0%   | 1.4%    |
| Grade 3-6                            | Number   | 261 370 | 292 464 | 325 793 | 340 424 | 301 944 |
|                                      | % Change |         | 11.9%   | 11.4%   | 4.5%    | -11.3%  |
| Grade 7-9                            | Number   | 380 654 | 414 031 | 489 458 | 585 988 | 604 147 |
|                                      | % Change |         | 8.8%    | 18.2%   | 19.7%   | 3.1%    |
| Grade 10-11                          | Number   | 324 672 | 352 982 | 461 712 | 686 137 | 783 886 |
|                                      | % Change |         | 8.7%    | 30.8%   | 48.6%   | 14.2%   |
| Certificate / diploma without matric | Number   | 26 599  | 23 021  | 19 963  | 19 879  | 20 496  |
|                                      | % Change |         | -13.5%  | -13.3%  | -0.4%   | 3.1%    |
| Matric only                          | Number   | 312 159 | 330 428 | 417 247 | 569 362 | 672 754 |
|                                      | % Change |         | 5.9%    | 26.3%   | 36.5%   | 18.2%   |
| Matric & certificate / diploma       | Number   | 87 464  | 102 759 | 125 742 | 165 169 | 187 792 |
|                                      | % Change |         | 17.5%   | 22.4%   | 31.4%   | 13.7%   |
| Matric & Bachelors degree            | Number   | 29 811  | 33 848  | 47 016  | 68 010  | 78 189  |
|                                      | % Change |         | 13.5%   | 38.9%   | 44.7%   | 15.0%   |
| Matric & Postgrad degree             | Number   | 5 896   | 10 071  | 17 791  | 25 680  | 36 086  |
|                                      | % Change |         | 70.8%   | 76.7%   | 44.3%   | 40.5%   |

Source: Regional Explorer 2015

#### 4.5.2 Limpopo Highest level of education by district

There is a reduction in the number of people with no schooling in the province from 2004 to 2014, the largest reduction was recorded in Waterberg, Mopani and Greater Sekhukhune district at -65.0, -56.0 and -52.3 percent respectively. The district which recorded the least of reduction in the number of people with no schooling is Vhembe at -48.6 percent. Greater Sekhukhune recorded the largest growth rate in the number of people in possession of matric certificate only, at 49.9 percent, followed by Waterberg and Mopani at 39.8 and 35.4 percent respectively. Capricorn and Vhembe district recorded the lowest growth rate in the number of people in possession of matric certificate only, at 34.2 and 33.7 percent respectively. The significant growth in the number of people in the Province with matric & certificate/diploma and with matric & bachelors and matric & postgraduate degrees of 13.7 percent, 15 percent and 40.5 percent respectively, poses a challenge to the province, both public sector and private sector, to create employment opportunities for these well-educated individuals.

**Table 4-2: Limpopo Highest level of education in the province by district**

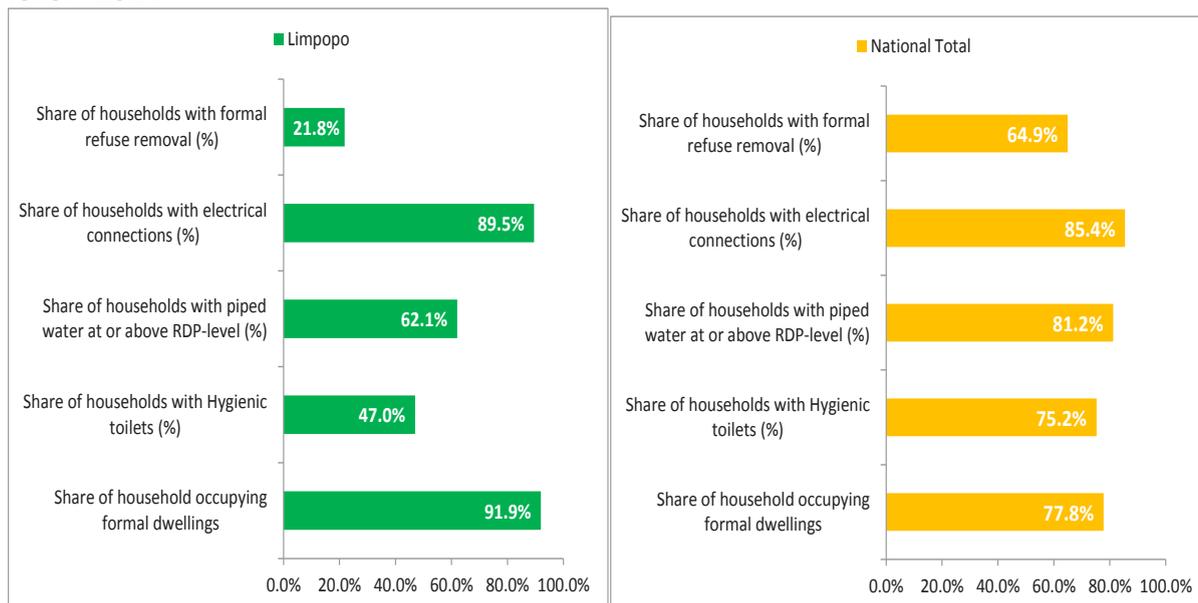
|                                      | Mopani DM |         |        | Vhembe DM |         |        | Capricorn DM |         |        | Waterberg DM |         |        | Greater Sekhukhune DM |         |        |
|--------------------------------------|-----------|---------|--------|-----------|---------|--------|--------------|---------|--------|--------------|---------|--------|-----------------------|---------|--------|
|                                      |           |         | %      |           |         | %      |              |         | %      |              |         | %      |                       |         | %      |
|                                      | 2004      | 2014    | growth | 2004      | 2014    | growth | 2004         | 2014    | growth | 2004         | 2014    | growth | 2004                  | 2014    | growth |
| No schooling                         | 170 557   | 109 353 | -56.0% | 154 521   | 103 959 | -48.6% | 118 902      | 78 359  | -51.7% | 71 369       | 43 241  | -65.0% | 157 676               | 103 550 | -52.3% |
| Grade 0-2                            | 13 545    | 13 830  | 2.1%   | 14 866    | 17 430  | 14.7%  | 12 413       | 15 659  | 20.7%  | 11 229       | 13 004  | 13.6%  | 10 594                | 15 244  | 30.5%  |
| Grade 3-6                            | 69 014    | 59 736  | -15.5% | 71 643    | 67 258  | -6.5%  | 72 056       | 68 988  | -4.4%  | 59 086       | 48 478  | -21.9% | 54 014                | 56 486  | 4.4%   |
| Grade 7-9                            | 99 846    | 119 837 | 16.7%  | 118 317   | 146 566 | 19.3%  | 116 444      | 136 576 | 14.7%  | 75 772       | 89 884  | 15.7%  | 79 126                | 110 970 | 28.7%  |
| Grade 10-11                          | 95 141    | 154 606 | 38.5%  | 106 483   | 175 875 | 39.5%  | 109 191      | 173 105 | 36.9%  | 63 926       | 109 364 | 41.5%  | 87 016                | 172 696 | 49.6%  |
| Certificate / diploma without matric | 4 245     | 3 472   | -22.3% | 5 127     | 5 364   | 4.4%   | 5 046        | 5 849   | 13.7%  | 2 747        | 3 061   | 10.3%  | 2 802                 | 3 104   | 9.7%   |
| Matric only                          | 81 623    | 126 415 | 35.4%  | 97 517    | 147 121 | 33.7%  | 116 032      | 176 474 | 34.2%  | 59 444       | 98 793  | 39.8%  | 62 721                | 125 189 | 49.9%  |
| Matric & certificate / diploma       | 25 494    | 33 964  | 24.9%  | 30 295    | 44 261  | 31.6%  | 36 102       | 61 178  | 41.0%  | 16 700       | 24 649  | 32.2%  | 17 170                | 26 331  | 34.8%  |
| Matric & Bachelors degree            | 9 434     | 12 961  | 27.2%  | 11 911    | 19 869  | 40.1%  | 15 345       | 26 916  | 43.0%  | 5 652        | 9 542   | 40.8%  | 4 688                 | 8 446   | 44.5%  |
| Matric & Postgrad degree             | 3 116     | 6 016   | 48.2%  | 4 821     | 8 953   | 46.2%  | 6 031        | 12 548  | 51.9%  | 2 383        | 4 605   | 48.3%  | 1 449                 | 3 927   | 63.1%  |

Source: Regional Explorer 2015

## 5 LIMPOPO SERVICE DELIVERY

The provincial government has made significant strides in providing basic services to its citizens, as at 2014 about 89.5 percent of households in the province have electricity connections, while about 91.9 percent of the households occupy formal dwellings. More still needs to be done as there are only 21.8 percent of households that have formal refuse removal and only 47 percent of households that have hygienic toilets. The share of Limpopo households with access to piped water is about 62 percent.

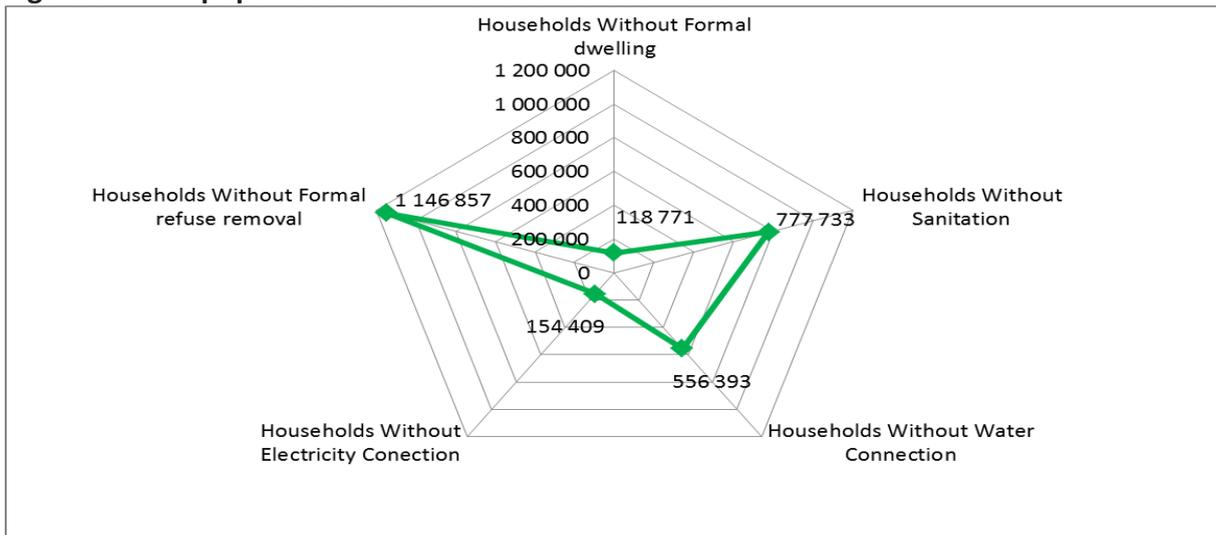
**Figure 5-1: Share of Limpopo households receiving basic services at Provincial and National level - 2014**



Source: Regional Explorer 2015

The province compares well with the national average on households that have access to electricity and formal dwellings, however it has to improve in the provision of formal refuse removal, access to water and hygienic toilets to households.

**Figure 5-2: Limpopo households without basic services**

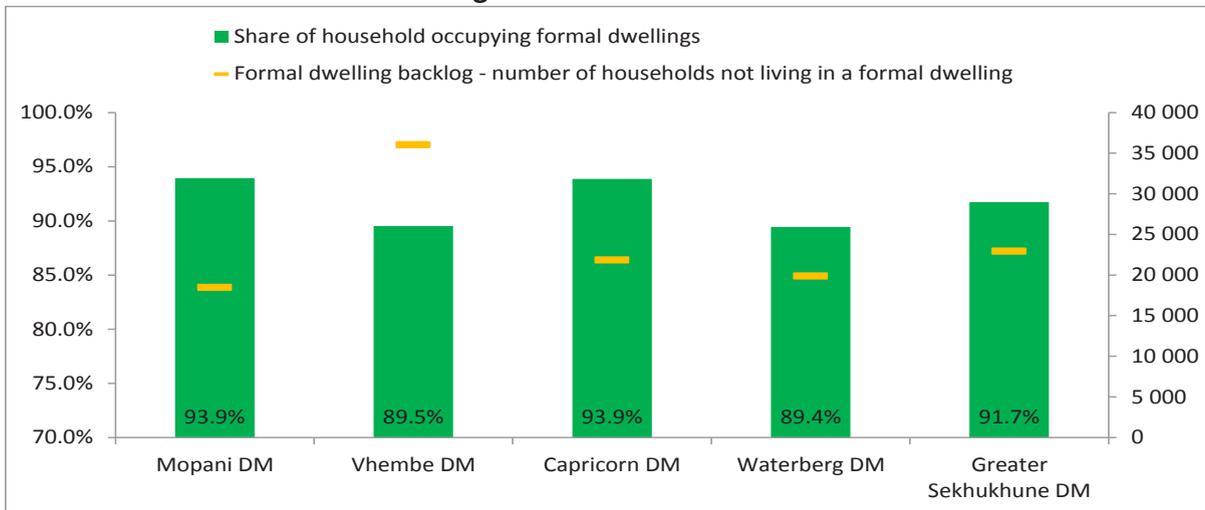


Source: Regional Explorer 2015

From the above diagram, the province has a high number of households without formal refuse removal, sanitation and water provision. This will require integrated infrastructure planning between the different tiers of government to redress the service delivery gaps. More financial resources will be required to reach out to households in marginalised locations in the province

### 5.1 LIMPOPO HOUSING

**Figure 5-3: Share of Limpopo household occupying formal dwellings and number of households without formal dwelling**



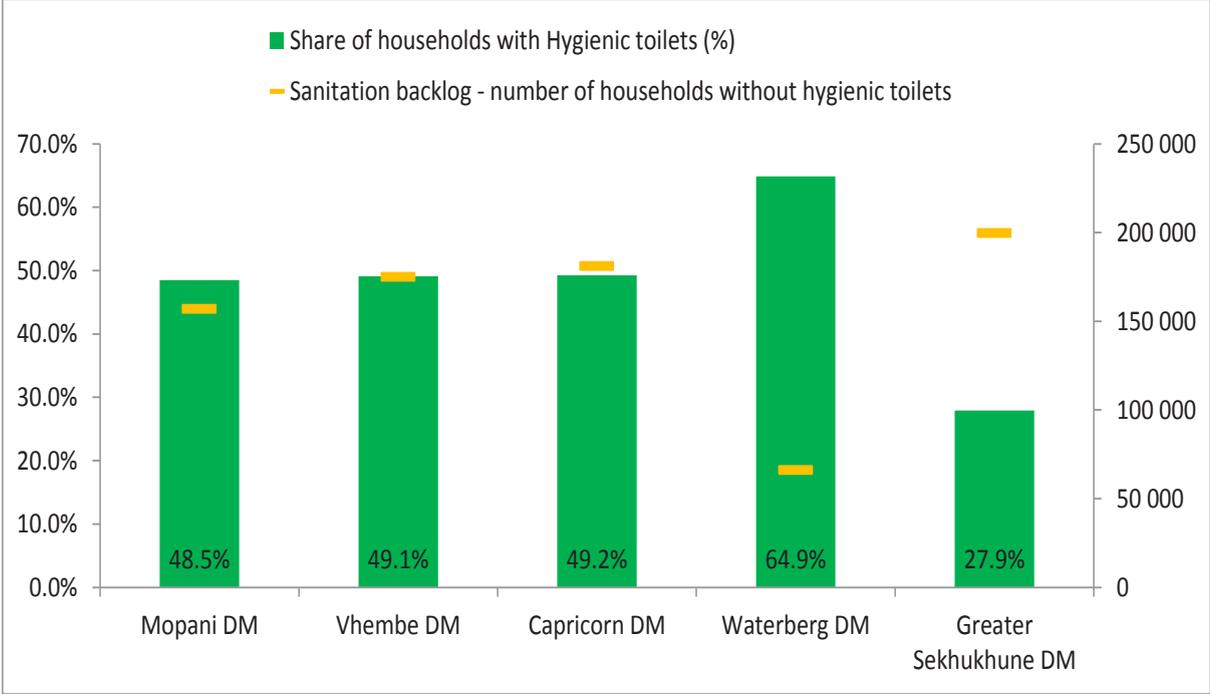
Source: Regional Explorer 2015

On average 92 percent of the households in the province have access to a formal dwelling. Vhembe district has 36 022 households without access to a formal dwelling, followed by Greater Sekhukhune and Capricorn district at 22 923 and 21 838 households respectively. While a significant portion of the households in the province

have access to a formal dwelling there is an urgent need to further improve this situation as housing is one of the basic needs in the communities.

### 5.2 LIMPOPO SANITATION

**Figure 5-4: Share of Limpopo households with Hygienic toilets (%) and number of households without hygienic toilets**

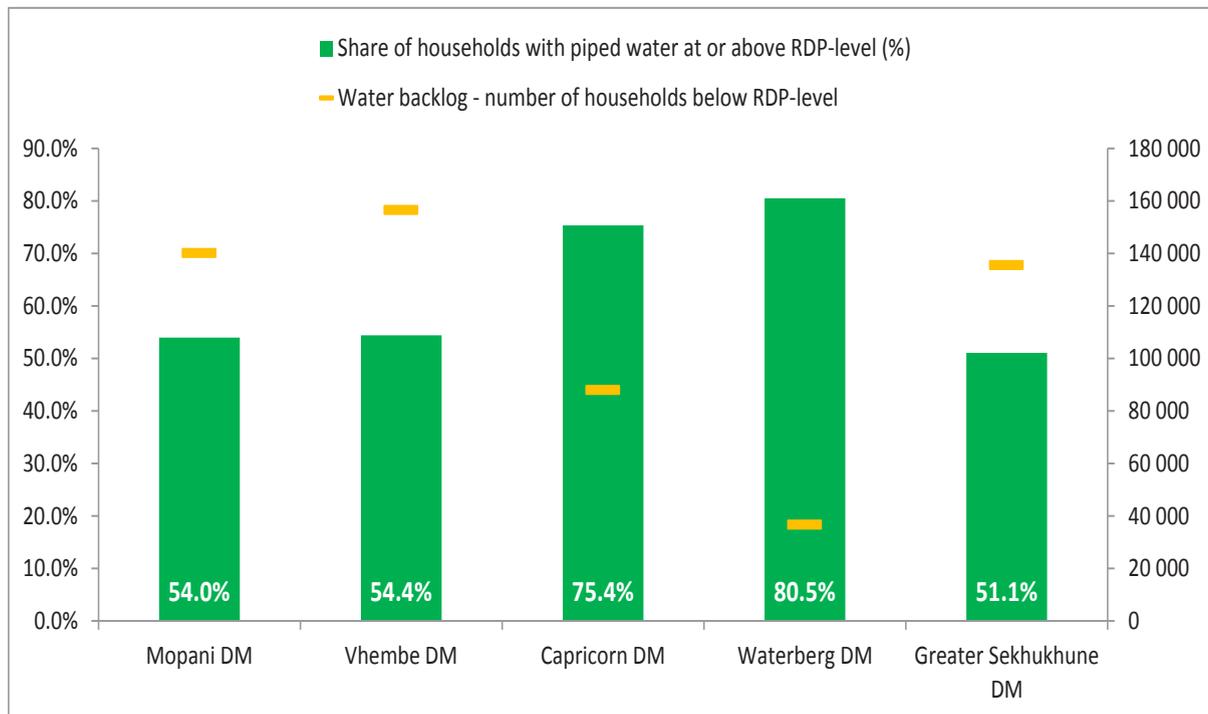


Source: Regional Explorer 2015

The provincial average of households with access to hygienic toilets is 47.0 percent. Waterberg district municipal area has the highest share of households, 64.9 percent, having access to hygienic toilets, followed by Capricorn at 49.2 percent, Vhembe at 49.1 percent and Mopani at 48.5 percent. The lowest share is in Greater Sekhukhune district where only 27.9 percent of households enjoy access of hygienic toilets. The province will need to assess this situation and develop sustainable plans to address the continuous lack of access to hygienic toilets.

### 5.3 LIMPOPO WATER

**Figure 5-5: Share of Limpopo households with piped water at or above RDP-level and those below RDP level**



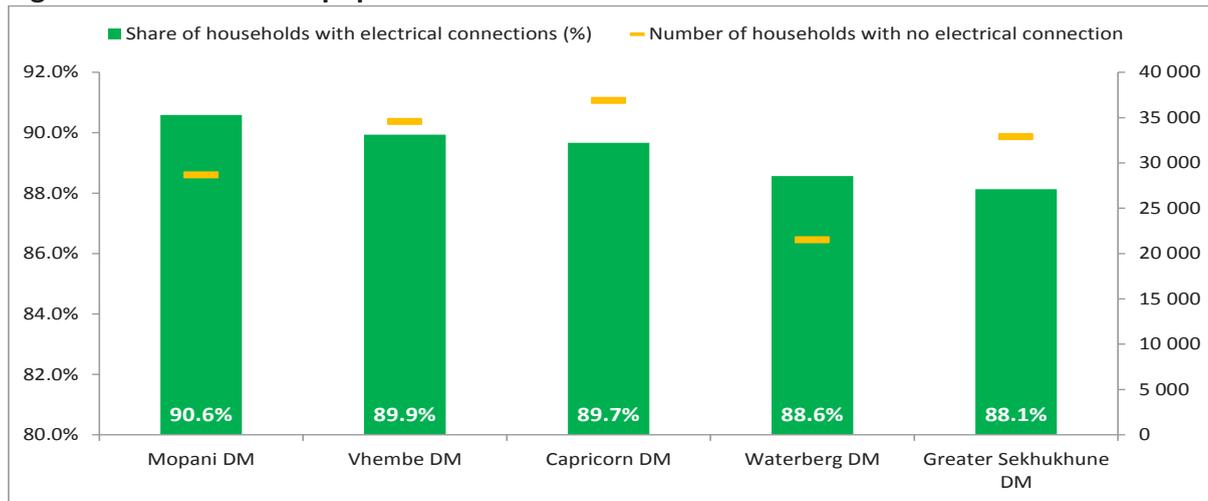
Source: Regional Explorer 2015

About 62.1 percent of households in the province have access to piped water. Waterberg and Capricorn have the largest share of households having access to piped water at 80.5 and 75.4 percent respectively. Mopani, Vhembe and Greater Sekhukhune have an average of 53.2 percent of citizens having access to piped water, subsequently, the three districts have a high number of households receiving water below RDP-levels. This later three districts needs attention in terms of addressing their water challenges.

### 5.4 LIMPOPO ACCESS TO ELECTRICITY

The provincial government has recorded a significant improvement in the provision electricity to its residence, where 89.5 percent of households were connected to electricity in 2014. Mopani district has the highest share of 90.6 percent households connected to electricity, followed by Vhembe and Capricorn districts registering 89.9 and 88.6 percent respectively.

**Figure 5-6: Share of Limpopo households with and without electrical connections**



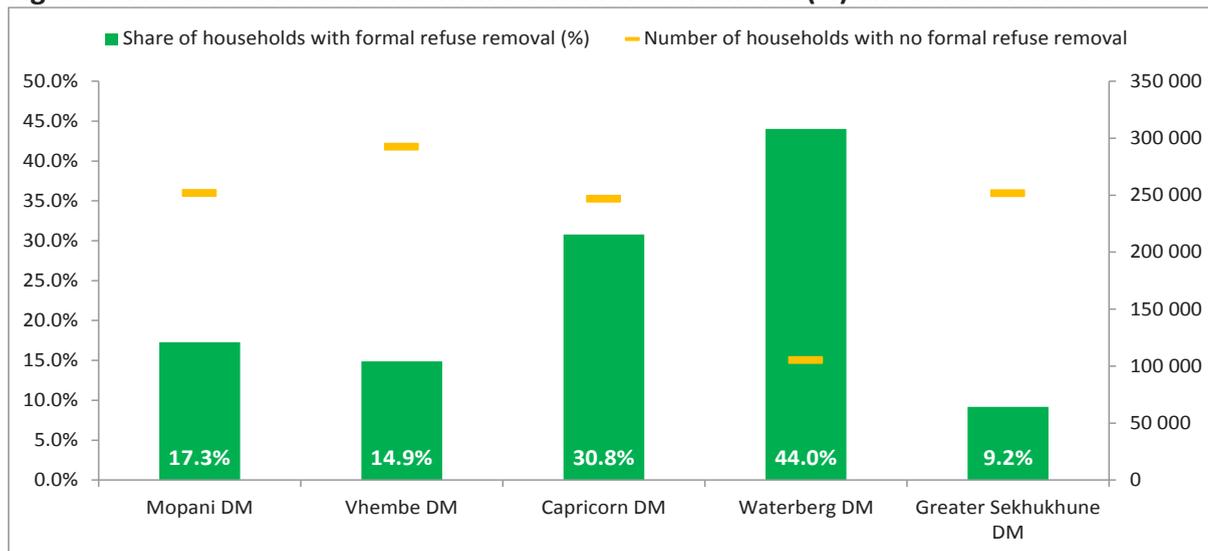
Source: Regional Explorer 2015

The province has significantly improved the access to electricity however there is still a large number of households without electricity connections. In order to improve this situation further the various municipalities and Eskom should ensure that funds are made available to address these backlogs.

### 5.5 LIMPOPO REFUSE REMOVAL

Only about 21.9 percent of the total households in the province have access to formal refuse removal, significantly lower than the national average of 64.9 percent. Waterberg and Capricorn have the largest share of households having access to formal refuse removal at 44.0 and 30.8 percent respectively.

**Figure 5-7: Share of households with formal refuse removal (%) and refuse removal**



Source: Regional Explorer 2015

The lowest share of households that have access to refuse removals is found in Greater Sekhukhune and Vhembe at 9.2 and 14.9 percent respectively. The largest

number of households without refuse removal are in Vhembe and Mopani with 292 381 and 251 888 respectively. Both the public and private sector need to pay more attention and dedicate resources in addressing this challenge of refuse removal as it is hazardous to the environment in the province and may pose increased health risks.

## 6 CONCLUSION

South Africa and the provincial economy was negatively affected as a result of the global economic crisis and lower than expected growth rates our key trade partners, mainly China being a major participant to the country's economy. Limpopo Province has a comparative advantage in mining and comparative disadvantage in the manufacturing sector as Limpopo is highly dependent on other provinces to process the raw materials into finished goods. Manufacturing is a core sector that needs to be improved in the province as it is key in terms of employment creation which will lead to sustainability in the provincial economy and reduce unemployment. Growth of sustainable rural enterprises and industries characterized by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services will result in rural job creation and thereby increase the sectors contribution to the province's economy.

Generally the province, including the districts, are experiencing an increase in population growth which normally translates into demand pressure for public services such as clinics, schools, roads, infrastructure and other services. In an attempt to improve the livelihoods of the citizens of the province the provincial government and the provincial municipalities must reprioritize existing financial resources to areas that yield great social benefit and contribute towards the reduction of unemployment and economic growth in order to improve the livelihoods of the citizens of the province.

# CHAPTER TWO

## 7 BUDGET STRATEGY AND AGGREGATES

### 7.1 INTRODUCTION

The 2016/17 the budget continues to be informed by weak economic growth in the South African economy, with forecast national growth being further revised downwards since 2015 Medium Term Budget Policy Statement (MTBPS). Government provides basic services and progressively aims to improve the quality of life and opportunities of all South Africans. Government is also tasked to eradicate the dualistic nature of the South African economy through effective integration, coordination and alignment of the actions of its three constituting spheres. Over the last two decades this intention has found expression in a wide range of acts, policies, strategies, development planning instruments, integration mechanisms and structures aimed at ensuring intergovernmental priority setting and resource allocation.

The Provincial Equitable Share (PES) is reviewed on a yearly basis considering the new data updates from Statistics South Africa, the 2015 mid-year population, the 2015 preliminary data published by Department of Basic Education on school enrolment data, the 2014 General Household Survey for medical aid coverage and 2015 data from the health sector. Fund for risk-adjusted capitalization index. In addition, a number of new priorities have arisen which prompted Cabinet to take a decision that these priorities should be catered for without breaching the expenditure ceiling. As a result the PES baselines were revised in order to channel funds to those pressing national priorities which include amongst others, cautioning the impact of the downward projection of the economic growth rate on national revenue streams, providing for debt service costs, funding of the Higher Education sector and the contingency provision for drought relief.

Two rounds of cuts were approved by Cabinet. The first round of cuts were targeted at inefficiencies in the systems, especially non-core spending items within goods and services budgets and the second round cuts were earmarked at compensation of employees (CoE) budgets which focused on imposing restrictions on filling of

managerial and administrative vacancies, subject to reviewing human resource plans and eliminating unnecessary posts. The total reductions to the Limpopo provincial equitable share over the 2016 MTEF are detailed in the table below:

**Table 7-1: Impact of cuts on PES allocation**

| <b>Financial Years</b> | <b>Round 1 of Cuts</b> | <b>Round 2 of Cuts</b> | <b>Total</b> |
|------------------------|------------------------|------------------------|--------------|
|                        | <b>R'000</b>           | <b>R'000</b>           | <b>R'000</b> |
| 2016/17                | 176 848                | 0                      | 176 848      |
| 2017/18                | 117 768                | 565 286                | 683 054      |
| 2018/19                | 94 110                 | 799 934                | 894 044      |

This is not the first time the province is affected by reductions in the PES, the province was also adversely affected during 2015 MTEF by R1.087 billion as a result of changes to data updates (population) and the incorporation of Census 2011 data in the equitable share formula.

**7.1.1 The allocation criteria**

The provincial government through the leadership of the Executive Council deemed it fit to establish a committee which will focus on budget matters in the province. The committee constitutes five (5) Members of Executive Council and is responsible for the resource allocation framework which seeks to achieve better alignment of budget allocations to policy priorities and create the space for strategic decisions within the expenditure control framework. Particular attention is given institutional arrangements, policy frameworks and delivery models that would promote more effective achievement of value-for-money in the execution of policy objectives.

In supporting the Executive Council Budget Committee, the Provincial Treasury conducts Medium Term Expenditure Committee Hearings (MTEC) with provincial departments aimed at understanding resources requirements aligned to each department’s mandates. The hearings discussions are centered on the ability of the department to deliver required services aligned to the Medium Term Strategic Framework (MTSF), government predetermined objectives and core functions of each provincial department and its institutions.

Bearing in mind the reduction in the allocation to the province, the following criterion has been used to arrive at the final allocation per department:

- Alignment of institutional plans to the fourteen (14) government outcomes derived from the National Development Plan and Limpopo Development Plan ;
- Ring-fencing of the compensation of employees budget;
- Departmental budget pressures that are linked to service delivery initiatives; and
- New policy initiatives which require funding to enhances service delivery and/or improve revenue collections.

## 8 ALIGNING PROVINCIAL BUDGET TO ACHIEVE GOVERNMENTS PRESCRIBED OUTCOMES

Globally, planning forms an integral part of resource allocation across all spheres of government. The South African government planning cycle provides a perfect opportunity for alignment of government priorities and budget. The government's intentions are expressed in the National Development Plan (NDP) and in the National MTSF 2015-2019 priorities. These present key performance indicators government should achieve through its various national departments, provincial governments and municipalities. Furthermore, government has a provision for Public-Private Partnerships (PPP) which is intended to allow private sector to contribute directly to service delivery.

The government's fourteen outcome approach further provides an opportunity for monitoring of public institutions in executing their legislative mandates, to ensure that government resources are used for purpose voted for by parliament. It further allows government to assess the impact of the services it renders to the society.

The Limpopo provincial government adopted its provincial master plan i.e. the Limpopo Development Plan (LDP) in 2015. The plan demonstrates high level alignment with the NDP and the fourteen government outcomes to ensure that the national priorities are realised, particularly the reduction of inequality, elimination of poverty and improving lives of the people.

As outlined by its objectives, the LDP is intended to make meaningful contribution to the attainment of the current NDP and national MTSF 2015-2019 priorities. The LDP further provides a blueprint for the strategic plans of each provincial government department, as well as the Integrated Development Plans (IDPs) and sector plans of district and local municipalities. The LDP prioritises the creation of conducive environment for PPP arrangements to allow constructive participation of private sector business and organised labour towards the achievement of provincial growth and development objectives and active citizenry.

The following are the key strategies expressed in the LDP of which the 2016/17 budget seeks to address:

## **8.1 QUALITY BASIC EDUCATION**

The LDP seeks to transform the education sector by 2030 to at least have a universally accepted Early Childhood Education (ECD) and the standard of basic education that is able to compete at global level. The attainment of these long-term targets lies on the ability of government to plan and implement its short-term programmes and strategies and align these to the available resources. It is for this reason that the province through the Department of Education plans to ensure

- Continuous access to Learner-Teacher Support Material (LTSM) by all learners,
- Expand access to ECD programmes,
- Improve grade twelve results through learner attainment programmes,
- Provision of school nutrition,
- Delivery and maintenance of school infrastructure, as well as
- Train and appoint suitable teachers and principals.

For this to happen, the provincial Department of Education has the mandate to collaborate with the National Department of Basic Education (DBE) in the development of relevant systems and required regulatory frameworks.

## **8.2 A LONG QUALITY LIFE FOR ALL**

Good health is a prerequisite for any nation to have sound socio-economic development and growth. It is for this reason that the state of health should be a concern in all areas such as nutrition, employment, education, water and sanitation, as well as the environment. The LDP requires all agencies in the province, public and private, to make commitments on their contributions towards improved health conditions in Limpopo. This budget therefore makes significant strides towards the attainment of good health conditions in the province through different programmes in various provincial departments and their entities.

Among others, the Department of Health will contribute to the attainment of the following LDP five year targets: -

- Average male and female life expectancy at birth increased to 70 years;
- Tuberculosis (TB) prevention and cure progressively improved;
- Maternal, infant and child mortality reduced and
- Prevalence of Non-Communicable Diseases reduced by 28 percent.

### **8.3 ALL PEOPLE IN SOUTH AFRICA ARE SAFE AND FEEL SAFE**

The province considers matters of safety a priority and therefore treats this with the seriousness it deserves. Government will implement programmes to combat high level crimes at homes, schools, work and the community in general. The programmes to fight corruption and organised crime will be strengthened during this budget cycle. Limpopo is a province of peace and prosperity therefore, government clearly intends to promote the safety of its citizens in the streets at both urban and rural areas through strengthening of Community Policing Forums (CPFs) and Community Safety Forum (CSF).

### **8.4 DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH**

The government continues to fight persisting challenges of unemployment, inequality and poverty. Limpopo is a predominantly rural province, a condition that makes it difficult to address the actual realities faced by its communities on a daily basis. These relate to the provision of basic services and the creation of a conducive environment for economic growth and development. Funding has been made available to stimulation economic growth through provision of infrastructure, supporting cooperatives and Small Medium and Micro Enterprises (SMMEs), promotion of agro-processing industries and developing the two new Spatial Economic Zones (SEZs) in the province, namely in Musina and Greater Tubatse.

### **8.5 A SKILLED AND CAPABLE WORK FORCE TO SUPPORT AN INCLUSIVE GROWTH PATH**

The province of Limpopo has a vision for all its population to at least have access to education and training of the highest quality, leading to significantly improved learning outcomes by 2030. This is a long term vision expressed by the LDP and to attain it, greater effort is expected from education, training and innovation systems which should cater for different needs and produce highly skilled individuals.

The launch of the medical school within the University of Limpopo evidently attests to this commitment by government to improve required medical skills. Government departments are encouraged to reserve one percent of their CoE budget to focus on capacitating government officials in various fields required for effective service delivery.

## **8.6 AN EFFICIENT, COMPETITIVE AND RESPONSIVE ECONOMIC INFRASTRUCTURE NETWORK**

The LDP emphasises the provision of new and maintenance of existing infrastructure which is central to provincial economic growth and development. Economic infrastructure provides a platform for delivery of basic services, such as electricity, water, sanitation and public transport. It is therefore necessary to adopt an integrated approach to coordinate all stakeholders from national to local sphere of government involved in the provision of economic infrastructure. The province has identified a need to develop a Limpopo Integrated Infrastructure Master Plan (LIIMP) which is a long-term infrastructure plan intended to direct and coordinate infrastructure investment within the province.

The Department of Public Works, Roads and Infrastructure is the lead department in the provision of provincial economic infrastructure and has put mechanisms in place to create capacity for infrastructure delivery, support and monitoring. Introduction of the provincial infrastructure strategic planning hub with technical assistance from National (through Government Technical Advisory Centre) and Provincial Treasuries represents the level of commitment the province has dedicated in supporting the provision of provincial infrastructure.

The provincial departments will strengthen their involvement in municipalities in ensuring that the provision of basic services such as electricity, water, sanitation, telecommunications and public transport is improved and sustained.

## **8.7 VIBRANT, EQUITABLE, SUSTAINABLE RURAL COMMUNITIES CONTRIBUTING TO FOOD SECURITY FOR ALL.**

Rural development is one of the key focuses of the NDP vision 2030. This vision manifests itself through service delivery programmes aimed at growing the economy, ensuring food security, creating jobs, and alleviating poverty. This budget cycle will continue to provide support to needy farmers through direct and indirect farmer support programmes i.e. technical, financial and infrastructure. Other challenges facing rural development are as a result of climate change due to global warming. The province has experienced excessive dry weather conditions, storms and heavy rains in selected areas which left rural communities vulnerable. In this regard, government remains focused to respond and intervene accordingly through drought relief and disaster management programmes.

## **8.8 SUSTAINABLE HUMAN SETTLEMENTS AND IMPROVED QUALITY OF HOUSEHOLD LIFE**

The province intends to create more functionally integrated, balanced and vibrant urban settlements for the people of Limpopo. This MTEF budget focuses on spatial planning, provision of adequate human settlements and improving institutional capacity and coordination. The provincial Department of Co-operative Governance, Human Settlements and Traditional Authorities (CoGHSTA) will take a lead in addressing challenges impeding smooth delivery of houses to the needy. These relate to non-availability of land for development, inactive community participation in local development initiatives and integrated economic development through human settlement provision.

## **8.9 A RESPONSIVE, ACCOUNTABLE, EFFECTIVE AND EFFICIENT LOCAL GOVERNMENT SYSTEM**

The local government system is facing critical capacity challenges. In the main, most municipal authorities in Limpopo do not have the required financial management capacity to run their own affairs. The current municipal audit outcomes attest to a need for an immediate intervention by both national and provincial spheres of government in this area. The Limpopo Provincial Treasury has improved its capacity to support municipalities around financial management. It is envisaged that with this intervention, the current municipal financial position will improve.

CoGHSTA intends to strengthen its support mechanisms to municipalities by implementing effective monitoring systems from planning, management, and implementation of municipal programmes with a sole purpose of enhancing service delivery to the communities.

## **8.10 PROTECT AND ENHANCE ENVIRONMENTAL ASSETS AND NATURAL RESOURCES**

The LDP prioritises the protection of environmental assets and natural resources through integrated planning and implementing the framework to transition to an environmentally sustainable, low-carbon economy. The Limpopo Department of Economic Development, Environment and Tourism (LEDET) through its environmental programmes has the responsibility of ensuring that the transition to environmental sustainable development is achieved.

### **8.11 CREATE A BETTER SOUTH AFRICA, A BETTER AFRICA AND BETTER WORLD**

The province intends to strengthen regional ties with neighbouring countries. These relations are intended to build and maintain strong socio-economic ties with other countries. Office of the Premier and LEDET through its agencies Limpopo Economic Development Agency (LEDA) and Limpopo Tourism Agency (LTA) have the responsibility to promote and market the province while enhancing ties with other countries.

### **8.12 AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTED PUBLIC SERVICE**

A well-coordinated state machinery is an essential component of a capable and developmental state. This is the kind of public service that is committed to the public good and capable of delivering consistently high-quality services. The Office of the Premier is mandated to ensure that all provincial departments achieve these outcomes through various programmes aimed at building confidence and improving service delivery.

### **8.13 SOCIAL PROTECTION**

As articulated in the NDP, employment is the best form of social protection in that it guarantees the required minimum standard of living to those who have jobs. It is for this reason that government continues to invest more in creating conducive environment for employment opportunities to be created. The Department of Social Development has programmes which contribute to social protection to improve the livelihoods of Limpopo communities through the use of grants, and social security programmes.

### **8.14 NATION BUILDING AND SOCIAL COHESION**

The province of Limpopo continues to promote knowledge on constitutional rights to all its citizens and ensure that all people have equal opportunities. The department of Sport, Arts and Culture has the mandate to facilitate Nation building and Social cohesion through various sporting codes and cultural activities.

## 9 SUMMARY OF BUDGET AGGREGATES

The provincial sources of revenue comprises of equitable share, conditional grants, provincial own revenue and reserves. The budget growth over the 2016/17 MTEF is 5.4 percent in 2016/17, 4.1 percent in 2017/18 and 5.5 percent 2017/18, the average growth over the MTEF is 4.8 percent which consists of equitable share of R 48.7 billion, conditional grants amounting to R7.1 billion and provincial own receipts of R1.1 billion for the year 2016/17.

**Table 9-1: Provincial Budget Summary**

| R thousand                               | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|--|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|  | 2012/13           | 2013/14           | 2014/15           |                    |                        |                   | 2015/16               | 2016/17           | 2017/18           |
| <b>Provincial receipts</b>               |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Transfer receipts from national          | 46 114 817        | 46 957 125        | 50 326 140        | 52 119 760         | 53 133 828             | 53 133 828        | 55 828 613            | 59 769 294        | 63 527 134        |
| Equitable share                          | 38 889 535        | 41 135 605        | 42 902 956        | 45 377 444         | 45 866 202             | 45 866 202        | 48 708 568            | 52 086 555        | 55 176 261        |
| Conditional grants                       | 7 225 282         | 5 821 520         | 7 423 184         | 6 742 316          | 7 267 626              | 7 267 626         | 7 120 045             | 7 682 739         | 8 350 873         |
| Provincial own receipts                  | 703 256           | 845 570           | 1 422 312         | 976 707            | 1 201 621              | 1 201 621         | 1 063 102             | 1 118 902         | 1 180 728         |
| <b>Total provincial receipts</b>         | <b>46 818 073</b> | <b>47 802 695</b> | <b>51 748 452</b> | <b>53 096 467</b>  | <b>54 335 449</b>      | <b>54 335 449</b> | <b>56 891 715</b>     | <b>60 888 196</b> | <b>64 707 862</b> |
| <b>Provincial payments</b>               |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Current payments                         | 37 341 220        | 39 830 656        | 42 548 861        | 45 384 185         | 45 350 927             | 45 326 047        | 48 578 531            | 51 256 778        | 54 478 171        |
| Transfers and subsidies                  | 5 402 719         | 4 314 535         | 5 626 621         | 5 626 940          | 6 478 156              | 6 549 548         | 6 089 850             | 6 165 293         | 6 077 433         |
| Payments for capital assets              | 2 141 163         | 1 727 974         | 2 186 778         | 1 717 094          | 1 977 933              | 2 162 466         | 2 300 656             | 1 904 242         | 2 025 054         |
| Payments for financial assets            | 2 326             | 9 967             | 59 776            | -                  | 2 395                  | 2 508             | 400                   | -                 | -                 |
| <b>Total provincial payments</b>         | <b>44 887 428</b> | <b>45 883 132</b> | <b>50 422 036</b> | <b>52 728 219</b>  | <b>53 809 411</b>      | <b>54 040 568</b> | <b>56 969 436</b>     | <b>59 326 314</b> | <b>62 580 658</b> |
| Less: Unauthorised expenditure           | 183 180           | 4 498             | -                 | -                  | -                      | -                 | 49 376                | -                 | -                 |
| <b>Baseline Available for Spending</b>   | <b>44 704 248</b> | <b>45 878 634</b> | <b>50 422 036</b> | <b>52 728 219</b>  | <b>53 809 411</b>      | <b>54 040 568</b> | <b>56 920 060</b>     | <b>59 326 314</b> | <b>62 580 658</b> |
| <b>Financing</b>                         |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Provincial cash reserves                 | 623 459           | 886 002           | 550 000           | -                  | -                      | -                 | 100 000               | -                 | -                 |
| <b>Surplus/(deficit) after financing</b> | <b>2 554 104</b>  | <b>2 805 565</b>  | <b>1 876 416</b>  | <b>368 248</b>     | <b>526 036</b>         | <b>294 881</b>    | <b>22 279</b>         | <b>1 561 882</b>  | <b>2 127 205</b>  |

### 9.1 FINANCING

The Provincial Treasury will be intensifying own revenue collection and reviewing the current revenue collection strategy to intensify oversight and ensure all revenue collected finds its way into the Provincial Revenue fund. The province is still largely dependent on national transfers to finance its mandates, 85.6 percent equitable share, 12.5 percent conditional grant and only 1.9 percent provincial own revenue. An amount of R100.0 million has been made available from the provincial cash reserves which was earmarked for the clearing of accumulated unauthorised expenditure to address the storm damaged schools within the province. These funds will be reimbursed back to the provincial revenue fund upon approval of the disaster management fund by the national government.

Provincial own revenue strategy continues to play a critical role in increasing the provincial fiscus therefore departments are encouraged to intensify revenue collection streams and focus on improving current collection levels. The province budgets to collect Provincial Own Revenue amounting to R1.1 billion in 2016/17 and increase it by 5.4 percent over the MTEF.

The total available resource of R59.9 billion, R59.3 billion and R62.6 billion in 2016/17, 2017/18 and 2018/19 respectively are allocated to 13 provincial departments for spending over the MTEF. As directed by SCOPA, Departments of Education and Sport, Arts and Culture will fund their unauthorised expenditure totalling R49.4 million emanating from the previous financial years utilising the 2016/17 budget allocated.

The province will add one additional PERSAL supplementary payrun per month to settle any travel claims and any other requested supplementary PERSAL payments with effect from April 2016. No change in the frequency of the BAS payments is planned.

Provincial cost containment measures will be reviewed in line with National Treasury cost containment directive to ensure that the limited resources are spent on core functions. Departments will be monitored regularly on non-core spending and service delivery items to determine the overall efficiency in funds utilisations. The province's development agencies will be engaged to ensure appropriate Return on Investment (ROI) with the objective of making these institutions self-sustainable in the short to medium-term. The current budget allocated to Departments and Public Entities even after the cut should not hamper service delivery in the province.

# CHAPTER THREE

## 10 BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK

### 10.1 THE RELATIONSHIP BETWEEN STRATEGIC PLANNING AND BUDGET

Strategic planning is a process through which government defines its vision, mission, values, strategic goals, strategic objectives, performance indicators and targets. This process is followed by resource identification and allocation, which in government is called the budget process. There is a very thin line between planning and the budget process because they both influence one another.

The NDP serves as the bases for planning for all public institutions across various spheres of government. Government's planning cycle therefore affords a good opportunity for alignment of departmental strategic plans and budget. Given the fact that government operates with limited resources, all public institutions are encouraged to draw priorities for a specific budget cycle and ensure that the voted funds are spent sparingly and for the intended purpose. For this purpose, government's outcome approach provides a mechanism for close monitoring of government programmes in ensuring that all programmes are implemented as planned to realise the intended purposes. A performance evaluation is also very central in determining the impact of government programmes to the community and value for money.

Limpopo province has created a platform for departmental strategic plans and budget alignment discussions. These take place at various levels i.e. Legislature, Executive Council, HOD's, CFO's and Planners forums. These structural arrangements play a significant role in ensuring that public funds are allocated and utilised to serve the interest of electorate.

In departments, platforms are available where all programmes and sub-programme committees feed into the departmental strategic plans which are interrogated by all stakeholders with the objective of ensuring the attainment of departmental mandates.

## **10.2 THE ROLE OF PROVINCIAL TREASURY**

The Provincial Treasury draws its mandate from chapter three of Public Finance Management Act (PFMA) of 1999 (Act No.1 of 1999) that establishes Provincial Treasuries in the country and further outlines their roles and responsibilities in managing public funds. In terms of section 18 sub-section 1 (a) and (b) of the PFMA, the Provincial Treasuries are the custodian of the provincial budget and as such, they should manage the preparation of provincial budget and exercise control over the implementation thereof by Provincial Departments and Public Entities.

In discharging its mandate, the Provincial Treasury is required to initiate any process that may assist in fulfilling its responsibilities effectively. Within this principle, the Provincial Treasury has introduced monitoring mechanisms at various levels through which it seeks to closely monitor the performance of public institutions in line with approved planning instruments. Key to these is the quarterly expenditure monitoring meetings where all Provincial Departments and Public Entities are invited and all financial and non-financial performance matters pertaining to individual departments are discussed.

## **10.3 BUDGET PROCESS**

### **10.3.1 What is entailed in the budget process?**

The budget process is an interactive process between role-players to gather, analyse and prepare information into an organised financial plan which is ultimately approved by the legislature. It is an interactive process in that it requires the identification of relevant stakeholders and engagements at various levels of government at different stages of the budget planning process. Through this interaction, government is able to estimate income and expenditure figures for the following financial year.

The budget process is highly regulated by various legislations including the PFMA, Division of Revenue Act, Appropriation Act and Revenue Laws Amendment Act promulgated nationally and also the Provincial Appropriation Act enacted by the Provincial Legislature. Provincial Treasuries are mandated to ensure fair and equitable allocation of provincial resources across various public institutions in the province. Once the proposed budget has been tabled and approved by the legislature it becomes a government policy statement and should be implemented as such. At the same time,

the accounting officer of each public institution carries the responsibility of ensuring that voted funds are properly spent and accounted for.

### **10.3.2 Matching policy priorities and resources (specific priorities)**

Government priorities are clearly expressed in the NDP, MTSF, and further localised through the LDP. The attainment of these priorities is largely dependent on the availability of resources. The government has limited resources compared to the needs of the people it is expected to respond to. It is therefore necessary for government to ensure that these limited resources are used to attain government priorities. This is possible where there is proper alignment between the strategic plans and budget.

The Office of the Premier has the responsibility to monitor the alignment of departmental plans with LDP priorities while the Provincial Treasury should ensure that allocated budget is aligned to the approved planning instruments of departments and public entities.

### **10.3.3 Outcome Budgeting Approach**

The South African government budgeting system has an element of both zero-based and programme budget systems. The latter suggests government's commitment on budgeting for specific deliverables in terms specific programmes which are informed by the fourteen pre-determined outcomes. All public institutions should budget for programmes or outcomes over a period of twelve months and all the unspent funds are surrendered to the Provincial Revenue Fund (PRF). Office of the Premier has a dedicated unit of ensuring that the set targets are met in all government departments and entities by monitoring the compilation of annual performance plans aligned to the government outcomes and LDP.

## 11 RECEIPTS

### 11.1 OVERALL POSITION

The province allocates funds from equitable share, conditional grants and own revenue. The conditional grant allocation is R7.1 billion in 2016/17, R7.7 billion and R8.4 billion for the year 2017/18 and 2018/19 respectively. The province has budgeted to collect R1.1 billion Provincial own revenue in 2016/17 growing to R1.2 billion in 2018/19. The total receipts of the province over the 2016 MTEF period is R182.5 billion with R56.9 billion to be received in 2016/17, R60.9 billion and R64.7 billion for 2017/18 and 2018/19 respectively.

**Table 11-1: Summary of Provincial Receipts**

| R thousand   | Outcome           |                   |                   | Main appropriatio | Adjusted appropriatio | Revised estimate  | Medium-term estimates |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-------------------|
|  | 2012/13           | 2013/14           | 2014/15           |                   |                       |                   | 2015/16               | 2016/17           | 2017/18           |
| <b>Transfer receipts from national</b>               |                   |                   |                   |                   |                       |                   |                       |                   |                   |
| Equitable share                                      | 38 889 535        | 41 135 605        | 42 902 956        | 45 377 444        | 45 866 202            | 45 866 202        | 48 708 568            | 52 086 555        | 55 176 261        |
| Conditional grants                                   | 7 225 282         | 5 821 520         | 7 423 184         | 6 742 316         | 7 267 626             | 7 267 626         | 7 120 045             | 7 682 739         | 8 350 873         |
| <b>Total transfer receipts from national</b>         | <b>46 114 817</b> | <b>46 957 125</b> | <b>50 326 140</b> | <b>52 119 760</b> | <b>53 133 828</b>     | <b>53 133 828</b> | <b>55 828 613</b>     | <b>59 769 294</b> | <b>63 527 134</b> |
| <b>Provincial own receipts</b>                       |                   |                   |                   |                   |                       |                   |                       |                   |                   |
| Tax receipts   | 280 356           | 318 911           | 358 874           | 400 885           | 412 332               | 412 332           | 427 193               | 451 456           | 476 854           |
| Casino taxes   | 36 539            | 42 645            | 48 467            | 61 548            | 61 548                | 61 548            | 66 472                | 69 796            | 73 286            |
| Horse racing taxes                                   | 3 918             | 8 773             | 14 089            | 11 923            | 11 923                | 11 923            | 13 031                | 13 813            | 14 395            |
| Liquor licences                                      | 2 998             | 3 197             | 3 133             | 3 800             | 3 800                 | 3 800             | 4 012                 | 4 236             | 4 473             |
| Motor vehicle licences                               | 236 901           | 264 296           | 293 185           | 323 614           | 335 061               | 335 061           | 343 678               | 363 611           | 384 700           |
| Sale of goods and services other than capital assets | 199 180           | 220 224           | 240 348           | 298 163           | 293 344               | 293 360           | 336 431               | 366 698           | 387 292           |
| Transfers received                                   | 47                | 2 000             | -                 | -                 | -                     | -                 | -                     | -                 | -                 |
| Fines, penalties and forfeits                        | 36 924            | 43 135            | 50 117            | 52 605            | 53 567                | 53 567            | 55 549                | 58 338            | 61 722            |
| Interest, dividends and rent on land                 | 124 184           | 196 456           | 298 353           | 153 803           | 241 252               | 241 039           | 182 327               | 190 465           | 200 247           |
| Sale of capital assets                               | 16 044            | 24 843            | 18 811            | 16 683            | 15 007                | 15 007            | 15 166                | 15 716            | 16 913            |
| Transactions in financial assets and liabilities     | 46 521            | 40 002            | 455 809           | 54 568            | 186 119               | 186 316           | 46 435                | 36 230            | 37 701            |
| <b>Total provincial own receipts</b>                 | <b>703 256</b>    | <b>845 570</b>    | <b>1 422 312</b>  | <b>976 707</b>    | <b>1 201 621</b>      | <b>1 201 621</b>  | <b>1 063 102</b>      | <b>1 118 902</b>  | <b>1 180 728</b>  |
| <b>Total provincial receipts</b>                     | <b>46 818 073</b> | <b>47 802 695</b> | <b>51 748 452</b> | <b>53 096 467</b> | <b>54 335 449</b>     | <b>54 335 449</b> | <b>56 891 715</b>     | <b>60 888 196</b> | <b>64 707 862</b> |

### 11.2 EQUITABLE SHARE

The province receives an equitable share allocation from the national funds. The allocation is based on a predetermine formula agreed upon by all stakeholders through consultative process. Based on the revised data updates, Limpopo share of the provincial equitable share allocation is 11.8 percent. The total revised allocation amounts to R48.7 billion for the year 2016/17, increasing to R52.1 billion in 2017/18 and R55.2 billion in 2018/19. This represent a growth of 6.4 percent over the MTEF.

### **11.3 CONDITIONAL GRANTS**

The baseline allocation on conditional grant for the province has been affected by the cuts on various conditional grants in different departments. From the initial allocation, an amount of R233.1 million has been cut over the 2016 MTEF period, R117.1 million in 2016/17, R106.4 million in 2017/18 and R29.5 million in 2018/19. Provincial Roads Maintenance Grant and Public Transport Operations Grant are the only grants that experienced an increase in allocations over the 2016 MTEF, both combined amounting to R15.6 million in 2016/17, R15.6 million in 2017/18 and R12.6 million in 2018/19. The grants reflect growth of 5.6 percent in 2016/17 and 8.3 percent over the MTEF. From table below, conditional grants in the province over the 2016 MTEF total to R23.1 billion. The total conditional grants allocation in 2016/17 of R7.1 billion represents an increase of R377.7 million from 2015/16 to 2016/17. The grants allocation will increase to R7.6 billion in 2017/18 and R 8.3 billion in 2018/19.

**Table 11-2: Summary of National Conditional Grant transfers by vote**

| R thousand   | Outcome          |                  |                  | Main appropriation | Adjusted appropriation<br>2015/16 | Revised estimate | Medium-term estimates |                  |                  |
|--|------------------|------------------|------------------|--------------------|-----------------------------------|------------------|-----------------------|------------------|------------------|
|  | 2012/13          | 2013/14          | 2014/15          |                    |                                   |                  | 2016/17               | 2017/18          | 2018/19          |
| <b>Vote 3 - Education</b>                              | <b>1 581 752</b> | <b>2 079 524</b> | <b>2 187 342</b> | <b>1 913 026</b>   | <b>1 908 026</b>                  | <b>1 908 026</b> | <b>1 997 326</b>      | <b>2 030 583</b> | <b>2 147 456</b> |
| National School Nutrition Programme                    | 959 029          | 872 752          | 991 153          | 1 030 799          | 1 030 799                         | 1 030 799        | 1 085 431             | 1 139 703        | 1 205 805        |
| Dinaledi Schools Grant                                 | 5 732            | 8 498            | 11 340           | -                  | -                                 | -                | -                     | -                | -                |
| HIV/AIDS (Life Skills Education)                       | 12 574           | 13 704           | 31 085           | 30 875             | 25 875                            | 25 875           | 33 310                | 35 339           | 37 388           |
| Technical Secondary Schools Recapitalisation           | 11 906           | 3 395            | 29 859           | -                  | -                                 | -                | -                     | -                | -                |
| Education Infrastructure Grant                         | 564 420          | 1 147 038        | 1 108 625        | 805 128            | 805 128                           | 805 128          | 830 532               | 810 523          | 856 634          |
| of which   |                  |                  |                  |                    |                                   |                  |                       |                  |                  |
| Education Infrastructure Grant (flood damage)          | -                | -                | -                | 69 366             | 69 366                            | 69 366           | -                     | -                | -                |
| EPWP Incentive Allocation                              | 1 335            | -                | 2 000            | 2 150              | 2 150                             | 2 150            | 2 000                 | -                | -                |
| Social Sector (EPWP) Grant                             | 26 756           | 34 137           | 13 280           | 3 095              | 3 095                             | 3 095            | 3 500                 | -                | -                |
| Further Education and Training Colleges                | -                | -                | -                | -                  | -                                 | -                | -                     | -                | -                |
| Maths, Science and Technology Grant                    | -                | -                | -                | 40 979             | 40 979                            | 40 979           | 42 553                | 45 018           | 47 629           |
| <b>Vote 4 - Agriculture</b>                            | <b>258 217</b>   | <b>319 058</b>   | <b>297 153</b>   | <b>327 467</b>     | <b>330 190</b>                    | <b>330 190</b>   | <b>339 366</b>        | <b>350 642</b>   | <b>369 615</b>   |
| Disaster Management (Drought relief)                   | 3 236            | -                | -                | -                  | -                                 | -                | -                     | -                | -                |
| Land Care  | 20 347           | 16 152           | 10 178           | 10 001             | 10 001                            | 10 001           | 10 438                | 11 092           | 11 736           |
| Comprehensive Agriculture Support Programme            | 176 230          | 239 978          | 225 873          | 261 844            | 264 567                           | 264 567          | 260 576               | 272 194          | 286 616          |
| of which   |                  |                  |                  |                    |                                   |                  |                       |                  |                  |
| Comprehensive Agriculture Support Programme            | -                | -                | 25 224           | 22 837             | 22 837                            | -                | 15 555                | 10 001           | -                |
| EPWP Incentive Allocation                              | 9 379            | 19 384           | 12 777           | 5 285              | 5 285                             | 5 285            | 4 476                 | -                | -                |
| EPWP Integrated-rural                                  | -                | -                | 2 263            | -                  | -                                 | -                | -                     | -                | -                |
| ILimal/Letsema Projects                                | 49 025           | 43 544           | 46 062           | 50 337             | 50 337                            | 50 337           | 63 876                | 67 356           | 71 263           |
| <b>Vote 06 - LEDET</b>                                 | <b>1 000</b>     | <b>550</b>       | <b>2 102</b>     | <b>2 482</b>       | <b>2 482</b>                      | <b>2 482</b>     | <b>3 443</b>          | <b>-</b>         | <b>-</b>         |
| EPWP Incentive Allocation                              | 1 000            | 550              | 2 102            | 2 482              | 2 482                             | 2 482            | 3 443                 | -                | -                |
| <b>Vote 7 - Health</b>                                 | <b>1 457 988</b> | <b>1 410 866</b> | <b>1 926 463</b> | <b>1 730 401</b>   | <b>1 928 235</b>                  | <b>1 928 235</b> | <b>2 053 864</b>      | <b>2 301 277</b> | <b>2 632 535</b> |
| Health Professions Training and Development            | 92 499           | 110 584          | 116 206          | 118 855            | 118 855                           | 118 855          | 123 960               | 131 724          | 139 364          |
| Health Facility Revitalisation                         | 365 236          | 111 006          | 468 672          | 194 255            | 364 255                           | 364 255          | 379 089               | 440 114          | 461 262          |
| of which   |                  |                  |                  |                    |                                   |                  |                       |                  |                  |
| Health Infrastructure                                  | 353 459          | 104 081          | -                | -                  | -                                 | -                | -                     | -                | -                |
| Health Revitalisation (flood damage)                   | -                | -                | -                | 6 921              | 6 921                             | 6 921            | -                     | -                | -                |
| Nursing Colleges and Schools completion                | 11 777           | 6 925            | -                | -                  | -                                 | -                | -                     | -                | -                |
| Comprehensive HIV and AIDS                             | 690 396          | 860 671          | 998 502          | 1 056 975          | 1 084 340                         | 1 084 340        | 1 176 489             | 1 363 125        | 1 616 878        |
| National Tertiary Services                             | 276 123          | 303 916          | 330 714          | 330 462            | 330 462                           | 330 462          | 344 723               | 366 314          | 387 560          |
| Human Papillomavirus Vaccine Grant                     | -                | -                | -                | -                  | -                                 | -                | -                     | -                | 27 471           |
| EPWP Incentive Allocation                              | 1 000            | 1 823            | 2 089            | 2 000              | 2 000                             | 2 000            | -                     | -                | -                |
| Social Sector (EPWP) Grant                             | 28 616           | 13 649           | 2 580            | 20 650             | 20 650                            | 20 650           | 22 060                | -                | -                |
| National Health Insurance                              | 4 118            | 9 217            | 7 700            | 7 204              | 7 673                             | 7 673            | 7 543                 | -                | -                |
| <b>Vote 8 - Transport</b>                              | <b>1 223 019</b> | <b>795 121</b>   | <b>291 852</b>   | <b>298 298</b>     | <b>298 298</b>                    | <b>298 298</b>   | <b>326 129</b>        | <b>345 610</b>   | <b>361 761</b>   |
| Provincial Roads Maintenance Grant                     | 962 294          | 505 849          | -                | -                  | -                                 | -                | -                     | -                | -                |
| Transport Disaster Management                          | -                | -                | -                | -                  | -                                 | -                | -                     | -                | -                |
| EPWP Incentive Allocation                              | -                | 14 340           | -                | -                  | -                                 | -                | -                     | -                | -                |
| Public Transport Operations                            | 260 725          | 274 932          | 291 852          | 298 298            | 298 298                           | 298 298          | 326 129               | 345 610          | 361 761          |
| <b>Vote 9 - Public Works, Roads and Infrastructure</b> | <b>35 981</b>    | <b>3 000</b>     | <b>1 171 681</b> | <b>1 001 882</b>   | <b>1 001 882</b>                  | <b>1 001 882</b> | <b>999 935</b>        | <b>1 053 832</b> | <b>1 114 955</b> |
| Provincial Roads Maintenance Grant                     | -                | -                | 1 164 911        | 994 762            | 994 762                           | 994 762          | 995 109               | 1 053 832        | 1 114 955        |
| of which   |                  |                  |                  |                    |                                   |                  |                       |                  |                  |
| Transport Disaster Management                          | -                | -                | 79 613           | 90 895             | 90 895                            | 90 895           | 100 000               | 130 000          | 130 000          |
| Devolution of Property Rate Fund                       | 32 801           | -                | -                | -                  | -                                 | -                | -                     | -                | -                |
| EPWP Incentive Allocation                              | 3 180            | 3 000            | 6 770            | 7 120              | 7 120                             | 7 120            | 4 826                 | -                | -                |
| <b>Vote 10 - Safety, Security and Liaison</b>          | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>2 078</b>       | <b>2 078</b>                      | <b>2 078</b>     | <b>-</b>              | <b>-</b>         | <b>-</b>         |
| EPWP Incentive Allocation                              | -                | -                | -                | 2 078              | 2 078                             | 2 078            | -                     | -                | -                |
| <b>Vote 11 - CoGHSTA</b>                               | <b>1 188 808</b> | <b>303 449</b>   | <b>1 387 247</b> | <b>1 285 877</b>   | <b>1 593 889</b>                  | <b>1 593 889</b> | <b>1 210 370</b>      | <b>1 368 289</b> | <b>1 456 938</b> |
| Human Settlement Development                           | 1 188 808        | 303 449          | 1 384 543        | 1 283 877          | 1 591 889                         | 1 591 889        | 1 208 370             | 1 368 289        | 1 456 938        |
| of which   |                  |                  |                  |                    |                                   |                  |                       |                  |                  |
| Human Settlement Development (flood damage)            | -                | -                | 5 701            | 34 332             | 34 332                            | 34 332           | 29 678                | -                | -                |
| Earmarked additions for the five municipalities        | -                | -                | 17 540           | 154 176            | 154 176                           | 154 176          | 66 330                | -                | -                |
| Thabazimbi   | -                | -                | 7 171            | 16 357             | 16 357                            | 16 357           | 27 100                | -                | -                |
| Greater Tzaneen  | -                | -                | 1 684            | 36 520             | 36 520                            | 36 520           | 6 430                 | -                | -                |
| Elias Mokoaleli  | -                | -                | 3 255            | 16 600             | 16 600                            | 16 600           | 12 300                | -                | -                |
| Lephalale  | -                | -                | 4 720            | 77 063             | 77 063                            | 77 063           | 17 800                | -                | -                |
| Fetakgomo  | -                | -                | 710              | 7 636              | 7 636                             | 7 636            | 2 700                 | -                | -                |
| Housing Disaster Management                            | -                | -                | 560              | -                  | -                                 | -                | -                     | -                | -                |
| EPWP Incentive Allocation                              | -                | -                | 2 144            | 2 000              | 2 000                             | 2 000            | 2 000                 | -                | -                |
| <b>Vote 12 - Social Development</b>                    | <b>11 253</b>    | <b>8 915</b>     | <b>2 772</b>     | <b>3 190</b>       | <b>3 190</b>                      | <b>3 190</b>     | <b>11 242</b>         | <b>46 765</b>    | <b>72 008</b>    |
| Early Childhood Development Grant                      | -                | -                | -                | -                  | -                                 | -                | -                     | 46 765           | 72 008           |
| Social Sector (EPWP) Grant                             | 11 253           | 8 915            | 2 772            | 3 190              | 3 190                             | 3 190            | 11 242                | -                | -                |
| <b>Vote 13 - Sport, Arts and Culture</b>               | <b>96 588</b>    | <b>104 626</b>   | <b>156 572</b>   | <b>177 615</b>     | <b>199 356</b>                    | <b>199 356</b>   | <b>178 370</b>        | <b>185 741</b>   | <b>195 605</b>   |
| Mass Participation and Sport Development Grant         | 45 775           | 59 702           | 59 446           | 63 459             | 63 459                            | 63 459           | 61 075                | 62 246           | 65 200           |
| Community Library Services                             | 49 903           | 44 441           | 95 024           | 112 156            | 133 897                           | 133 897          | 115 295               | 123 495          | 130 405          |
| EPWP Incentive Allocation                              | 910              | 483              | 2 102            | 2 000              | 2 000                             | 2 000            | 2 000                 | -                | -                |
| <b>Total conditional grants</b>                        | <b>5 854 606</b> | <b>5 025 109</b> | <b>7 423 184</b> | <b>6 742 316</b>   | <b>7 267 626</b>                  | <b>7 267 626</b> | <b>7 120 045</b>      | <b>7 682 739</b> | <b>8 350 873</b> |

### **11.3.1 Specific grants within the various departments:-**

#### **Vote 3: Department of education**

The total allocation for the department on conditional grants amount to R1.9 billion in 2016/17, the grant will increase to R2.0 billion in 2017/18 and further increases to R2.1 billion in 2018/19. The conditional grants will be used for Maths, Science and Technology, School Nutrition Programme, HIV/AIDS, Education Infrastructure, Social Sector Extended Public Works Programme (EPWP), Extended Public Works Programme. The Education infrastructure grant increases in 2016/17 by R25 million to R830 million but decreases in 2017/18 by R20 million. The average growth over the MTEF is 1.6 percent.

#### **Vote 4: Department of Agriculture and Rural Development**

The department will receive conditional grants amounting to R339.4 million in 2016/17, will increase to R350.6 million in 2017/18 and further increases to R369.6 million in 2018/19. The grant includes funding for the Comprehensive Agricultural Support Programme which assists in repairs for flood damages and drought relief projects.

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

The department has been allocated R3.4 million for EPWP Incentive grant for the year 2016/17 and the grant is utilized for the maintenance of the nature reserves within the province.

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

An amount of R2.1 billion has been allocated to the department as conditional grants for the year 2016/17. The grant will increase to R2.3 billion in 2017/18 and further increase to R2.6 billion in 2018/19. Departmental conditional grants include funds for Health Professional Training and Development, EPWP Social sector, Hospital Revitalization, Comprehensive HIV/AIDS, National Tertiary Services and National Health Insurance. The Comprehensive HIV /AIDS and TB grant experiences a cut in the first year of the 2016 MTEF. The National Health Insurance Grant has been cut over the last two years of the MTEF is in line with the preparations of the introduction of National Health Insurance (NHI) system. A newly introduced grant, Human Papillomavirus Vaccine will commence in 2018/19 and an amount of R27.5 million is

allocated to assist the province in preventing cervical cancer in young girls, and the target group is grade 4 girls in public and special schools.

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

Public Transport Operation grant is allocated an amount of R326.1 million in 2016/17 financial year, R345.6 million in 2017/18 and R361.8 million in 2018/19. Additional funds have been made available for this grant nationally, of which the Limpopo will receive additional allocations amounting to R15.1 million for the first two years and a further R12.1 million in 2018/19.

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

The department has a total allocation for 2016/17 for conditional grants amounting to R1.0 billion in 2016/17 financial year and increasing to R1.1 billion 2018/19. Grant funding will be received for Provincial Roads Maintenance Grant, Transport Disaster Management Grant used to repair flood damaged roads and EPWP Integrated grant. National has allocated additional grant funding for the, Roads Maintenance Grant and this will assist the province in carrying out maintenance of the roads especially in rural areas.

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

The department receive grants to the value of R1.2 billion in 2016/17, the grant will increase to R1.4 billion in 2017/18 and further increase to R1.5 billion in 2018/19. The allocation focuses on Integrated Housing and Human Settlements Development and implementation of EPWP Integrated programme and includes the funds earmarked for disaster - flood damage and mining towns.

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

The Department is allocated R11.2 million in 2016/17 to be used to funds the EPWP Social Sector projects. The department will also receive grant funding of R46.8 million and R72.0 million for Early Childhood Development in 2017/18 and 2018/19 respectively. This grant will only commence in 2017/18 with the specific purpose of supporting and assisting child care centers.

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

The Department is allocated grants to the value of R178.4 million for 2016/17 which increase to R185.7 million in 2017/18 and to R195.6 million in 2018/19. The grants are mainly for Mass Participation and Sport Development, Community Library Services and EPWP projects.

### **11.4 PROVINCIAL OWN RECEIPTS (OWN REVENUE)**

The Limpopo Provincial Treasury, Provincial Departments and Public Entities have a joint responsibility in ensuring effective management and collection of provincial own revenue. Section 18 of the PFMA requires a provincial treasury to promote and enforce transparency and effective management in respect of revenue, while section 38 and 51 of the PFMA provides that the accounting officer/authority of a department, trading entity, constitutional institution, or a Public Entity must take effective and appropriate steps to collect all money due to these institutions.

Provincial own revenue collection plays an important role in augmenting the national transfers for the funding of predetermined objectives and priorities. The provincial own revenue collection contributes 1.9 percent of the total provincial receipts for the 2016/17 financial year and over the MTEF. As detailed below, provincial own revenue is comprised of tax receipts, Sale of goods and services other than capital assets, Fines, penalties and forfeits, Sale of capital assets and Financial transaction in assets and liabilities.

In 2015/16 financial year, the original provincial own revenue estimate was R976.7 million and adjusted by R224.9 million to the total revised estimates of R1.2 billion. Over the 2016 MTEF, provincial budget shows an average year on year negative growth of 11.5 percent when compared to the 2015/16 revised estimates. The negative growth is largely influenced by surrender of unspent funds / accumulated surpluses by public entities as well as interest earned on favourable bank balance which is volatile. However, in comparison to the 2015/16 main appropriation the provincial own revenue reflect an average year on year growth of 8.8 percent and 5.4 percent over the 2016 MTEF period. This positive growth is arrived at after considering unpredictable revenue collection items to ensure credibility of the revenue estimates as well as revenue

advancement mechanisms particularly by the Department of Health - patient fees and the Department of Economic Development, Environment and Tourism - revenue from provincial resorts.

**Table 11-3: Provincial Own Revenue per vote**

| R thousand   | Outcome        |                |                  | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                  |                  |
|--|----------------|----------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
|  | 2012/13        | 2013/14        | 2014/15          | 2015/16            | 2015/16                |                  | 2016/17               | 2017/18          | 2018/19          |
| Vote 1: Office of the Premier  | 1 823          | 1 369          | 1 069            | 662                | 1 272                  | 1 272            | 755                   | 777              | 821              |
| Vote 2: Provincial Legislature   | 323            | 176            | 189              | 156                | 291                    | 291              | 207                   | 218              | 233              |
| Vote 3: Education  | 41 845         | 40 179         | 38 192           | 50 291             | 50 291                 | 50 291           | 43 395                | 45 472           | 47 739           |
| Vote 4: Agriculture  | 6 228          | 5 050          | 7 419            | 7 108              | 7 835                  | 7 835            | 8 074                 | 8 497            | 8 678            |
| Vote 5: Provincial Treasury  | 124 373        | 190 996        | 299 231          | 151 781            | 236 815                | 236 815          | 180 128               | 188 133          | 197 885          |
| Vote 6: Economic Development, Environmental Affairs and Tourism            | 50 034         | 97 576         | 146 424          | 131 737            | 146 376                | 146 376          | 143 324               | 152 240          | 159 503          |
| Vote 7: Health   | 130 619        | 121 559        | 137 643          | 150 131            | 160 131                | 160 131          | 174 076               | 182 996          | 193 610          |
| Vote 8: Transport  | 301 570        | 350 007        | 397 788          | 423 666            | 423 666                | 423 666          | 449 064               | 474 267          | 501 774          |
| Vote 9: Public Works, Roads and Infrastructure                             | 34 599         | 28 797         | 382 482          | 54 599             | 164 833                | 164 833          | 56 699                | 58 783           | 62 192           |
| Vote 10: Safety, Security and Liaison                                      | 351            | 363            | 254              | 84                 | 270                    | 270              | 104                   | 114              | 120              |
| Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs | 6 771          | 4 560          | 3 049            | 2 663              | 5 602                  | 5 602            | 2 800                 | 2 694            | 3 190            |
| Vote 12: Social Development  | 3 272          | 3 831          | 6 889            | 2 867              | 3 105                  | 3 105            | 3 273                 | 3 438            | 3 637            |
| Vote 13: Sport, Arts & Culture   | 1 448          | 1 108          | 1 683            | 962                | 1 134                  | 1 134            | 1 204                 | 1 274            | 1 347            |
| <b>Total provincial own receipts</b>                                       | <b>703 256</b> | <b>845 570</b> | <b>1 422 312</b> | <b>976 707</b>     | <b>1 201 621</b>       | <b>1 201 621</b> | <b>1 063 102</b>      | <b>1 118 902</b> | <b>1 180 728</b> |

The table above portrays the history of own receipts per vote as well as the 2016 MTEF estimates. In overall, the revenue estimates reduces from the revised estimates of R1.2 billion in 2015/16 to R1.0 billion in 2016/17 financial year as a result of once off recovery of previous year debts, sale of obsolete and redundant assets which is seasonal, surrender of accumulated surpluses and interest on bank balances that of unpredictable nature.

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

Office of the Premier derives its main sources of revenue from commission on insurance and parking fees. The budget estimate is declining by 40.6 percent in 2016/17 financial year from the 2015/16 revised estimates due to the once off recovery of debts. Nonetheless, over the 2016 MTEF period, the budget estimates increases from R0.755 million in 2016/17 to R0.821 million in 2018/19 financial years.

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

The principal source of revenue for Provincial Legislature is commission on insurance. The budget estimate of the institution decreases by 28.9 percent in 2016/17 from the 2015/16 revised estimates as a result of once off recovery of previous years' expenditure. The budget for the institution grows from R0.207 million in 2016/17 to R0.233 million in 2018/19 financial year.

### **Vote 3: Education and Rural Development**

Commission on insurance and examination fees are the core sources of own revenue for the department of Education. The revenue budget of the department is declining by 13.7 percent in 2016/17 due to once off recovery of debts and sale of capital assets. However, the budget estimates increases from R43.4 million in 2016/17 to R47.7 million in 2018/19 financial year.

### **Vote 4: Agriculture**

Large portion of revenue for the department of Agriculture is received from sale of agricultural produce, boarding services and tuition fees from agricultural colleges. The revenue estimates of the department increases by 3.1 percent in 2016/17 and 3.7 percent over the MTEF as compared to the 2015/16 revised estimates. The minimal increase is a result of inflationary related factors as well as the national stability on college fees annual increases.

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

The department's revenue is mainly generated from commission on insurance, interest on bank balances, sale of tender documents and parking fees. The revenue budget of the Department decreases by 23.9 percent in 2016/17 and 4.8 percent over the MTEF from the revised 2015/16 revenue estimates. The negative growth is due to conservative budgeting as a result of the unpredictable nature of available cash flow balances and the resultant interest revenue. Nevertheless, the revenue estimates increases from R180.1 million in 2016/17 to R197.9 million in 2018/19 outer year.

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

The primary sources of revenue for the department are casino and horse racing taxes, liquor licenses, hunting licenses, gaming licences, registration fees and accommodation fees. From the 2015/16 revised estimates of R146.3 million, the 2016 MTEF estimates decline by 2.1 percent due to once-off surrenders of unspent funds / accumulated surpluses by Public Entities. During 2016/17 to 2018/19 financial years, the revenue estimates increase from R143.3 million to R159.5 million.

### **Vote 7: Health**

Patient fees make up the greater part of revenue generated by the Department of Health. The revenue budget increases by 8.7 percent in 2016/17 and 5.5 percent over the MTEF from the 2015/16 revised estimates due to anticipated improvement of patient information and revenue management systems. The budget estimates increases from R174.1 million in 2016/17 to R193.6 million in 2018/19 financial year.

### **Vote 8: Transport**

The major source of revenue for the Department is derived from motor vehicle licences and traffic fines. Other sources of revenue include abnormal load license fees and public permits. The revenue budget of the department increases by 6.0 percent in 2016/17 and 5.7 percent over the MTEF in comparison to the 2015/16 revised target. The increase has considered the annual tariff review and the average increase in the motor vehicle population. The budget estimates increases from R440.1 million in 2016/17 to R501.8 million in 2018/19 financial year.

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

The revenue budget estimates of the department decreases by 65.6 percent in 2016/17. The decline is due to erratic nature of unspent funds / accumulated surpluses surrenders from RAL. The budget estimates increases from R56.7 million in 2016/17 to R62.2 million in 2018/19 financial year. This department administers the provincial government immovable properties and its revenue is mainly generated from property rental, and other revenue is generated from the Road Agency Limpopo (RAL).

**Vote 10: Safety, Security and Liaison**

The departmental revenue is mainly generated from commission on insurance and parking fees. In 2016/17 financial year and over the MTEF, the revenue estimates decrease by 61.5 percent in comparison to 2015/16 revised target due to once off disposal of capital assets. The budget estimates increases from R0.104 million in 2016/17 to R0.120 million in 2018/19 financial year.

**Vote 11: Cooperative Governance, Human Settlement and Traditional Affairs**

The primary sources of revenue for the Department are commission on insurance and parking fees. The revenue budget estimates decrease by 50.0 percent in 2016/17 due to once off recovery of accumulated surpluses from the Housing Development Agency in 2015/16. However, the budget estimates increase from R2.8 million in 2016/17 to R3.2 million in 2018/19 financial year.

**Vote 12: Social Development**

Sources of revenue for the department of Social Development include commission on insurance, rentals and parking fees. The revenue estimate increases by 5.4 percent in 2016/17 and over the MTEF which is influenced by the inflationary related factors. The budget estimates increases from R3.3 million in 2016/17 to R3.6 million in 2018/19 financial year.

**Vote 13: Sports, Arts and Culture**

The greater part of revenue by the department of Sport, Arts and Culture is derived from entrance fees from hosting the Mapungubwe Arts Festival. The revenue budget estimates increases by 6.2 percent in 2016/17 and 5.8 percent over the MTEF.

## 12 PAYMENTS

### 12.1 OVERALL POSITION AND PAYMENTS PER DEPARTMENT

The province allocates funds from equitable share, conditional grants and own revenue to each department. Funds made available for spending in departments amount to R56.9 billion in 2016/17, R59.3 billion and R62.6 billion for the year 2017/18 and 2018/19 respectively. The above allocation represent a growth rate of 8 percent in 2016/17 and 4.8 percent over the MTEF. In 2015/16 financial year, unauthorised expenditure amounting to R42.2 million and R7.1 million was approved by SCOPA without funding in the departments of Education and Sport, Arts and Culture. These departments' allocations are reduced by the above amounts as a first charge in line with section 34(2) of the PFMA impacting negatively on available funds for spending in province by R49.3 million in 2016/17.

As part of the National Treasury expenditure reduction framework, Limpopo's share of the equitable share reductions is R176.8 million in 2016/17, R683.0 million in 2017/18 and R894.0 million in 2018/19. The above 2016/17 reductions have been factored in to the equitable share allocations made to Departments for 2016/17 and should not negatively impact on the province's ability to deliver quality services as the reductions are mainly focused on non-core items and inefficiencies in management of personnel over the MTEF period.

Through guidance by the Executive Council Budget Committee, some provincial departments are allocated once-off funding in 2016/17 for provincial priorities. These funds may be extended over the MTEF depending on actual performance and needs analysis of the specific projects.

The table below provides for detailed allocations per vote followed by explanatory note per vote:

**Table 12-1: Summary of Provincial Payments and Estimates by vote**

| R thousand   | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|--|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|  | 2012/13           | 2013/14           | 2014/15           |                    |                        |                   | 2015/16               | 2016/17           | 2017/18           |
| Vote 1: Office of the Premier  | 274 607           | 325 295           | 340 862           | 352 150            | 350 606                | 346 473           | 376 286               | 391 943           | 411 540           |
| Vote 2: Provincial Legislature   | 238 427           | 249 271           | 273 323           | 262 688            | 307 835                | 307 835           | 316 243               | 336 022           | 352 873           |
| Vote 3: Education  | 21 008 469        | 22 647 979        | 24 419 274        | 25 284 705         | 25 284 705             | 25 284 705        | 27 171 746            | 28 092 167        | 29 512 120        |
| Vote 4: Agriculture and Rural Development                                  | 1 519 763         | 1 530 375         | 1 555 401         | 1 697 131          | 1 650 601              | 1 650 601         | 1 782 912             | 1 875 078         | 1 970 273         |
| Vote 5: Provincial Treasury  | 356 496           | 384 708           | 364 215           | 385 180            | 374 328                | 370 558           | 412 604               | 438 444           | 459 340           |
| Vote 6: Economic Development, Environmental Affairs and Tourism            | 874 203           | 1 071 242         | 1 112 393         | 1 160 813          | 1 160 184              | 1 154 287         | 1 332 930             | 1 436 013         | 1 507 814         |
| Vote 7: Health   | 12 829 996        | 13 137 862        | 14 526 110        | 14 754 136         | 15 401 795             | 15 648 997        | 16 371 023            | 17 019 294        | 18 086 454        |
| Vote 8: Transport  | 3 402 137         | 2 845 213         | 1 704 488         | 1 838 898          | 1 738 525              | 1 738 525         | 1 879 151             | 1 960 297         | 2 062 183         |
| Vote 9: Public Works, Roads and Infrastructure                             | 748 023           | 858 941           | 2 787 867         | 2 749 756          | 2 756 936              | 2 756 936         | 2 901 371             | 2 999 215         | 3 157 607         |
| Vote 10: Safety, Security and Liaison                                      | 55 170            | 62 658            | 72 660            | 90 354             | 88 737                 | 86 492            | 95 617                | 102 419           | 107 530           |
| Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs | 2 124 385         | 1 186 638         | 1 525 470         | 2 269 327          | 2 689 614              | 2 689 614         | 2 286 043             | 2 487 438         | 2 632 045         |
| Vote 12: Social Development  | 1 197 232         | 1 324 137         | 1 455 600         | 1 537 757          | 1 608 884              | 1 608 884         | 1 633 719             | 1 755 307         | 1 865 978         |
| Vote 13: Sport, Arts & Culture   | 258 520           | 258 813           | 284 373           | 345 324            | 396 662                | 396 661           | 409 791               | 432 678           | 454 901           |
| <b>Total provincial payments by vote</b>                                   | <b>44 887 428</b> | <b>45 883 132</b> | <b>50 422 036</b> | <b>52 728 218</b>  | <b>53 809 411</b>      | <b>54 040 568</b> | <b>56 969 436</b>     | <b>59 326 314</b> | <b>62 580 659</b> |
| Less: Unauthorised expenditure   | 183 180           | 4 498             | -                 | -                  | -                      | -                 | 49 376                | -                 | -                 |
| <b>Baseline available for spending</b>                                     | <b>44 704 248</b> | <b>45 878 634</b> | <b>50 422 036</b> | <b>52 728 218</b>  | <b>53 809 411</b>      | <b>54 040 568</b> | <b>56 920 060</b>     | <b>59 326 314</b> | <b>62 580 659</b> |

**Vote 1: Office of the Premier**

The total allocation for the Office of the Premier is R376.3 million for 2016/17, R391.9 million in 2017/18 and R411.5 million in 2018/19 financial year and reflects an increase by 6.9 percent in 2016/17 and 4.6 percent over the MTEF. The allocation includes funding for the Provincial Evaluation Plan, Provincial Policy on Spatial Planning and Land Use Management (SPLUMA) and the Limpopo Integrated Infrastructure Plan. These plans will assist the provincial government in monitoring and evaluation of the departments and also enhance delivery on provincial infrastructure.

**Vote 2: Legislature**

The Legislature is allocated a budget of R316.2 million in 2016/17, R336.0 million in 2017/18, and R352.9 million in 2018/19 financial years respectively. The allocation increase by 20.4 percent in 2016/17 and 5.6 percent over the MTEF. This is mainly to ensure that the Legislature is able to exercise its oversight role. The allocation includes funds for the Implementation of Financial Management for Parliament and Provincial Legislature Act (FMPPL A) and the implementation of an Enterprise Resource Planning (ERP) system.

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

The total allocation for the department is R27.2 billion in 2016/17, R28.1 billion in 2017/18 and R29.5 billion in 2017/18. The allocation is funded from R24.6 billion equitable share, R1.9 billion conditional grants and R538.9 million provincial own revenue. The allocation is increasing in 2016/17 by 7.5 percent in 2016/17 and 4.2 percent over the MTEF.

The department's allocation includes funds made available to stabilize School Norms and Standards, Learner Teacher Support Material, improve the records management and ICT systems, Examination Security as well as provision for schools infrastructure projects. An additional amount of R100.0 million is made available from the provincial reserves to address the schools damaged by the storms.

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

The total allocation for the department is R1.8 billion for 2016/17, R1.9 billion for 2017/18 and R2.0 billion for 2018/19 financial year. This reflects a growth of 5.1 percent in 2016/17, 5.2 percent and 5.1 percent in 2017/18 and 2018/19 respectively.

The main aim of the allocation is to improve agricultural support provided to producers through the Fetsa-Tlala programmes, development of agro-processing and value adding enterprises (agri-parks), revitalization of irrigation schemes, and provision for drought relief programmes in Limpopo.

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

An amount of R412.6 million is allocated to the department in 2016/17. The budget increase to R438.4 million in 2017/18 and R459.3 million in 2017/18. The departmental allocation increase by 11.3 percent in 2016/17 and grows by an average of 5.5 percent over the MTEF.

The allocation will enable the Provincial Treasury to improve in its ability to support Provincial Departments, Public Entities, Municipalities and further support the implementation and monitoring of infrastructure programmes through the National Treasury Government Technical Advisory Centre (GTAC) project.

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

The department is allocated an amount of R1.3 billion in 2016/17, R1.4 billion in 2017/18 and R1.5 billion 2018/19. The budget increases by 14.8 percent in 2016/17 and 6.4 percent over the MTEF. The allocation also includes R3.4 million for the EPWP incentive grant.

The allocation will focus on programmes that include development of the manufacturing support center, resuscitation of provincial resorts, creating sustainable jobs, support to Cooperatives and SMMEs, promotion of tourism and marketing of the Limpopo Province by Limpopo Tourism Agency (LTA) and compliance monitoring of casinos by Limpopo Gambling Board (LGB) as well as promotion of investment in the province through the Limpopo Development Agency (LEDA)

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

The department has been allocated a budget of R16.4 billion for 2016/17, R17.0 billion in 2017/18 and R18.1 billion in 2018/19. The budget increases by 11.0 percent in 2016/17 and 5.1 percent over the MTEF. The budget allocation consists of R13.9 billion Equitable Share, R2.1 billion Conditional Grants and R421.8 million from provincial own revenue in 2016/17.

The department's allocation includes funding to improve conditions at health institutions through the provision of medicine and medical supplies, maintenance and repair of essential equipment's, provision for bursaries to health practitioners and new incumbent into the health profession through the Cuban Doctor and Limpopo Medical School programmes, improvement of IT infrastructure as well as provision of new and maintenance and rehabilitation of Health infrastructure projects.

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

The department has been allocated R1.9 billion in 2016/17, R2.0 billion in 2017/18 and R2.1 billion in 2018/19. The allocation of the department increases by 8.1 percent in 2016/17, 4.3 percent in 2017/18 and 5.2 percent in 2018/19. The departmental allocation includes transfers to its agency: Gateway Airport Authority Limited (GAAL) to the value of R59.8 million in 2016/17, R62.8 million in 2017/18 and R65.9 million in 2018/19.

The allocations will mainly be used for the provision of transport infrastructure, other than roads, and public transport operations in the province. The department is allocated additional funding for the procurement of the bus monitoring system.

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

The department has been allocated an amount of R2.9 billion for 2016/17, R3.0 billion in 2017/18 and R3.2 billion in 2018/19. The budget increase by 5.5 percent in 2016/17 and grows by 4.3 percent over the MTEF period. The allocation is funded from R1.8 billion equitable share, R1.0 billion conditional grants and R80.0 million provincial own revenue.

The department's allocation will mainly be used for repairs and maintenance of government buildings, provincial infrastructure, planning, provision and maintenance of roads infrastructure. Included in the departmental allocation is funds made available to the Road Agency Limpopo (RAL) to the value of R737.3 million in 2016/17, R774.2 million in 2017/18 and R756.5 million in 2018/19.

#### **Vote 10: Department of Safety, Security and Liaison**

The overall budget of the department amounts to R95.6 million in 2016/17, R102.4 million in 2017/18 and R107.5 million in 2018/19. The departmental allocation increase by 5.8 percent in 2016/17 and grows by an average of 6 percent over the MTEF.

An additional amount of R3.9 million, included in the allocation, is made available for payment of stipends to safety volunteers. The department's allocation will focus on ensuring continuous monitoring of the police services and creating safety awareness in the province.

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

The allocation to the department is R2.3 billion in 2016/17, R2.5 billion in 2017/18 and R2.6 billion in 2018/19. The budget increases by only 0.7 percent in 2016/17, due to the decrease in integrated human settlement grant, and will grow 7.3 percent over the MTEF. The budget allocation for 2016/17 consists of R1.1 billion Equitable Share plus R1.2 billion Conditional Grants.

The allocation is provided to focus on the delivery of houses through the Integrated Housing and Human Settlements Programme including the mining towns within the

province, demarcation of sites for human settlements, improvement of support to Municipalities and stabilization of Traditional leaders' allowances and benefits.

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

The department has been allocated R1.6 billion in 2016/17, R1.8 billion in 2017/18 and R1.9 billion in 2018/19. The budget has an average growth rate of 6.9 percent over the MTEF.

Included in the allocation is additional funding of R13.8 million that has been made available to the department to fund Non Profit Organizations (NPO).

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

An amount of R409.7 million is allocated to the department in 2016/17. The budget increase to R432.6 million in 2017/18 and R454.9 million in 2018/19. The allocation increases by 18.7 percent in 2016/17 and grows by an average of 5.4 percent over the MTEF. The budget allocation consists of R231.4 million Equitable Share plus R178.3 million Conditional Grants to fund sports participation and development and community libraries.

The department's allocation will focus on resuscitating the provincial museums and heritage sites, provincial archive center and arts and culture projects. Other programmes include construction and maintenance of libraries, purchase of library material as well as facilitating different sporting codes.

## **12.2 PAYMENTS BY ECONOMIC CLASSIFICATION**

In line with the reporting format as prescribed by New Economic Reporting Format, the Provincial Treasury has allocated budgets per Standard Chart of Accounts economic classifications. The economic classification referred to are: Compensation of employees, Goods and Services, Transfers and subsidies and Payment for Capital Assets.

**Table 12-2: Summary of Provincial Payments and Estimates by economic classification**

| R thousand  | Outcome           |                   |                   | Main<br>appropriatio | Adjusted<br>appropriatio | Revised<br>estimate | Medium-term estimates |                   |                   |
|---|-------------------|-------------------|-------------------|----------------------|--------------------------|---------------------|-----------------------|-------------------|-------------------|
|   | 2012/13           | 2013/14           | 2014/15           |                      |                          |                     | 2015/16               | 2016/17           | 2017/18           |
| <b>Current payments</b>                             | <b>37 341 220</b> | <b>39 830 656</b> | <b>42 548 861</b> | <b>45 384 185</b>    | <b>45 350 927</b>        | <b>45 326 047</b>   | <b>48 578 531</b>     | <b>51 256 778</b> | <b>54 478 171</b> |
| Compensation of employees                           | 30 864 506        | 33 039 791        | 35 437 754        | 38 426 998           | 38 180 539               | 37 973 198          | 40 794 081            | 43 598 479        | 46 346 573        |
| Goods and services                                  | 6 475 989         | 6 790 583         | 7 110 667         | 6 956 771            | 7 169 886                | 7 352 347           | 7 784 013             | 7 657 840         | 8 131 112         |
| Interest and rent on land                           | 725               | 282               | 440               | 416                  | 502                      | 502                 | 437                   | 459               | 486               |
| <b>Transfers and subsidies to:</b>                  | <b>5 402 719</b>  | <b>4 314 535</b>  | <b>5 626 621</b>  | <b>5 626 940</b>     | <b>6 478 156</b>         | <b>6 549 548</b>    | <b>6 089 850</b>      | <b>6 165 293</b>  | <b>6 077 433</b>  |
| Provinces and municipalities                        | 62 822            | 47 146            | 112 248           | 80 712               | 124 426                  | 136 933             | 83 393                | 88 006            | 93 240            |
| Departmental agencies and accounts                  | 1 635 918         | 1 095 225         | 1 710 901         | 1 294 349            | 1 403 805                | 1 403 756           | 1 279 900             | 1 338 839         | 1 349 766         |
| Universities and technikons                         | -                 | -                 | 1 652             | -                    | 1 400                    | 1 400               | 1 500                 | 1 500             | 1 587             |
| Public corporations and private enterprises         | 584 217           | 599 236           | 652 956           | 670 502              | 665 637                  | 664 029             | 680 875               | 715 062           | 750 485           |
| Foreign governments and international organisations | -                 | -                 | -                 | -                    | -                        | -                   | -                     | -                 | -                 |
| Non-profit institutions                             | 1 423 863         | 1 631 876         | 1 879 430         | 1 738 063            | 2 112 081                | 2 105 494           | 2 254 484             | 2 022 444         | 1 754 297         |
| Households  | 1 695 899         | 941 052           | 1 269 434         | 1 843 314            | 2 170 807                | 2 237 935           | 1 789 698             | 1 999 443         | 2 128 059         |
| <b>Payments for capital assets</b>                  | <b>2 141 163</b>  | <b>1 727 974</b>  | <b>2 186 778</b>  | <b>1 717 094</b>     | <b>1 977 933</b>         | <b>2 162 466</b>    | <b>2 300 656</b>      | <b>1 904 242</b>  | <b>2 025 054</b>  |
| Buildings and other fixed structures                | 1 977 048         | 1 474 381         | 1 911 602         | 1 364 613            | 1 483 594                | 1 691 263           | 1 736 500             | 1 546 421         | 1 647 539         |
| Machinery and equipment                             | 159 710           | 253 306           | 274 378           | 349 679              | 493 569                  | 470 433             | 550 755               | 353 048           | 372 495           |
| Heritage assets                                     | -                 | -                 | -                 | -                    | -                        | -                   | -                     | 1                 | 1                 |
| Specialised military assets                         | -                 | -                 | -                 | -                    | -                        | -                   | -                     | -                 | 0                 |
| Biological assets                                   | -                 | -                 | -                 | -                    | -                        | -                   | 2 051                 | 1 466             | 1 495             |
| Land and subsoil assets                             | -                 | -                 | -                 | -                    | -                        | -                   | -                     | -                 | 0                 |
| Software and other intangible assets                | 4 405             | 287               | 798               | 2 801                | 770                      | 770                 | 11 350                | 3 307             | 3 524             |
| <b>Payments for financial assets</b>                | <b>2 326</b>      | <b>9 967</b>      | <b>59 776</b>     | <b>-</b>             | <b>2 395</b>             | <b>2 508</b>        | <b>400</b>            | <b>-</b>          | <b>-</b>          |
| <b>Total economic classification</b>                | <b>44 887 428</b> | <b>45 883 132</b> | <b>50 422 036</b> | <b>52 728 219</b>    | <b>53 809 411</b>        | <b>54 040 568</b>   | <b>56 969 436</b>     | <b>59 326 314</b> | <b>62 580 658</b> |
| <b>Less: Unauthorised expenditure</b>               | <b>183 180</b>    | <b>4 498</b>      | <b>-</b>          | <b>-</b>             | <b>-</b>                 | <b>-</b>            | <b>49 376</b>         | <b>-</b>          | <b>-</b>          |
| <b>Baseline Available for Spending</b>              | <b>44 704 248</b> | <b>45 878 634</b> | <b>50 422 036</b> | <b>52 728 219</b>    | <b>53 809 411</b>        | <b>54 040 568</b>   | <b>56 920 060</b>     | <b>59 326 314</b> | <b>62 580 658</b> |

### 12.2.1 Current Payments

An amount of R 48.6 billion has been budgeted for current payments in 2016/17 which increases to R51.3 billion and R54.5 billion in 2017/18 and 2018/19 respectively. Current payments increase by 7 percent in 2016/17 and further increase by 5.9 percent over the MTEF. The 2016/17 allocation for Compensation of Employees (CoE) of R40.8 billion grows on average by 6.6 percent over the MTEF to R46.3 billion in 2018/19. Goods and services budget grows on average by 2.3 percent over the MTEF from R7.8 billion in 2016/17 to R8.1 billion in 2018/19. The province is still faced with a high proportion of the budget that is spent on COE expenditure, in 2016/17 the province will spend 71.6 percent of the total provincial budget on COE

The province has put in place measures to control CoE budget and will continuously monitor cost containment measures and implementation of efficiencies in government institutions.

### 12.2.2 Transfers and subsidies

An amount of R6.1 billion, R6.2 billion and R6.1 billion is budgeted for transfer payments in 2016/17, 2017/18 and 2018/19 respectively. Transfer Payments grow by 8.2 percent in 2016/17 but on average will have negative growth 0.1 percent over the MTEF mainly due to decline in the integrated human settlement grant. The allocations

under this category is to pay Departmental agencies, Non-Profit Institutions, Households, and transfers to Public Entities and Municipalities.

### 12.2.3 Payment for Capital assets

An amount of R2.3 billion is allocated in 2016/17, R1.9 billion in 2017/18 and R2.0 billion in 2018/19 for payments for capital assets. The allocation increase by 6.4 percent in 2016/17 due to the increase in the infrastructure allocation for health revitalization grant and economic development projects. The allocation increases by 34 percent in 2016/17 but has a negative average growth over the MTEF of 6.2 percent. These allocations are influenced mainly by forward planning performance during the implementation of projects and policy directives.

## 12.3 PAYMENTS BY POLICY AREA

**Table 12-3: Summary of Provincial Payments and Estimates by functional area**

| R thousand                                     | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|--|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|  | 2012/13           | 2013/14           | 2014/15           | 2015/16            |                        |                   | 2016/17               | 2017/18           | 2018/19           |
| General public services                        | 2 463 663         | 2 610 158         | 4 614 912         | 4 634 458          | 4 779 976              | 4 772 073         | 4 972 635             | 5 165 003         | 5 429 752         |
| Public order and safety                        | 55 170            | 62 658            | 72 660            | 90 354             | 88 737                 | 86 492            | 95 617                | 102 419           | 107 530           |
| Economic affairs                               | 5 711 928         | 5 291 534         | 4 185 821         | 4 522 806          | 4 365 325              | 4 359 087         | 4 858 508             | 5 126 740         | 5 387 563         |
| Environmental protection                       | 84 175            | 155 296           | 186 461           | 174 036            | 183 985                | 184 326           | 136 485               | 144 648           | 152 707           |
| Housing and community amenities                | 1 278 275         | 394 695           | 676 825           | 1 384 643          | 1 699 343              | 1 699 343         | 1 319 912             | 1 488 058         | 1 583 653         |
| Health   | 12 829 996        | 13 137 862        | 14 526 110        | 14 754 136         | 15 401 795             | 15 648 997        | 16 371 023            | 17 019 294        | 18 086 454        |
| Recreation, culture and religion               | 258 520           | 258 813           | 284 373           | 345 324            | 396 662                | 396 661           | 409 791               | 432 678           | 454 901           |
| Education                                      | 21 008 469        | 22 647 979        | 24 419 274        | 25 284 705         | 25 284 705             | 25 284 705        | 27 171 746            | 28 092 167        | 29 512 120        |
| Social protection                              | 1 197 232         | 1 324 137         | 1 455 600         | 1 537 757          | 1 608 884              | 1 608 884         | 1 633 719             | 1 755 307         | 1 865 978         |
| <b>Total provincial payments and estimates</b> | <b>44 887 428</b> | <b>45 883 132</b> | <b>50 422 036</b> | <b>52 728 218</b>  | <b>53 809 411</b>      | <b>54 040 568</b> | <b>56 969 436</b>     | <b>59 326 314</b> | <b>62 580 659</b> |

The table above reflects the budget in terms of functional areas. The General Public Service which comprises Office of the Premier, Legislature and Provincial Treasury. These departments will perform roles which include law making, support and monitoring and guiding the provincial departments in implementing their plans.

Health and Education is tasked with the responsibility of providing essential social services.

The other functional areas provide services in line with their mandates to improve the standard of province in areas such economic development, infrastructure delivery and provision of security to citizens.

## **12.4 INFRASTRUCTURE PAYMENTS**

The Infrastructure Delivery Management Programme (IDIP) Phase III close out report concluded that there are varying levels of support required to help unblock and accelerate delivery of infrastructure by the Limpopo Provincial Government, however it is worth noting that significant improvement has been made in the 2015/16 financial year. In addition, the Government Technical Advisory Centre (GTAC) diagnosis revealed that capacity building at various levels will be required to ensure that delivery can be sustained in the long term. In order to improve and achieve quality the Provincial Treasury is supporting the departments in the implementation and sustainability of the approved framework agreement for the Provincial Infrastructure Delivery Management System (IDMS) approved by the Executive Council in May 2015. The process is enhanced by the rollout of IDIP Phase IV, which commenced in September 2015 and scheduled to end October 2017, with clear outputs.

The Infrastructure Strategic Planning Hub (ISPH) made progress in recruiting qualified built environment professionals and started operating during third quarter of 2015/16 financial year. The ISPH annual project charter will be developed, implemented and monitored on a quarterly basis. The implementation will happen in line with the approved IDMS and logical framework of IDIP Phase IV. The process to align the ISPH, IDIP Phase IV initiatives and the GTAC support is underway.

In addition, GTAC and LPT (as the sponsor) agreed to provide support to the departments of Agriculture, Economic Development Environment, Social Development and Sport, Arts and Culture. The arrangement is for a single team to provide support to all departments to ensure alignment and integration with LPT playing a coordinated role. A centralised team offers advantages including an integrated provincial approach and strategy to capacity building; maximization of the team of expertise; provincial wide support initiative to address cross cutting issues; cost/time efficiencies and it is easier to manage. The technical support team will have expertise in various areas as were identified in the diagnosis and outlined in the project charter. It is worth noting that all

these infrastructure support initiatives are aimed at improving, accelerating and sustaining the delivery of infrastructure in the province.

The Limpopo Provincial Government has allocated R14.8 billion for the delivery of infrastructure over the 2016 Medium Term Expenditure Framework (MTEF) period. This allocation will fund infrastructure projects in line with the overall strategic objectives of the province and the project details are captured in the individual user asset management plan of each department.

**Table 12-4: Summary of provincial infrastructure payments and estimates by vote**

| R thousand   | Outcome          |                  |                  | Main appropriation | Adjusted appropriation<br>2015/16 | Revised estimate | Medium-term estimates |                  |                  |
|--|------------------|------------------|------------------|--------------------|-----------------------------------|------------------|-----------------------|------------------|------------------|
|  | 2012/13          | 2013/14          | 2014/15          |                    |                                   |                  | 2016/17               | 2017/18          | 2018/19          |
| Vote 03: Education   | 577 912          | 1 133 198        | 1 139 322        | 795 128            | 929 462                           | 1 104 462        | 910 610               | 785 260          | 828 634          |
| Vote 04: Agriculture and Rural Development                                 | 155 942          | 187 559          | 108 596          | 185 940            | 167 943                           | 167 943          | 172 643               | 189 480          | 212 682          |
| Vote 06: Economic Development, Environment and Tourism                     | 138              | 20 297           | 70 558           | 62 749             | 68 465                            | 68 465           | 49 314                | 81 125           | 61 868           |
| Vote 07: Health  | 1 136 447        | 635 168          | 595 518          | 324 626            | 644 626                           | 644 626          | 735 668               | 525 142          | 553 761          |
| Vote 08: Transport   | 1 948 588        | 1 260 888        | 1 511 110        | 89 304             | 9 882                             | 9 882            | 26 000                | 2 000            | 2 116            |
| Vote 09: Public Works, Roads and Infrastructure                            | 18 283           | 39 101           | 36 861           | 2 171 423          | 2 059 075                         | 2 059 075        | 1 597 303             | 1 819 053        | 2 020 078        |
| Vote 11: Co-operative Governance, Human Settlement and Traditional Affairs | 1 188 808        | 697 028          | 583 021          | 1 283 877          | 1 593 889                         | 1 593 889        | 1 210 370             | 1 368 289        | 1 456 938        |
| Vote 12: Social Development  | 30 982           | 40 430           | 14 162           | 43 000             | 56 651                            | 56 651           | 32 076                | 35 638           | 21 157           |
| Vote 13: Sport, Arts and Culture   | 33 512           | 13 189           | 16 064           | 43 000             | 56 651                            | 56 651           | 32 593                | 47 769           | 50 540           |
| <b>Total provincial infrastructure payments and estimates</b>              | <b>5 090 612</b> | <b>4 026 858</b> | <b>4 075 212</b> | <b>4 999 047</b>   | <b>5 586 644</b>                  | <b>5 761 644</b> | <b>4 766 577</b>      | <b>4 853 756</b> | <b>5 207 774</b> |

Over the 2016 MTEF, the table above reflects that the department of Public Works Roads & Infrastructure is allocated a budget of R 1.6 billion or 33.5 percent, followed CoGHSTA with an allocation of R 1.2 billion or 25.4 percent, the Department of Education with R910.6 million or 19.1 percent and the Department of Health with R735.6 million or 15.4 percent. Limpopo Provincial Government infrastructure is mainly funded through conditional grants with a small contribution from the Provincial Equitable Share.

**Table 12-5: Summary of provincial infrastructure payments and estimates by category**

| R thousand  | Outcome          |                  |                  | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                  |                  |
|---|------------------|------------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
|   | 2012/13          | 2013/14          | 2014/15          | 2015/16            |                        |                  | 2016/17               | 2017/18          | 2018/19          |
| <b>Existing infrastructure assets</b>                         | <b>2 728 044</b> | <b>2 913 606</b> | <b>3 004 337</b> | <b>3 145 254</b>   | <b>3 496 839</b>       | <b>3 671 839</b> | <b>2 918 191</b>      | <b>2 824 056</b> | <b>2 989 358</b> |
| Maintenance and repair  | 721 216          | 234 856          | 952 667          | 1 575 322          | 1 814 251              | 1 814 251        | 1 514 843             | 1 089 243        | 1 330 317        |
| Upgrading and additions                                       | 1 851 590        | 2 021 691        | 1 948 120        | 1 312 808          | 1 385 346              | 1 560 346        | 1 068 005             | 1 504 807        | 1 407 732        |
| Rehabilitation, renovations and refurbishment                 | 155 238          | 657 059          | 103 550          | 257 124            | 297 242                | 297 242          | 335 343               | 230 006          | 251 309          |
| <b>New infrastructure assets</b>                              | <b>1 098 734</b> | <b>320 973</b>   | <b>405 245</b>   | <b>425 032</b>     | <b>360 072</b>         | <b>360 072</b>   | <b>501 820</b>        | <b>521 080</b>   | <b>641 136</b>   |
| <b>Infrastructure transfers</b>                               | <b>1 263 834</b> | <b>792 279</b>   | <b>665 630</b>   | <b>1 428 761</b>   | <b>1 729 733</b>       | <b>1 729 733</b> | <b>1 346 566</b>      | <b>1 508 620</b> | <b>1 577 280</b> |
| Current   | 1 114            | -                | -                | -                  | -                      | -                | 10 078                | 10 737           | 8 000            |
| Capital   | 1 262 720        | 792 279          | 665 630          | 1 428 761          | 1 729 733              | 1 729 733        | 1 336 488             | 1 497 883        | 1 569 280        |
| Infrastructure payments for financial assets                  | -                | -                | -                | -                  | -                      | -                | -                     | -                | -                |
| Infrastructure leases   | -                | -                | -                | -                  | -                      | -                | -                     | -                | -                |
| <b>Total provincial infrastructure payments and estimates</b> | <b>5 090 612</b> | <b>4 026 858</b> | <b>4 075 212</b> | <b>4 999 047</b>   | <b>5 586 644</b>       | <b>5 761 644</b> | <b>4 766 577</b>      | <b>4 853 756</b> | <b>5 207 774</b> |

Over the 2016 MTEF, R14.8 billion is allocated across various investment categories. A budget of R1.7 billion is allocated over the MTEF towards new infrastructure mainly for construction of new clinics, libraries, schools, centres for place of safety and houses. These includes investment in the provision of additional classrooms, intermodal facilities, ablution and sanitation facilities at schools, construction of new clinics and upgrading of existing clinics to comply with National Health Insurance (NHI) requirements, Revitalisation of Districts hospitals, and development of sustainable human settlement projects, expansion of the existing provincial road network and public transport facilities to support the vision enshrined within the Limpopo Development Plan. The estimated budget allocation for rehabilitation and refurbishment is R816.6 million over the MTEF, upgrading and additions of existing facilities is R3.9 billion and R3.9 billion is allocated for maintenance.

At a leadership level, there is buy-in and commitment to infrastructure; however more still needs to be done. Support will be provided to leadership in the understanding of the IDMS and associated infrastructure delivery and business processes. There is commitment to ensuring that Infrastructure Units are established or/and resourced appropriately through the Infrastructure Strategic Planning Hub in the departments that do not have a dedicated infrastructure unit to perform functions related to infrastructure delivery.

There is an awareness on the requirements and institutional arrangements between departments and the supporting departments of Public Works Roads & Infrastructure and Provincial Treasury; between departments and their entities; and between

departments and Implementing Agents (IAs). This will alleviate challenges during implementation because expectations are clarified and plans (priorities) and budgets are agreed upon.

## **12.5 PUBLIC PRIVATE PARTNERSHIPS**

It is important that the provincial government engage in service delivery processes to share responsibility with other elements of society including the private sector in order to ensure a synergised approach which is beneficially sustainable. The South African government has established a firm regulatory framework that enables municipal, provincial and national government to enter into Public Private Partnership (PPP) agreements. These agreements, allow government to access the resources, skills and technology available in the private sector to complement those in government in order to attain targets in public service delivery.

Provincial and Municipal PPPs are aimed at targeted public spending, focusing on outputs to agreed standards. It also assists in leveraging private-sector finance and efficiencies, thereby allocating risks to the parties best able to manage them. PPP are used as a dependable mechanism of service delivery to ensure that departments and municipalities render services which are cost-effective.

Guidelines that harmonise legislation to simplify and prune the procurement processes of PPP agreements are in place. Since the guidelines were rolled out to departments and municipalities, Limpopo citizens continue to benefit from PPP project initiatives including the consequent successful Renal Dialysis Unit and the Phalaborwa Clinix Hospital.

The Renal Dialysis project was procured due to the need by the Department to provide a world class dialysis unit commensurate with the modern standards. The Project comes to an end in November 2016 and a transactional advisor has been appointed to review the capacity of the department to run the renal service internally and or opt for other procurement methods. The Phalaborwa Clinix Hospital facility has been leased to a private party, with the intention to keep infrastructure at hand in a good condition, due to a long-term need for beds and also to generate revenue.

A number of potential projects to mention a few, the new Academic Hospital, nursing colleges, Limpopo Broadband Infrastructure, Greater Tubatse Municipality Bulk Water Project and Greater Tubatse Municipality integrated human settlement have been registered with National Treasury and more are in the process. The development and implementation of a 20 year Limpopo Integrated Infrastructure Master Plan (LIIMP), will serve as a framework to direct departments to invest properly. The Provincial Treasury is currently developing a provincial PPP framework to support the LIIMP and to guide identification of feasible and affordable projects in line with the nodal points to be rolled out to departments and municipalities.

## 12.6 TRANSFERS

**Table 12-6: Transfers to public entities**

| R thousand  | Outcome          |                |                  | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                  |                  |
|---|------------------|----------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
|   | 2012/13          | 2013/14        | 2014/15          |                    |                        |                  | 2015/16               | 2016/17          | 2017/18          |
| Vote 6: Economic Development, Environmental Affairs and Tourism | 279 043          | 422 487        | 439 657          | 736 865            | 472 146                | 472 146          | 721 194               | 758 392          | 797 516          |
| Vote 8: Transport   | 40 811           | 26 316         | 35 088           | 42 300             | 3 000                  | 45 300           | 59 838                | 62 830           | 65 971           |
| Vote 9: Public Works, Roads and Infrastructure                  | 1 235 812        | 519 084        | 1 107 316        | 695 400            | 141 000                | 836 400          | 737 330               | 774 196          | 812 906          |
| <b>Total</b>  | <b>1 555 666</b> | <b>967 887</b> | <b>1 582 061</b> | <b>1 474 565</b>   | <b>616 146</b>         | <b>1 353 846</b> | <b>1 518 362</b>      | <b>1 595 418</b> | <b>1 676 393</b> |

An amount of R1.5 billion, R1.6 billion and R1.7 billion in 2016/17, 2017/18 and 2018/19 respectively is allocated to public entities within the province. The public entities include: Limpopo Economic Development Agency, Limpopo Gambling Board, Limpopo Tourism Agency, Gateway Airports Authority Limited and Roads Agency Limpopo which are accountable to their respective departments for the implementation of government priorities as outlined in their strategic planning documents.

**Table 12-7: Transfers to local government**

| R thousand  | Outcome      |              |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|---|--------------|--------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|   | 2012/13      | 2013/14      | 2014/15       |                    |                        |                  | 2015/16               | 2016/17       | 2017/18       |
| Category B  | 1 553        | 1 942        | 5 961         | 3 832              | 3 832                  | 3 832            | 3 178                 | 3 483         | 3 817         |
| Category C  | 6 039        | 481          | 6 720         | 23 299             | 16 687                 | 16 705           | 23 708                | 24 913        | 26 371        |
| <b>Total provincial transfers to local government</b> | <b>7 592</b> | <b>2 423</b> | <b>12 681</b> | <b>27 131</b>      | <b>20 519</b>          | <b>20 537</b>    | <b>26 886</b>         | <b>28 396</b> | <b>30 189</b> |

The provincial government transfers funds to local government for payment of assessment rates, motor vehicle licenses, water and electricity.

## 12.7 PERSONNEL NUMBERS NEED

**Table 12-8: Summary of personnel numbers and costs by vote**

|  | Actual                         |                                |                                |                                |                   | Medium-term expenditure estimate |                   |                                |                   |                                |                   |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------|----------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|-------------------|
|  | 2012/13                        | 2013/14                        | 2014/15                        | 2015/16                        | Costs             | 2016/17                          | 2017/18           |                                | 2018/19           |                                |                   |
| R thousands  | Personnel numbers <sup>1</sup> | Personnel numbers <sup>1</sup> | Personnel numbers <sup>1</sup> | Personnel numbers <sup>1</sup> | Costs             | Personnel numbers <sup>1</sup>   | Costs             | Personnel numbers <sup>1</sup> | Costs             | Personnel numbers <sup>1</sup> | Costs             |
| <b>Vote</b>  |                                |                                |                                |                                |                   |                                  |                   |                                |                   |                                |                   |
| Vote 01: Office of the Premier                             | 621                            | 493                            | 481                            | 483                            | 252 030           | 517                              | 271 524           | 522                            | 284 098           | 526                            | 300 576           |
| Vote 15: Provincial Legislature                            | 206                            | 214                            | 202                            | 205                            | 153 298           | 221                              | 175 856           | 230                            | 187 968           | 239                            | 198 318           |
| Vote 03: Education   | 67 652                         | 68 209                         | 68 419                         | 68 671                         | 20 725 879        | 68 687                           | 22 351 417        | 68 511                         | 23 926 052        | 68 511                         | 25 541 803        |
| Vote 04: Agriculture                                       | 3 598                          | 3 387                          | 3 486                          | 3 139                          | 1 026 921         | 3 259                            | 1 153 546         | 3 379                          | 1 231 987         | 3 499                          | 1 315 761         |
| Vote 05: Provincial Treasury                               | 474                            | 477                            | 424                            | 417                            | 241 696           | 417                              | 292 682           | 417                            | 312 794           | 417                            | 327 509           |
| Vote 06: Economic Development, Environmental Affairs and T | 1 652                          | 1 453                          | 1 461                          | 1 483                          | 455 597           | 1 531                            | 506 600           | 1 571                          | 533 700           | 1 571                          | 558 248           |
| Vote 07: Health  | 37 112                         | 36 258                         | 36 728                         | 36 742                         | 11 509 380        | 36 923                           | 12 171 722        | 36 947                         | 12 999 392        | 36 947                         | 13 753 358        |
| Vote 08: Transport   | 3 414                          | 3 314                          | 2 246                          | 2 656                          | 769 314           | 2 713                            | 852 458           | 2 738                          | 921 853           | 2 764                          | 975 320           |
| Vote 09: Public Works, Roads and Infrastructure            | 3 813                          | 3 845                          | 4 210                          | 4 209                          | 947 387           | 4 209                            | 1 017 796         | 4 208                          | 1 072 911         | 4 209                          | 1 115 140         |
| Vote 10: Safety, Security and Liaison                      | 110                            | 106                            | 103                            | 120                            | 59 283            | 120                              | 68 640            | 120                            | 74 356            | 120                            | 78 668            |
| Vote 11: Cooperative Governance, Human Settlements and     | 3 813                          | 3 891                          | 3 605                          | 3 908                          | 846 101           | 3 735                            | 878 262           | 3 735                          | 929 405           | 3 750                          | 983 318           |
| Traditional Affairs  |                                |                                |                                |                                |                   |                                  |                   |                                |                   |                                |                   |
| Vote 12: Social Development                                | 3 183                          | 3 346                          | 3 115                          | 3 440                          | 834 679           | 3 447                            | 886 613           | 3 454                          | 942 630           | 3 454                          | 1 006 727         |
| Vote 13: Sport, Arts & Culture                             | 920                            | 398                            | 398                            | 407                            | 151 634           | 416                              | 166 966           | 419                            | 181 333           | 422                            | 191 825           |
| <b>Total provincial personnel numbers</b>                  | <b>126 568</b>                 | <b>125 391</b>                 | <b>124 878</b>                 | <b>125 880</b>                 | <b>37 973 199</b> | <b>126 195</b>                   | <b>40 794 082</b> | <b>126 251</b>                 | <b>43 598 478</b> | <b>126 429</b>                 | <b>46 346 572</b> |

Provincial personnel numbers are decreasing from 126 568 in 2012/13 to 124 878 in 2014/15 financial year and in 2015/16 personnel numbers increased to 126 195. The province allocated R40.8 billion for compensation of employees that caters for 126 195 personnel.

Limpopo province is still one of the provinces with highest number of personnel in the country. The largest numbers of employees in the province are at Department of Education and Health; the lowest is in Department of Safety, Security and Liaison. Currently the province is trying to reduce the number of personnel and the exercise is bearing fruits and needs to be strengthened in 2016.

## 12.8 PAYMENTS ON TRAINING

**Table 12-9: Payments on Training**

| R thousand   | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|  | 2012/13        | 2013/14        | 2014/15        |                    |                        |                  | 2015/16               | 2016/17        | 2017/18        |
| Vote 1: Office of the Premier  | 2 579          | 2 715          | 2 023          | 2 351              | 2 351                  | 2 351            | 2 462                 | 2 613          | 2 765          |
| Vote 2: Legislature  | 1 263          | 596            | 2 827          | 902                | 902                    | 902              | 1 340                 | 1 407          | 1 489          |
| Vote 3: Education  | 98 215         | 83 292         | 70 302         | 64 550             | 64 550                 | 64 550           | 67 971                | 71 370         | 75 509         |
| Vote 4: Agriculture and Rural Development                                  | 12 821         | 13 425         | 12 318         | 3 905              | 3 905                  | 3 905            | 4 115                 | 5 330          | 5 639          |
| Vote 5: Provincial Treasury  | 2 429          | 2 000          | 18 520         | 12 974             | 12 974                 | 12 974           | 13 752                | 14 578         | 15 423         |
| Vote 6: Economic Development, Environmental Affairs and Tourism            | 9 658          | 9 688          | 8 763          | 9 251              | 9 737                  | 9 012            | 8 832                 | 10 025         | 10 400         |
| Vote 7: Health   | 398 776        | 434 806        | 484 440        | 573 099            | 540 385                | 540 385          | 576 906               | 604 919        | 622 867        |
| Vote 8: Transport  | 5 993          | 3 093          | 2 927          | 2 822              | 2 822                  | 2 822            | 7 084                 | 8 726          | 9 232          |
| Vote 9: Public Works, Roads and Infrastructure                             | 13 293         | 14 037         | 41 600         | 80 000             | 80 000                 | 80 000           | 80 000                | 80 000         | 84 640         |
| Vote 10: Safety, Security and Liaison                                      | 868            | 1 165          | 1 416          | 1 054              | 1 054                  | 1 054            | 1 027                 | 1 027          | 1 061          |
| Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs | 1 889          | 3 071          | 1 691          | 4 621              | 4 621                  | 4 621            | 4 863                 | 5 106          | 5 402          |
| Vote 12: Social Development  | 2 210          | 2 515          | 2 625          | 2 735              | 2 735                  | 2 735            | 2 865                 | 3 008          | 3 183          |
| Vote 13: Sport, Arts & Culture   | 69             | 368            | 907            | 740                | 740                    | 740              | 790                   | 760            | 804            |
| <b>Total provincial expenditure on training</b>                            | <b>550 063</b> | <b>570 771</b> | <b>650 359</b> | <b>759 004</b>     | <b>726 776</b>         | <b>726 051</b>   | <b>772 007</b>        | <b>808 869</b> | <b>838 414</b> |

Each department provided for training within their allocation in line with training development and also taking into consideration the requirement per Skills Levy Act. The province plan and budget for training that will close the gaps that are there and assist in delivery of services. The table above provides a summary of the amounts spent by departments on training. Payments and estimates on training have increased substantially from R550.1 million in 2012/13 to R772.0 million in 2016/17. The increase is in line with the provincial priority to address skills shortages.

# ANNEXURES

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

| R thousand  | Outcome        |                |                  | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                  |                  |
|---|----------------|----------------|------------------|--------------------|------------------------|------------------|-----------------------|------------------|------------------|
|   | 2012/13        | 2013/14        | 2014/15          |                    |                        |                  | 2015/16               | 2016/17          | 2017/18          |
|   |                |                |                  |                    |                        |                  |                       |                  |                  |
| <b>Tax receipts</b>   | <b>280 356</b> | <b>318 911</b> | <b>358 874</b>   | <b>400 885</b>     | <b>412 332</b>         | <b>412 332</b>   | <b>427 193</b>        | <b>451 456</b>   | <b>476 854</b>   |
| Casino taxes  | 36 539         | 42 645         | 48 467           | 61 548             | 61 548                 | 61 548           | 66 472                | 69 796           | 73 286           |
| Horse racing taxes  | 3 918          | 8 773          | 14 089           | 11 923             | 11 923                 | 11 923           | 13 031                | 13 813           | 14 395           |
| Liquor licences   | 2 998          | 3 197          | 3 133            | 3 800              | 3 800                  | 3 800            | 4 012                 | 4 236            | 4 473            |
| Motor vehicle licences  | 236 901        | 264 296        | 293 185          | 323 614            | 335 061                | 335 061          | 343 678               | 363 611          | 384 700          |
| <b>Sale of goods and services other than capital assets</b>                         | <b>199 180</b> | <b>220 224</b> | <b>240 348</b>   | <b>298 163</b>     | <b>293 344</b>         | <b>293 360</b>   | <b>336 431</b>        | <b>366 698</b>   | <b>387 292</b>   |
| Sales of goods and services produced by department                                  | 198 601        | 215 983        | 238 128          | 296 093            | 292 207                | 292 223          | 334 374               | 364 539          | 384 917          |
| Sales by market establishments  | 24 870         | 24 510         | 319              | 935                | 3 919                  | 3 919            | 1 140                 | 1 145            | 1 169            |
| Administrative fees   | 32 733         | 47 905         | 49 625           | 39 658             | 34 858                 | 34 858           | 49 208                | 53 484           | 56 178           |
| Other sales   | 140 998        | 143 568        | 188 184          | 255 500            | 253 430                | 253 446          | 284 026               | 309 910          | 327 570          |
| <i>Of which</i>   |                |                |                  |                    |                        |                  |                       |                  |                  |
| Health patient fees   | 56 627         | 55 348         | 72 508           | 92 362             | 93 030                 | 93 030           | 100 000               | 113 467          | 120 048          |
| Motor vehicle licences  | 236 901        | 264 296        | 293 185          | 323 614            | 335 061                | 335 061          | 343 678               | 363 611          | 384 700          |
| Casino taxes  | 36 539         | 42 645         | 48 467           | 61 548             | 61 548                 | 61 548           | 66 472                | 69 796           | 73 286           |
| Horse racing taxes  | 3 918          | 8 773          | 14 089           | 11 923             | 11 923                 | 11 923           | 13 031                | 13 813           | 14 395           |
| Sales of scrap, waste, arms and other used current goods (excluding capital assets) | 579            | 4 241          | 2 220            | 2 070              | 1 137                  | 1 137            | 2 058                 | 2 159            | 2 375            |
| <b>Transfers received from:</b>   | <b>47</b>      | <b>2 000</b>   | <b>-</b>         | <b>-</b>           | <b>-</b>               | <b>-</b>         | <b>-</b>              | <b>-</b>         | <b>-</b>         |
| Other governmental units  | -              | -              | -                | -                  | -                      | -                | -                     | -                | -                |
| Universities and technikons   | -              | -              | -                | -                  | -                      | -                | -                     | -                | -                |
| Foreign governments   | -              | -              | -                | -                  | -                      | -                | -                     | -                | -                |
| International organisations   | -              | -              | -                | -                  | -                      | -                | -                     | -                | -                |
| Public corporations and private enterprises   | 47             | -              | -                | -                  | -                      | -                | -                     | -                | -                |
| Households and non-profit institutions  | -              | 2 000          | -                | -                  | -                      | -                | -                     | -                | -                |
| <b>Fines, penalties and forfeits</b>  | <b>36 924</b>  | <b>43 135</b>  | <b>50 117</b>    | <b>52 605</b>      | <b>53 567</b>          | <b>53 567</b>    | <b>55 549</b>         | <b>58 338</b>    | <b>61 722</b>    |
| <b>Interest, dividends and rent on land</b>   | <b>124 184</b> | <b>196 456</b> | <b>298 353</b>   | <b>153 803</b>     | <b>241 252</b>         | <b>241 039</b>   | <b>182 327</b>        | <b>190 465</b>   | <b>200 247</b>   |
| Interest  | 123 581        | 195 931        | 298 184          | 153 385            | 240 766                | 240 553          | 181 913               | 190 031          | 199 792          |
| Dividends   | -              | -              | 1                | -                  | -                      | -                | -                     | -                | -                |
| Rent on land  | 603            | 525            | 168              | 418                | 486                    | 486              | 414                   | 434              | 455              |
| <b>Sales of capital assets</b>  | <b>16 044</b>  | <b>24 843</b>  | <b>18 811</b>    | <b>16 683</b>      | <b>15 007</b>          | <b>15 007</b>    | <b>15 166</b>         | <b>15 716</b>    | <b>16 913</b>    |
| Land and subsoil assets   | -              | 285            | -                | -                  | 343                    | 343              | -                     | -                | -                |
| Other capital assets  | 16 044         | 24 558         | 18 811           | 16 683             | 14 664                 | 14 664           | 15 166                | 15 716           | 16 913           |
| <b>Transactions in financial assets and liabilities</b>                             | <b>46 521</b>  | <b>40 002</b>  | <b>455 809</b>   | <b>54 568</b>      | <b>186 119</b>         | <b>186 316</b>   | <b>46 435</b>         | <b>36 230</b>    | <b>37 701</b>    |
| <b>Total provincial own receipts</b>  | <b>703 256</b> | <b>845 570</b> | <b>1 422 312</b> | <b>976 707</b>     | <b>1 201 621</b>       | <b>1 201 621</b> | <b>1 063 102</b>      | <b>1 118 902</b> | <b>1 180 728</b> |

**TABLE A.2: DETAILS OF INFORMATION ON CONDITIONAL GRANTS**

| Vote and Grant   | Adjusted appropriation | Actual transfer | Audited expenditure | Adjusted appropriation | Actual transfer | Audited expenditure | Adjusted appropriation | Actual transfer | Audited expenditure | Adjusted appropriation | Revised transfer estimate | Revised expenditure estimate | Medium-term estimates |           |           |  |
|--|------------------------|-----------------|---------------------|------------------------|-----------------|---------------------|------------------------|-----------------|---------------------|------------------------|---------------------------|------------------------------|-----------------------|-----------|-----------|--|
|  | 2012/13                | 2013/14         | 2013/14             | 2013/14                | 2014/15         | 2014/15             | 2014/15                | 2014/15         | 2014/15             | 2015/16                | 2015/16                   | 2015/16                      | 2016/17               | 2017/18   | 2018/19   |  |
| <b>R thousand</b>  |                        |                 |                     |                        |                 |                     |                        |                 |                     |                        |                           |                              |                       |           |           |  |
| <b>Vote 3</b>  | 1 921 583              | 1 921 583       | 1 581 752           | 2 192 383              | 2 168 635       | 2 079 524           | 2 187 342              | 2 187 342       | 2 187 342           | 1 908 026              | 1 908 026                 | 1 908 026                    | 1 997 326             | 2 030 583 | 2 147 456 |  |
| National School Nutrition Programme                        | 879 338                | 879 338         | 959 029             | 932 050                | 932 050         | 872 752             | 991 153                | 991 153         | 991 153             | 1 030 799              | 1 030 799                 | 1 030 799                    | 1 085 431             | 1 139 703 | 1 205 805 |  |
| Dineledi Schools Grant                                     | 14 390                 | 14 390          | 5 732               | 23 312                 | 23 312          | 8 498               | 11 340                 | 11 340          | 11 340              | -                      | -                         | -                            | -                     | -         | -         |  |
| HIV/AIDS (Life Skills Education)                           | 29 942                 | 29 942          | 12 574              | 42 022                 | 42 022          | 13 704              | 31 085                 | 31 085          | 31 085              | 25 875                 | 25 875                    | 25 875                       | 33 310                | 35 339    | 37 388    |  |
| Technical Secondary Schools Recapitalisation               | 36 185                 | 36 185          | 11 906              | 38 849                 | 16 901          | 3 395               | 29 859                 | 29 859          | 29 859              | -                      | -                         | -                            | -                     | -         | -         |  |
| Education Infrastructure Grant                             | 942 091                | 942 091         | 564 420             | 1 125 382              | 1 125 382       | 1 147 038           | 1 108 625              | 1 108 625       | 1 108 625           | 805 128                | 805 128                   | 805 128                      | 830 532               | 810 523   | 856 634   |  |
| of which   |                        |                 |                     |                        |                 |                     |                        |                 |                     |                        |                           |                              |                       |           |           |  |
| Education Infrastructure Grant (flood)                     | -                      | -               | -                   | -                      | -               | -                   | 20 277                 | 20 277          | 20 277              | 69 366                 | 69 366                    | 69 366                       | -                     | -         | -         |  |
| EPWP Incentive Allocation                                  | 1 080                  | 1 080           | 1 335               | 3 000                  | 1 200           | -                   | 2 000                  | 2 000           | 2 000               | 2 150                  | 2 150                     | 2 150                        | 2 000                 | -         | -         |  |
| Social Sector (EPWP) Grant                                 | 18 557                 | 18 557          | 26 756              | 27 768                 | 27 768          | 34 137              | 13 280                 | 13 280          | 13 280              | 3 085                  | 3 085                     | 3 085                        | 3 500                 | -         | -         |  |
| Maths, Science and Technology Grant                        | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | 40 979                 | 40 979                    | 40 979                       | 42 553                | 45 018    | 47 629    |  |
|  | 298 503                | 298 495         | 258 217             | 333 816                | 333 816         | 319 058             | 297 153                | 297 153         | 297 153             | 330 190                | 330 190                   | 330 190                      | 339 386               | 350 642   | 369 615   |  |
| <b>Vote 4</b>  | 3 475                  | 3 467           | 3 236               | 19 562                 | 19 562          | 16 152              | 10 178                 | 10 178          | 10 178              | 10 001                 | 10 001                    | 10 001                       | 10 438                | 11 092    | 11 736    |  |
| Disaster Management (Drought relief)                       | 20 356                 | 20 356          | 20 347              | 239 978                | 239 978         | 239 978             | 225 873                | 225 873         | 225 873             | 264 567                | 264 567                   | 264 567                      | 260 576               | 272 194   | 286 616   |  |
| Land Care  | 207 408                | 207 408         | 176 230             | -                      | -               | -                   | 25 224                 | 25 224          | 25 224              | 22 837                 | 22 837                    | 22 837                       | 15 555                | 10 001    | -         |  |
| Comprehensive Agriculture Support Programme                | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| of which   |                        |                 |                     |                        |                 |                     |                        |                 |                     |                        |                           |                              |                       |           |           |  |
| Comprehensive Agriculture Support Programme (flood damage) | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| EPWP Incentive Allocation                                  | 9 463                  | 9 463           | 9 379               | 21 477                 | 21 477          | 19 384              | 12 777                 | 12 777          | 12 777              | 5 285                  | 5 285                     | 5 285                        | 4 476                 | -         | -         |  |
| EPWP Integrated-rural                                      | -                      | -               | -                   | -                      | -               | -                   | 2 263                  | 2 263           | 2 263               | -                      | -                         | -                            | -                     | -         | -         |  |
| Umlalaba Projects  | 52 801                 | 52 801          | 49 025              | 52 801                 | 52 801          | 43 544              | 46 062                 | 46 062          | 46 062              | 50 337                 | 50 337                    | 50 337                       | 63 876                | 67 356    | 71 263    |  |
|  | 1 000                  | 1 000           | 997                 | 550                    | 550             | 550                 | 2 102                  | 2 102           | 2 102               | 2 482                  | 2 482                     | 2 482                        | 3 443                 | -         | -         |  |
| <b>Vote 6</b>  | 1 000                  | 1 000           | 997                 | 550                    | 550             | 550                 | 2 102                  | 2 102           | 2 102               | 2 482                  | 2 482                     | 2 482                        | 3 443                 | -         | -         |  |
| EPWP Incentive Allocation                                  | 1 000                  | 1 000           | 997                 | 550                    | 550             | 550                 | 2 102                  | 2 102           | 2 102               | 2 482                  | 2 482                     | 2 482                        | 3 443                 | -         | -         |  |
| <b>Vote 7</b>  | 1 587 411              | 1 587 391       | 1 457 980           | 1 625 613              | 1 625 613       | 1 410 866           | 1 926 463              | 1 926 463       | 1 926 463           | 1 928 235              | 1 928 235                 | 1 928 235                    | 2 053 864             | 2 301 277 | 2 632 535 |  |
| Health Professions Training and Development                | 103 913                | 103 913         | 92 499              | 111 144                | 111 144         | 110 584             | 116 206                | 116 206         | 116 206             | 118 655                | 118 655                   | 118 655                      | 123 960               | 131 724   | 139 364   |  |
| Health Facility Revitalisation                             | 385 757                | 385 757         | 365 236             | 249 950                | 249 950         | 111 006             | 468 672                | 468 672         | 468 672             | 364 255                | 364 255                   | 364 255                      | 379 089               | 440 114   | 461 262   |  |
| of which   |                        |                 |                     |                        |                 |                     |                        |                 |                     |                        |                           |                              |                       |           |           |  |
| Health Infrastructure                                      | 373 357                | 373 357         | 353 459             | 234 680                | 234 680         | 104 081             | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| Health Revitalisation (flood damage)                       | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | 6 921                  | 6 921                     | 6 921                        | -                     | -         | -         |  |
| Nursing Colleges and Schools component                     | 12 400                 | 12 400          | 11 777              | 15 270                 | 15 270          | 6 925               | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| Comprehensive HIV and AIDS                                 | 767 617                | 767 597         | 690 396             | 911 867                | 911 867         | 860 671             | 998 502                | 998 502         | 998 502             | 1 084 340              | 1 084 340                 | 1 084 340                    | 1 176 489             | 1 363 125 | 1 616 878 |  |
| National Tertiary Services                                 | 288 427                | 288 427         | 276 123             | 318 036                | 318 036         | 303 916             | 330 714                | 330 714         | 330 714             | 330 462                | 330 462                   | 330 462                      | 344 723               | 366 314   | 387 580   |  |
| Human Papillomavirus Vaccine Grant                         | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | 27 471    |  |
| EPWP Incentive Allocation                                  | 1 000                  | 1 000           | 1 000               | 3 000                  | 3 000           | 1 823               | 2 089                  | 2 089           | 2 089               | 2 000                  | 2 000                     | 2 000                        | -                     | -         | -         |  |
| Social Sector (EPWP) Grant                                 | 29 197                 | 29 197          | 28 616              | 20 964                 | 20 964          | 13 649              | 2 580                  | 2 580           | 2 580               | 20 650                 | 20 650                    | 20 650                       | 22 060                | -         | -         |  |
| National Health Insurance                                  | 11 500                 | 11 500          | 4 118               | 10 652                 | 10 652          | 9 217               | 7 700                  | 7 700           | 7 700               | 7 673                  | 7 673                     | 7 673                        | 7 543                 | -         | -         |  |
|  | 1 638 807              | 1 638 807       | 1 223 019           | 873 248                | 873 248         | 795 121             | 291 852                | 291 852         | 291 852             | 298 298                | 298 298                   | 298 298                      | 326 129               | 345 610   | 361 761   |  |
| <b>Vote 8</b>  | 1 339 032              | 1 339 032       | 962 294             | 572 344                | 572 344         | 505 849             | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| Provincial Roads Maintenance Grant                         | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| of which   |                        |                 |                     |                        |                 |                     |                        |                 |                     |                        |                           |                              |                       |           |           |  |
| Provincial Roads Maintenance Grant (flood repair)          | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| Transport/Disaster Management                              | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| EPWP Incentive Allocation                                  | 37 050                 | 37 050          | -                   | 25 972                 | 25 972          | 14 340              | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| Public Transport Operations                                | 280 725                | 280 725         | 260 725             | 274 932                | 274 932         | 274 932             | 291 852                | 291 852         | 291 852             | 298 298                | 298 298                   | 298 298                      | 326 129               | 345 610   | 361 761   |  |
|  | 43 469                 | 43 469          | 35 981              | 3 000                  | 3 000           | 3 000               | 1 171 681              | 1 171 681       | 1 171 681           | 1 001 882              | 1 001 882                 | 1 001 882                    | 999 935               | 1 053 832 | 1 114 955 |  |
| <b>Vote 9</b>  | 43 469                 | 43 469          | 35 981              | 3 000                  | 3 000           | 3 000               | 1 171 681              | 1 171 681       | 1 171 681           | 1 001 882              | 1 001 882                 | 1 001 882                    | 999 935               | 1 053 832 | 1 114 955 |  |
| Provincial Roads Maintenance Grant                         | -                      | -               | -                   | -                      | -               | -                   | 1 164 911              | 1 164 911       | 1 164 911           | 994 762                | 994 762                   | 994 762                      | 995 109               | 1 053 832 | 1 114 955 |  |
| of which   |                        |                 |                     |                        |                 |                     |                        |                 |                     |                        |                           |                              |                       |           |           |  |
| Transport/Disaster Management                              | -                      | -               | -                   | -                      | -               | -                   | 79 613                 | 79 613          | 79 613              | 90 895                 | 90 895                    | 90 895                       | 100 000               | 130 000   | 130 000   |  |
| Devolution of Property Rate Fund                           | 36 595                 | 36 595          | 32 801              | -                      | -               | -                   | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| EPWP Incentive Allocation                                  | 6 874                  | 6 874           | 3 180               | 3 000                  | 3 000           | 3 000               | 6 770                  | 6 770           | 6 770               | 7 120                  | 7 120                     | 7 120                        | 4 826                 | -         | -         |  |
|  | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | 2 078                  | 2 078                     | 2 078                        | -                     | -         | -         |  |
| <b>Vote 10</b>   | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | 2 078                  | 2 078                     | 2 078                        | -                     | -         | -         |  |
| EPWP Incentive Allocation                                  | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | 2 078                  | 2 078                     | 2 078                        | -                     | -         | -         |  |
| <b>Vote 11</b>   | 1 637 317              | 1 592 053       | 1 188 808           | 682 110                | 682 110         | 303 449             | 1 387 247              | 1 387 247       | 1 387 247           | 1 593 889              | 1 593 889                 | 1 593 889                    | 1 210 370             | 1 368 289 | 1 456 938 |  |
| Human Settlement Development                               | 1 637 317              | 1 592 053       | 1 188 808           | 682 110                | 682 110         | 303 449             | 1 384 543              | 1 384 543       | 1 384 543           | 1 591 889              | 1 591 889                 | 1 591 889                    | 1 208 370             | 1 368 289 | 1 456 938 |  |
| of which   |                        |                 |                     |                        |                 |                     |                        |                 |                     |                        |                           |                              |                       |           |           |  |
| Human Settlement Development (flood repair)                | -                      | -               | -                   | -                      | -               | -                   | 5 701                  | 5 701           | 5 701               | 34 332                 | 34 332                    | 34 332                       | 29 678                | -         | -         |  |
| Earmarked additions for the 11 mining towns                | -                      | -               | -                   | -                      | -               | -                   | 17 540                 | 17 540          | 17 540              | 154 176                | 154 176                   | 154 176                      | 66 330                | -         | -         |  |
| Thabazimbi   | -                      | -               | -                   | -                      | -               | -                   | 7 171                  | 7 171           | 7 171               | 16 357                 | 16 357                    | 16 357                       | 27 100                | -         | -         |  |
| Greater Tlokoeng   | -                      | -               | -                   | -                      | -               | -                   | 1 694                  | 1 694           | 1 694               | 36 520                 | 36 520                    | 36 520                       | 6 430                 | -         | -         |  |
| Elias Mokoaleli  | -                      | -               | -                   | -                      | -               | -                   | 3 255                  | 3 255           | 3 255               | 16 600                 | 16 600                    | 16 600                       | 12 300                | -         | -         |  |
| Lephalale  | -                      | -               | -                   | -                      | -               | -                   | 4 720                  | 4 720           | 4 720               | 77 063                 | 77 063                    | 77 063                       | 17 800                | -         | -         |  |
| Fetakgomo  | -                      | -               | -                   | -                      | -               | -                   | 710                    | 710             | 710                 | 7 636                  | 7 636                     | 7 636                        | 2 700                 | -         | -         |  |
| Housing Disaster Management                                | -                      | -               | -                   | -                      | -               | -                   | 560                    | 560             | 560                 | -                      | -                         | -                            | -                     | -         | -         |  |
| EPWP Incentive Allocation                                  | -                      | -               | -                   | 3 000                  | 3 000           | -                   | 2 144                  | 2 144           | 2 144               | 2 000                  | 2 000                     | 2 000                        | 2 000                 | -         | -         |  |
|  | 11 168                 | 11 168          | 11 253              | 8 985                  | 8 985           | 8 915               | 2 772                  | 2 772           | 2 772               | 3 190                  | 3 190                     | 3 190                        | 11 242                | 46 765    | 72 008    |  |
| <b>Vote 12</b>   | 11 168                 | 11 168          | 11 253              | 8 985                  | 8 985           | 8 915               | 2 772                  | 2 772           | 2 772               | 3 190                  | 3 190                     | 3 190                        | 11 242                | -         | -         |  |
| Social Sector (EPWP) Grant                                 | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | -                      | -                         | -                            | -                     | -         | -         |  |
| Early Childhood Development                                | -                      | -               | -                   | -                      | -               | -                   | -                      | -               | -                   | -                      | -                         | -                            | -                     | 46 765    | 72 008    |  |
|  | 140 744                | 133 316         | 96 588              | 120 632                | 122 361         | 104 626             | 156 572                | 156 572         | 156 572             | 199 356                | 199 356                   | 199 356                      | 178 370               | 185 741   | 195 605   |  |
| <b>Vote 13</b>   | 56 951                 | 49 623          | 45 775              | 63 554                 | 63 554          | 59 702              | 59 446                 | 59 446          | 59 446              | 63 459                 | 63 459                    | 63 459                       | 61 075                | 62 246    | 65 200    |  |
| Mass Participation and Sport Development Grant             | 82 8                   |                 |                     |                        |                 |                     |                        |                 |                     |                        |                           |                              |                       |           |           |  |

**Table A.3: Details of provincial payments and estimates**

| R thousand   | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|--|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|  | 2012/13           | 2013/14           | 2014/15           |                    |                        |                   | 2015/16               | 2016/17           | 2017/18           |
| <b>Current payments</b>  | <b>37 341 220</b> | <b>39 830 656</b> | <b>42 548 861</b> | <b>45 384 185</b>  | <b>45 350 927</b>      | <b>45 326 047</b> | <b>48 578 531</b>     | <b>51 256 778</b> | <b>54 478 171</b> |
| Compensation of employees  | 30 864 506        | 33 039 791        | 35 437 754        | 38 426 998         | 38 180 539             | 37 973 198        | 40 794 081            | 43 598 479        | 46 346 573        |
| Salaries and wages   | 27 086 371        | 28 824 525        | 31 006 863        | 33 327 549         | 33 236 373             | 33 108 380        | 35 431 034            | 37 958 443        | 40 334 894        |
| Social contributions   | 3 778 135         | 4 215 266         | 4 430 891         | 5 099 449          | 4 944 166              | 4 864 818         | 5 363 047             | 5 640 037         | 6 011 680         |
| Goods and services   | 6 475 989         | 6 790 583         | 7 110 667         | 6 956 771          | 7 169 886              | 7 352 347         | 7 784 013             | 7 657 840         | 8 131 112         |
| of which   |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Administrative fees  | 11 427            | 7 510             | 9 834             | 9 230              | 10 451                 | 11 135            | 7 812                 | 10 153            | 10 751            |
| Advertising  | 22 194            | 29 207            | 37 699            | 28 530             | 33 314                 | 41 611            | 29 798                | 33 871            | 36 430            |
| Assets less than the capitalisation threshold                                | 29 207            | 40 422            | 40 669            | 69 150             | 84 500                 | 83 628            | 58 584                | 67 949            | 69 466            |
| Audit cost: External   | 56 925            | 59 394            | 82 957            | 71 752             | 79 324                 | 74 952            | 77 927                | 82 590            | 87 836            |
| Bursaries: Employees   | 108 920           | 65 084            | 35 247            | 20 861             | 18 089                 | 17 915            | 25 371                | 27 475            | 27 190            |
| Catering: Departmental activities  | 63 373            | 48 350            | 41 987            | 49 240             | 55 344                 | 60 068            | 54 576                | 62 266            | 62 942            |
| Communication (G&S)  | 150 504           | 168 294           | 170 507           | 145 184            | 158 292                | 158 429           | 146 442               | 156 292           | 158 164           |
| Computer services  | 238 709           | 205 953           | 316 886           | 218 380            | 243 225                | 248 236           | 247 658               | 233 913           | 242 839           |
| Consultants and professional services: Business and advisory services        | 196 010           | 170 624           | 163 662           | 134 915            | 80 841                 | 94 782            | 157 851               | 149 188           | 159 842           |
| Consultants and professional services: Infrastructure and planning           | 17 308            | 13 761            | 26 390            | 30 033             | 22 252                 | 27 671            | 23 046                | 37 637            | 29 037            |
| Consultants and professional services: Laboratory services                   | 267 242           | 317 879           | 310 288           | 164 283            | 203 069                | 280 108           | 188 173               | 195 225           | 206 538           |
| Consultants and professional services: Scientific and technological services | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Consultants and professional services: Legal costs                           | 12 856            | 14 178            | 10 912            | 9 780              | 14 684                 | 13 734            | 13 270                | 11 383            | 11 440            |
| Contractors  | 365 752           | 496 598           | 425 673           | 455 362            | 613 559                | 643 770           | 586 546               | 467 941           | 567 769           |
| Agency and support/ outsourced services                                      | 1 292 726         | 1 458 366         | 1 288 788         | 1 330 842          | 1 251 052              | 1 201 184         | 1 413 173             | 1 468 419         | 1 551 264         |
| Entertainment  | 22 139            | 8 030             | 765               | 3 217              | 2 027                  | 918               | 2 344                 | 2 504             | 2 647             |
| Fleet services (including government motor transport)                        | 213 414           | 274 785           | 319 025           | 237 208            | 296 994                | 281 950           | 310 448               | 299 329           | 310 153           |
| Housing  | 9                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Inventory: Clothing material and accessories                                 | 165               | 16 958            | 26 827            | 14 793             | 29 367                 | 24 253            | 18 960                | 20 169            | 19 525            |
| Inventory: Farming supplies  | -                 | 53 626            | 53 083            | 46 192             | 48 739                 | 48 741            | 67 556                | 34 414            | 36 562            |
| Inventory: Food and food supplies  | 67 553            | 30 403            | 37 591            | 50 305             | 55 581                 | 54 722            | 54 514                | 55 841            | 59 045            |
| Inventory: Fuel, oil and gas   | 54 763            | 59 815            | 58 319            | 65 722             | 46 342                 | 68 752            | 67 271                | 70 551            | 74 495            |
| Inventory: Learner and teacher support material                              | 491 962           | 436 329           | 439 783           | 386 425            | 376 422                | 376 360           | 574 694               | 259 816           | 267 526           |
| Inventory: Materials and supplies  | 17 615            | 33 211            | 34 336            | 68 296             | 57 668                 | 59 233            | 68 374                | 68 169            | 71 949            |
| Inventory: Medical supplies  | 158 131           | 192 844           | 227 168           | 236 700            | 240 079                | 209 551           | 262 913               | 280 082           | 324 914           |
| Inventory: Medicine  | 836 016           | 915 576           | 901 586           | 1 243 529          | 960 887                | 884 294           | 1 026 037             | 1 093 098         | 1 211 646         |
| Medias inventory interface   | -                 | -                 | -                 | 0                  | 0                      | -                 | -                     | -                 | -                 |
| Inventory: Other supplies  | 38 185            | 29 630            | 1 177             | 61 335             | 38 175                 | 38 420            | 75 197                | 82 194            | 83 856            |
| Consumable supplies  | 192 403           | 171 699           | 174 079           | 153 392            | 226 023                | 209 229           | 197 528               | 218 168           | 222 504           |
| Consumable: Stationery, printing and office supplies                         | 138 036           | 124 500           | 169 859           | 146 754            | 158 542                | 175 984           | 160 757               | 166 468           | 168 929           |
| Operating leases   | 274 599           | 276 874           | 219 858           | 276 626            | 240 716                | 275 719           | 322 085               | 343 880           | 347 510           |
| Property payments  | 473 361           | 441 435           | 734 143           | 567 733            | 828 756                | 895 625           | 842 739               | 934 474           | 965 248           |
| Transport provided: Departmental activity                                    | 122 458           | 133 519           | 137 172           | 163 344            | 165 811                | 162 378           | 161 210               | 170 339           | 180 626           |
| Travel and subsistence   | 345 957           | 386 370           | 474 170           | 330 120            | 371 386                | 463 212           | 348 039               | 361 813           | 362 799           |
| Training and development   | 51 376            | 30 506            | 43 972            | 47 690             | 53 048                 | 51 810            | 47 890                | 45 167            | 46 989            |
| Operating payments   | 116 115           | 37 136            | 44 211            | 48 253             | 55 301                 | 55 825            | 77 880                | 56 921            | 58 730            |
| Venues and facilities  | 27 709            | 38 534            | 34 008            | 33 775             | 31 109                 | 38 486            | 45 749                | 48 189            | 49 600            |
| Rental and hiring  | 871               | 3 183             | 18 036            | 37 821             | 18 918                 | 19 662            | 21 601                | 41 950            | 44 351            |
| Interest and rent on land  | 725               | 282               | 440               | 416                | 502                    | 502               | 437                   | 459               | 486               |
| Interest   | 1                 | -                 | -                 | -                  | 100                    | 100               | -                     | -                 | -                 |
| Rent on land   | 724               | 282               | 440               | 416                | 402                    | 402               | 437                   | 459               | 486               |
| <b>Transfers and subsidies to<sup>1</sup>:</b>                               | <b>5 402 719</b>  | <b>4 314 535</b>  | <b>5 626 621</b>  | <b>5 626 940</b>   | <b>6 478 156</b>       | <b>6 549 548</b>  | <b>6 089 850</b>      | <b>6 165 293</b>  | <b>6 077 434</b>  |
| Provinces and municipalities   | 62 822            | 47 146            | 112 248           | 80 712             | 124 426                | 136 933           | 83 393                | 88 006            | 93 240            |
| Provinces <sup>2</sup>   | 181               | 1 549             | 171               | 321                | 221                    | 221               | 338                   | 355               | 375               |
| Provincial Revenue Funds   | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Provincial agencies and funds  | 181               | 1 549             | 171               | 321                | 221                    | 221               | 338                   | 355               | 375               |
| Municipalities <sup>3</sup>  | 62 641            | 45 597            | 112 077           | 80 391             | 124 205                | 136 712           | 83 055                | 87 652            | 92 864            |
| Municipalities   | 60 557            | 43 023            | 105 907           | 78 420             | 72 374                 | 84 523            | 81 506                | 86 024            | 91 145            |
| Municipal agencies and funds   | 2 084             | 2 574             | 6 170             | 1 971              | 51 831                 | 52 189            | 1 550                 | 1 628             | 1 720             |
| Departmental agencies and accounts   | 1 635 918         | 1 095 225         | 1 712 553         | 1 294 349          | 1 405 205              | 1 405 156         | 1 281 400             | 1 340 339         | 1 351 353         |
| Social security funds  | -                 | -                 | 6                 | -                  | 1 400                  | 1 400             | 1 500                 | 1 500             | 1 587             |
| Provide list of entities receiving transfers <sup>4</sup>                    | 1 635 918         | 1 095 225         | 1 712 547         | 1 294 349          | 1 403 805              | 1 403 756         | 1 279 900             | 1 338 839         | 1 349 766         |
| Universities and technicians   | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Public corporations and private enterprises <sup>5</sup>                     | 584 217           | 599 236           | 652 956           | 670 502            | 665 637                | 664 029           | 680 875               | 715 062           | 750 485           |
| Public corporations  | 584 217           | 599 236           | 651 283           | 670 502            | 665 502                | 663 894           | 680 875               | 715 062           | 750 485           |
| Subsidies on production  | 323 478           | 324 289           | 359 436           | 372 204            | 367 204                | 365 596           | 354 746               | 369 452           | 388 724           |
| Other transfers  | 260 739           | 274 947           | 291 847           | 298 298            | 298 298                | 298 298           | 326 129               | 345 610           | 361 761           |
| Private enterprises  | -                 | -                 | 1 673             | -                  | 135                    | 135               | -                     | -                 | -                 |
| Subsidies on production  | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Other transfers  | -                 | -                 | 1 673             | -                  | 135                    | 135               | -                     | -                 | -                 |
| Foreign governments and international organisations                          | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Non-profit institutions  | 1 423 863         | 1 631 876         | 1 879 430         | 1 738 063          | 2 112 081              | 2 105 494         | 2 254 484             | 2 022 444         | 1 754 297         |
| Households   | 1 695 899         | 941 052           | 1 269 434         | 1 843 314          | 2 170 807              | 2 237 935         | 1 789 698             | 1 999 443         | 2 128 060         |
| Social benefits  | 232 273           | 247 798           | 327 474           | 198 723            | 240 774                | 303 962           | 252 320               | 261 179           | 276 700           |
| Other transfers to households  | 1 463 626         | 693 254           | 941 960           | 1 644 590          | 1 930 032              | 1 933 973         | 1 537 378             | 1 738 263         | 1 851 359         |
| <b>Payments for capital assets</b>   | <b>2 141 163</b>  | <b>1 727 974</b>  | <b>2 186 778</b>  | <b>1 717 094</b>   | <b>1 977 933</b>       | <b>2 162 466</b>  | <b>2 300 656</b>      | <b>1 904 242</b>  | <b>2 025 053</b>  |
| Buildings and other fixed structures   | 1 977 048         | 1 474 381         | 1 911 602         | 1 364 613          | 1 483 594              | 1 691 263         | 1 736 500             | 1 546 421         | 1 647 538         |
| Buildings  | 1 631 797         | 1 356 848         | 1 815 944         | 1 159 142          | 1 346 883              | 1 523 304         | 1 583 877             | 1 381 112         | 1 479 994         |
| Other fixed structures   | 345 251           | 117 533           | 95 658            | 205 471            | 136 711                | 167 959           | 152 623               | 165 308           | 167 544           |
| Machinery and equipment  | 159 710           | 253 306           | 274 378           | 349 679            | 493 569                | 470 433           | 550 755               | 353 048           | 372 495           |
| Transport equipment  | 48 379            | 37 899            | 107 062           | 39 461             | 138 817                | 134 769           | 94 172                | 52 600            | 60 195            |
| Other machinery and equipment  | 111 331           | 215 407           | 167 316           | 310 218            | 354 752                | 335 664           | 456 583               | 300 448           | 312 300           |
| Heritage assets  | -                 | -                 | -                 | -                  | -                      | -                 | -                     | 1                 | 1                 |
| Specialised military assets  | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | 0                 |
| Biological assets  | -                 | -                 | -                 | -                  | -                      | -                 | 2 051                 | 1 466             | 1 495             |
| Software and other intangible assets   | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | 0                 |
| Land and subsoil assets  | 4 405             | 287               | 798               | 2 801              | 770                    | 770               | 11 350                | 3 307             | 3 524             |
| <b>Payments for financial assets</b>   | <b>2 326</b>      | <b>9 967</b>      | <b>59 776</b>     | <b>-</b>           | <b>2 395</b>           | <b>2 508</b>      | <b>400</b>            | <b>-</b>          | <b>-</b>          |
| <b>Total economic classification</b>   | <b>44 887 428</b> | <b>45 883 132</b> | <b>50 422 036</b> | <b>52 728 219</b>  | <b>53 809 411</b>      | <b>54 040 568</b> | <b>56 969 436</b>     | <b>59 326 314</b> | <b>62 580 658</b> |

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

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

**TABLE A.4 (b): DETAILS OF PROVINCIAL PAYMENTS AND ESTIMATES BY FUNCTIONAL AREA**

| R thousand  | Outcome           |                   |                   | Main appropriation | Adjusted appropriation | Revised estimate  | Medium-term estimates |                   |                   |
|---|-------------------|-------------------|-------------------|--------------------|------------------------|-------------------|-----------------------|-------------------|-------------------|
|   | 2012/13           | 2013/14           | 2014/15           |                    |                        |                   | 2015/16               | 2016/17           | 2017/18           |
| <b>General Public Services</b>                                |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Executive and Legislature                                     |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Office of the Premier   | 274 607           | 325 295           | 340 862           | 352 150            | 350 606                | 346 473           | 376 286               | 391 943           | 411 540           |
| Provincial Legislature  | 238 427           | 249 271           | 273 323           | 262 688            | 307 835                | 307 835           | 316 243               | 336 022           | 352 873           |
| Financial and Fiscal Services                                 |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Provincial Treasury   | 356 496           | 384 708           | 364 215           | 385 180            | 374 328                | 370 558           | 412 604               | 438 444           | 459 340           |
| General Services (Public Works, Local Government)             | 1 594 133         | 1 650 884         | 3 636 512         | 3 634 440          | 3 747 207              | 3 747 207         | 3 867 502             | 3 998 594         | 4 205 999         |
| <b>Total: General Public Services</b>                         | <b>2 463 663</b>  | <b>2 610 158</b>  | <b>4 614 912</b>  | <b>4 634 458</b>   | <b>4 779 976</b>       | <b>4 772 073</b>  | <b>4 972 635</b>      | <b>5 165 003</b>  | <b>5 429 752</b>  |
| <b>Public Order and Safety</b>                                |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Police Services   | 55 170            | 62 658            | 72 660            | 90 354             | 88 737                 | 86 492            | 95 617                | 102 419           | 107 530           |
| Safety and Liaison  | 55 170            | 62 658            | 72 660            | 90 354             | 88 737                 | 86 492            | 95 617                | 102 419           | 107 530           |
| <b>Total: Public Order and Safety</b>                         | <b>55 170</b>     | <b>62 658</b>     | <b>72 660</b>     | <b>90 354</b>      | <b>88 737</b>          | <b>86 492</b>     | <b>95 617</b>         | <b>102 419</b>    | <b>107 530</b>    |
| <b>Economic Affairs</b>                                       |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| General Economic Affairs                                      |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Dept of Economic Affairs                                      | 790 028           | 915 946           | 925 932           | 986 777            | 976 199                | 969 961           | 1 196 445             | 1 291 365         | 1 356 107         |
| Agriculture and Rural Development                             |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Dept of Agriculture Affairs                                   | 1 519 763         | 1 530 375         | 1 555 401         | 1 697 131          | 1 650 601              | 1 650 601         | 1 782 912             | 1 875 078         | 1 970 273         |
| Transport   |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Department of Transport                                       | 3 402 137         | 2 845 213         | 1 704 488         | 1 838 898          | 1 738 525              | 1 738 525         | 1 879 151             | 1 960 297         | 2 062 183         |
| <b>Total: Economic Affairs</b>                                | <b>5 711 928</b>  | <b>5 291 534</b>  | <b>4 185 821</b>  | <b>4 522 806</b>   | <b>4 365 325</b>       | <b>4 359 087</b>  | <b>4 858 508</b>      | <b>5 126 740</b>  | <b>5 387 563</b>  |
| <b>Environmental Protection</b>                               |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Environmental Protection                                      | 84 175            | 155 296           | 186 461           | 174 036            | 183 985                | 184 326           | 136 485               | 144 648           | 152 707           |
| <b>Total: Environmental Protection</b>                        | <b>84 175</b>     | <b>155 296</b>    | <b>186 461</b>    | <b>174 036</b>     | <b>183 985</b>         | <b>184 326</b>    | <b>136 485</b>        | <b>144 648</b>    | <b>152 707</b>    |
| <b>Housing and Community Amenities</b>                        |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Housing Development   |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Department of Housing   | 1 278 275         | 394 695           | 676 825           | 1 384 643          | 1 699 343              | 1 699 343         | 1 319 912             | 1 488 058         | 1 583 653         |
| <b>Total: Housing and Community Amenities</b>                 | <b>1 278 275</b>  | <b>394 695</b>    | <b>676 825</b>    | <b>1 384 643</b>   | <b>1 699 343</b>       | <b>1 699 343</b>  | <b>1 319 912</b>      | <b>1 488 058</b>  | <b>1 583 653</b>  |
| <b>Health</b>   |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Outpatient services   | 1 742 915         | 1 060 831         | 1 295 028         | 1 158 732          | 1 435 278              | 1 435 278         | 1 588 586             | 1 411 629         | 1 464 293         |
| R and D Health (CS)   | 9 319 219         | 10 078 559        | 11 782 508        | 12 142 269         | 12 347 766             | 12 594 968        | 13 075 307            | 13 807 212        | 14 726 072        |
| Hospital Services   | 1 767 862         | 1 998 472         | 1 448 574         | 1 453 135          | 1 618 751              | 1 618 751         | 1 707 130             | 1 800 453         | 1 896 089         |
| <b>Total: Health</b>  | <b>12 829 996</b> | <b>13 137 862</b> | <b>14 526 110</b> | <b>14 754 136</b>  | <b>15 401 795</b>      | <b>15 648 997</b> | <b>16 371 023</b>     | <b>17 019 294</b> | <b>18 086 454</b> |
| <b>Recreation, Culture and Religion</b>                       |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Sporting and Recreational Affairs                             |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Sport, Arts and Culture                                       | 258 520           | 258 813           | 284 373           | 345 324            | 396 662                | 396 661           | 409 791               | 432 678           | 454 901           |
| <b>Total: Recreation, Culture and Religion</b>                | <b>258 520</b>    | <b>258 813</b>    | <b>284 373</b>    | <b>345 324</b>     | <b>396 662</b>         | <b>396 661</b>    | <b>409 791</b>        | <b>432 678</b>    | <b>454 901</b>    |
| <b>Education</b>  |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Pre-primary & Primary Phases                                  | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Secondary Education Phase                                     | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Subsidised Services to Education                              | -                 | -                 | -                 | -                  | -                      | -                 | -                     | -                 | -                 |
| Education not defined by level                                | 21 008 469        | 22 647 979        | 24 419 274        | 25 284 705         | 25 284 705             | 25 284 705        | 27 171 746            | 28 092 167        | 29 512 120        |
| <b>Total: Education</b>                                       | <b>21 008 469</b> | <b>22 647 979</b> | <b>24 419 274</b> | <b>25 284 705</b>  | <b>25 284 705</b>      | <b>25 284 705</b> | <b>27 171 746</b>     | <b>28 092 167</b> | <b>29 512 120</b> |
| <b>Social protection</b>                                      |                   |                   |                   |                    |                        |                   |                       |                   |                   |
| Social Security Services                                      | 497 428           | 605 779           | 332 896           | 223 108            | 243 733                | 243 733           | 221 837               | 251 170           | 262 596           |
| Social Services and Population Development                    | 699 804           | 718 358           | 1 122 704         | 1 314 649          | 1 365 151              | 1 365 151         | 1 411 882             | 1 504 137         | 1 603 381         |
| <b>Total: Social protection</b>                               | <b>1 197 232</b>  | <b>1 324 137</b>  | <b>1 455 600</b>  | <b>1 537 757</b>   | <b>1 608 884</b>       | <b>1 608 884</b>  | <b>1 633 719</b>      | <b>1 755 307</b>  | <b>1 865 978</b>  |
| <b>Total provincial payments and estimates by policy area</b> | <b>44 887 428</b> | <b>45 883 132</b> | <b>50 422 036</b> | <b>52 728 218</b>  | <b>53 809 411</b>      | <b>54 040 568</b> | <b>56 969 436</b>     | <b>59 326 314</b> | <b>62 580 659</b> |

**TABLE A.5: SUMMARY OF PROVINCIAL TRANSFERS TO LOCAL GOVERNMENT BY CATEGORY**

| R thousand  | Outcome      |              |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|---|--------------|--------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|   | 2012/13      | 2013/14      | 2014/15       | 2015/16            |                        |                  | 2016/17               | 2017/18       | 2018/19       |
| <b>Category B</b>                                     | 1 553        | 1 942        | 5 961         | 3 832              | 3 832                  | 3 832            | 3 178                 | 3 483         | 3 817         |
| Polokwane   | 1 553        | 1 942        | 5 961         | 3 832              | 3 832                  | 3 832            | 3 178                 | 3 483         | 3 817         |
| <b>Category C</b>                                     | 6 039        | 481          | 6 720         | 23 299             | 16 687                 | 16 705           | 23 708                | 24 913        | 26 371        |
| Greater Sekhukhune District Municipality              | -            | 61           | 6 277         | 9 434              | 9 434                  | 9 434            | 9 534                 | 10 031        | 10 612        |
| Mopani District Municipality                          | 100          | 140          | 148           | 13 562             | 6 950                  | 6 968            | 13 774                | 14 449        | 15 292        |
| Vhembe District Municipality                          | 3 655        | 140          | 148           | 152                | 152                    | 152              | 200                   | 217           | 233           |
| Capricorn District Municipality                       | 2 184        | -            | -             | -                  | -                      | -                | -                     | -             | -             |
| Waterberg District Municipality                       | 100          | 140          | 147           | 151                | 151                    | 151              | 200                   | 216           | 234           |
| <b>Total provincial transfers to local government</b> | <b>7 592</b> | <b>2 423</b> | <b>12 681</b> | <b>27 131</b>      | <b>20 519</b>          | <b>20 537</b>    | <b>26 886</b>         | <b>28 396</b> | <b>30 189</b> |





