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**The Director General  
National Treasury  
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## **LIMPOPO PROVINCIAL ENTITIES EXPENDITURE REPORT AS AT 31 JANUARY 2021**

### **1. Purpose**

To submit to the National Treasury a report on Provincial Public Entities expenditure report as at 31 January 2021.

### **2. Background**

Section 51 (1) (f) of the PFMA states that the accounting authority for a public entity is responsible for the submission by that entity all reports, returns notices and other information as may be required by this Act. Section 54 (1) further states that the accounting authority for the public entity must submit to the relevant treasury or the Auditor General information, returns, documents, explanations and motivations as may be prescribed or as the relevant treasury or the Auditor General may require.

### **3. Discussion**

The provincial public entities expenditure trend for the period under review finds its basis on the January 2021 In-Year Monitoring (IYM) reports from five (5) main provincial entities. The submissions were duly analyzed in terms of the projected expenditure and actual expenditure as recorded in the IYM reports submissions.

#### 4. Provincial Public Entities Expenditures

**Table 1: Provincial overall public entities expenditure as at 31 January 2021**

|                                                                                              | Adjusted Appropriation | Projected outcome | Actual spending as at 31 January 2021 | Actual spending as % of Adjusted budget | (Over)     | Under          | %(Over)/ under of Adjusted budget |
|----------------------------------------------------------------------------------------------|------------------------|-------------------|---------------------------------------|-----------------------------------------|------------|----------------|-----------------------------------|
| <b>R thousand</b>                                                                            |                        |                   |                                       |                                         |            |                |                                   |
| Limpopo Economic Development Agency                                                          | 1 591 886              | 1 088 010         | 803 707                               | 50,5%                                   | –          | 503 876        | 31,7%                             |
| Limpopo Gambling Board                                                                       | 61 381                 | 61 327            | 50 998                                | 83,1%                                   | –          | 54             | 0,1%                              |
| Limpopo Tourism Agency                                                                       | 66 413                 | 60 630            | 42 373                                | 63,8%                                   | –          | 5 783          | 8,7%                              |
| Gateway Airport Authority                                                                    | 81 964                 | 64 200            | 50 793                                | 62,0%                                   | –          | 17 764         | 21,7%                             |
| Limpopo Roads Agency                                                                         | 1 321 456              | 930 331           | 651 679                               | 49,3%                                   | –          | 391 125        | 29,6%                             |
| <b>Total</b>                                                                                 | <b>3 123 100</b>       | <b>2 204 497</b>  | <b>1 599 550</b>                      | <b>51,2%</b>                            | <b>–</b>   | <b>918 602</b> | <b>29,4%</b>                      |
| <b>Economic classification</b>                                                               |                        |                   |                                       |                                         | <b>Net</b> | <b>918 602</b> |                                   |
| <b>Current payments</b>                                                                      | <b>1 603 152</b>       | <b>1 268 719</b>  | <b>986 882</b>                        | <b>61,6%</b>                            | <b>–</b>   | <b>334 432</b> | <b>20,9%</b>                      |
| Compensation of employees                                                                    | 829 905                | 760 027           | 620 707                               | 74,8%                                   | –          | 69 878         | 8,4%                              |
| Goods and services                                                                           | 736 711                | 500 193           | 363 710                               | 49,4%                                   | –          | 236 518        | 32,1%                             |
| Interest and rent on land                                                                    | 36 536                 | 8 499             | 2 465                                 | 6,7%                                    | –          | 28 037         | 76,7%                             |
| <b>Transfers and subsidies</b>                                                               | <b>–</b>               | <b>–</b>          | <b>–</b>                              | <b>–</b>                                | <b>–</b>   | <b>–</b>       | <b>–</b>                          |
| <b>Payments for capital assets</b>                                                           | <b>1 519 948</b>       | <b>935 778</b>    | <b>612 667</b>                        | <b>40,3%</b>                            | <b>–</b>   | <b>584 170</b> | <b>38,4%</b>                      |
| <b>Payments for financial assets</b>                                                         | <b>–</b>               | <b>–</b>          | <b>–</b>                              | <b>–</b>                                | <b>–</b>   | <b>–</b>       | <b>–</b>                          |
| of which: NPNC                                                                               | 773 247                | 508 692           | 366 176                               | 47,4%                                   | –          | 264 555        | 34,2%                             |
| <b>Total</b>                                                                                 | <b>3 123 100</b>       | <b>2 204 497</b>  | <b>1 599 550</b>                      | <b>51,2%</b>                            | <b>–</b>   | <b>918 603</b> | <b>29,4%</b>                      |
| * Available funds refers to adjusted budget including any post adjustment (Virements and shi |                        |                   |                                       |                                         | <b>Net</b> | <b>918 602</b> |                                   |

Expenditure for Public Entities as at 31 January is R1.6 billion or 51.2 percent of the total adjusted budget of R3.1 billion. The entities project to underspend by R918.6 million or 29.4 percent.

- **Compensation of Employees (CoE)** spent R620.7 million or 74.8 percent of the total adjusted budget of R829.9 million. The entities project to underspend by R69.9 million or 8.4 percent. Filling of posts is on hold due to the reconfiguration process.
- **Goods and Services** spent R363.7 million or 49.4 percent of the adjusted budget of R736.7 million. The entities project to underspend by R236.5 million or 32.1 percent. Most of the activities were on hold which contributed to low expenditure however most activities and tasks are being carried out since the relaxation of the lockdown rules.
- **Payment for Capital Assets** spend R612.7 million or 40.3 percent of the total adjusted budget of R1.5 billion. The entities project to underspend by R584.2 million or 38.4 percent, mainly under LEDA at R193.3 million or 61.7 percent and RAL at R390.9 million or 32.5 percent. The low expenditure is due to low economic activities during the lockdown wherein the projects of capital nature were on hold, currently most of the projects has been reactivated.

#### 4.1. Spending per Economic Classification

##### 4.1.1. Compensation of Employees

**Table 2: Compensation of Employees as 31 January 2021**

| R thousand                                                                                       | Adjusted Appropriation | Projected outcome | Actual spending as at 31 January 2021 | Actual spending as % of Adjusted budget | (Over)        | Under         | %(Over)/ under of Adjusted budget |
|--------------------------------------------------------------------------------------------------|------------------------|-------------------|---------------------------------------|-----------------------------------------|---------------|---------------|-----------------------------------|
| Limpopo Economic Development Agency                                                              | 638 972                | 574 764           | 466 940                               | 73,1%                                   | –             | 64 208        | 10,0%                             |
| Limpopo Gambling Board                                                                           | 37 780                 | 37 837            | 31 600                                | 83,6%                                   | -57           | –             | -0,2%                             |
| Limpopo Tourism Agency                                                                           | 35 498                 | 34 360            | 28 552                                | 80,4%                                   | –             | 1 138         | 3,2%                              |
| Gateway Airport Authority                                                                        | 36 182                 | 37 891            | 31 352                                | 86,7%                                   | -1 709        | –             | -4,7%                             |
| Limpopo Roads Agency                                                                             | 81 473                 | 75 175            | 62 263                                | 76,4%                                   | –             | 6 298         | 7,7%                              |
| <b>Total</b>                                                                                     | <b>829 905</b>         | <b>760 027</b>    | <b>620 707</b>                        | <b>74,8%</b>                            | <b>-1 766</b> | <b>71 644</b> | <b>8,4%</b>                       |
| * Available funds refers to adjusted budget including any post adjustment (Virements and shifts) |                        |                   |                                       |                                         | <b>Net</b>    | <b>69 878</b> |                                   |

The overall Provincial Public Entities CoE spending is at R620.7 million or 74.8 percent of the total adjusted budget of R829.9 million. The highest percentage spending entities are GAAL at R31.4 million or 86.7 percent and LGB at R31.6 million or 83.6 percent. The Provincial entities project to underspend by R69.9 million or 8.4 percent mainly in LEDA at R64.2 million or 10.0 percent and RAL at R6.3 million or 7.7 percent.

**Table 3: Goods and Services as at 31 January 2021**

| R thousand                                                                                       | Main Appropriation | Adjusted Appropriation | Projected outcome | Actual spending as at 31 January 2021 | Actual spending as % of Adjusted budget | (Over)         | Under          | %(Over)/ under of Adjusted budget |
|--------------------------------------------------------------------------------------------------|--------------------|------------------------|-------------------|---------------------------------------|-----------------------------------------|----------------|----------------|-----------------------------------|
| Limpopo Economic Development Agency                                                              | 698 112            | 603 100                | 384 726           | 277 669                               | 46,0%                                   | –              | 218 374        | 36,2%                             |
| Limpopo Gambling Board                                                                           | 31 521             | 23 561                 | 22 994            | 18 928                                | 80,3%                                   | –              | 567            | 2,4%                              |
| Limpopo Tourism Agency                                                                           | 49 064             | 27 042                 | 23 178            | 12 804                                | 47,3%                                   | –              | 3 864          | 14,3%                             |
| Gateway Airport Authority                                                                        | 42 009             | 45 782                 | 25 988            | 19 120                                | 41,8%                                   | –              | 19 794         | 43,2%                             |
| Limpopo Roads Agency                                                                             | 77 223             | 37 226                 | 43 308            | 35 190                                | 94,5%                                   | -6 082         | –              | -16,3%                            |
| <b>Total</b>                                                                                     | <b>897 929</b>     | <b>736 711</b>         | <b>500 193</b>    | <b>363 710</b>                        | <b>49,4%</b>                            | <b>-6 082</b>  | <b>242 600</b> | <b>32,1%</b>                      |
| * Available funds refers to adjusted budget including any post adjustment (Virements and shifts) |                    |                        |                   |                                       | <b>Net</b>                              | <b>236 518</b> |                |                                   |

The overall spending on Goods and Services is at R363.7 million or 49.4 percent of the total adjusted budget of R736.7 million. The province project to underspend by R236.5 million or 32.1 percent mainly in LEDA by R218.4 million or 36.2 percent and GAAL at R19.8 million or 43.2 percent. RAL is projecting to overspend due to legal and out of court settlements. The process to advertise, evaluate and appoint contractors for maintenance took longer than anticipated resulting in underspending under conditional grant.

#### 4.1.2. Payment for Capital Assets

**Table 4: Payment for Capital Assets as at 31 January 2021**

| R thousand                          | Main Appropriation | Adjusted Appropriation | Projected outcome | Actual spending as at 31 January 2021 | Actual spending as % of Adjusted budget | (Over)      | Under          | %(Over)/ under of Adjusted budget |
|-------------------------------------|--------------------|------------------------|-------------------|---------------------------------------|-----------------------------------------|-------------|----------------|-----------------------------------|
| Limpopo Economic Development Agency | 385 278            | 313 278                | 120 021           | 56 633                                | 18,1%                                   | -           | 193 257        | 61,7%                             |
| Limpopo Gambling Board              | 320                | 40                     | 496               | 470                                   | 1175,0%                                 | -456        | -              | -1140,0%                          |
| Limpopo Tourism Agency              | 2 851              | 3 873                  | 3 092             | 1 017                                 | 26,3%                                   | -           | 781            | 20,2%                             |
| Gateway Airport Authority           | -                  | -                      | 321               | 321                                   | -100,0%                                 | -321        | -              | -100,0%                           |
| Limpopo Roads Agency                | 1 300 806          | 1 202 757              | 811 848           | 554 226                               | 46,1%                                   | -           | 390 909        | 32,5%                             |
| <b>Total</b>                        | <b>1 689 255</b>   | <b>1 519 948</b>       | <b>935 778</b>    | <b>612 667</b>                        | <b>40,3%</b>                            | <b>-777</b> | <b>584 947</b> | <b>38,4%</b>                      |
|                                     |                    |                        |                   |                                       |                                         | <b>Net</b>  | <b>584 170</b> |                                   |

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

**Payment for Capital Assets** spent R612.7 million or 40.3 percent of the total adjusted budget of R1.5 billion. The entities project to underspend by R584.9 million or 38.4 percent, mainly under LEDA at R193.3 million or 61.7 percent and RAL at R390.9 million or 32.5 percent. RAL is projecting to underspend by R390.9 million or 32.5 percent due to delays in appointing contractors while LEDA is projecting to underspend by R193.3 million or 61.7 percent due to projects which could not be implemented on time as a result of lockdown, even though some projects have been reactivated the entity will not spend all its allocation due to low economic activities.

## 5. Conclusion

Provincial Public Entities expenditure report is hereby submitted and the following should be noted: -

- The overall provincial public entities spending as at 31 January 2021 amounts to R1.5 billion or 51.2 percent of the total adjusted budget of R3.1 billion.
- The projected underspending by the entities is R918.6 million or 29.4 percent.

Regards,



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**Pratt GC CA (SA)**  
**HOD: Provincial Treasury**

22/2/2021  
**Date**