



PROVINCIAL TREASURY

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LIMPOPO PROVINCIAL REVENUE AND EXPENDITURE REPORT AS AT 31 JULY 2020

1. Purpose

To submit to the National Treasury a report on Limpopo Provincial Revenue and Expenditure as at 31 July 2020.

2. Background

The Limpopo Provincial Treasury hereby submit the provincial revenue and expenditure report as at 31 July 2020 in line with chapter 5, section 40 (4) (c) (i) – (iii) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended by Act 29 of 1999. The Act requires the designated accounting officers of departments to submit to the provincial treasury, information on actual revenue and expenditure for the preceding month and again provided the anticipated revenue and expenditure for the remaining period of the financial year and explanation on material variance.

3. Discussion

The Limpopo provincial government revenue and expenditure trend for the period under review finds its basis on the July 2020 In-Year Monitoring (IYM) reports from various provincial departments. Departmental submissions were duly analyzed in terms of the projected revenue and expenditure, projected cash requests and actual expenditure as recorded in the IYM reports and Infrastructure Reporting Model (IRM) submissions. The explanations for the variances were provided by departments as per their IYM and IRM variance reports and where necessary, further clarity was sought from the departments in line with the requirements.

4. Cash Management

Provincial Treasury normally conducts Annual Cash Allocations Bi-laterals with all departments and subsequently issue Cash Allocation Letters at the beginning of and just after tabling of Adjustment Estimates every financial year. These serve to mitigate risk of overspending the budget as they enable Treasury to outline and clarify payment and cash management processes, as well as scheduling payment runs and allocating funds for each in line with business plans and cash projections. It also enables departments to set informed payment terms with their service providers in the course of service delivery. The processes have not yet taken place this year due to delays in issuing of National Payments Schedule by National Treasury as a result of national lockdown and pending re-tabling of reprioritized budget by the MEC for Provincial Treasury.

The payment runs in the province for both salaries, goods and services, as well as transfers are arranged as follows:-

- PERSAL runs are scheduled 5 times a month, i.e. the 15th for normal salaries, 22nd for Educators' salaries, two Supplementary payments (claims) and month-end for probation, contract employees and third party deductions.
- BAS runs (payments of suppliers) are scheduled twice, i.e. for the action dates 15th and for month-end.

Payments have been scheduled for the financial year 2020/21 and several payment tapes have already been released thus far to meet prior year's accruals and payables, statutory and other contractual obligations for the current financial year, including Covid-19 related payments. This was based on cash flow projections that were submitted to National Treasury by the 15th March and tapes were honored from the tranches already received by the province prior receipt of Draft National Payments Schedule.

Table 1: Funds received from National Revenue Fund for period up to 31 July 2020

R'000

Fund/Grant Names	Receipts from National Revenue Fund					
	Annual Budget	Cash Flows Against National Payments Schedule				Balance to Annual Budget
		Allocation 31-Jul-20	% Allocation 31-Jul-20	Actual Receipt 31-Jul-20	Deviation from Schedule	
Equitable Share	62,328,931	20,776,312	33%	20,776,312	-	41,552,619
Conditional Grants:-	9,890,179	3,574,809	36%	3,451,430	123,379	6,438,749
National School Nutrition Prog.	1,369,485	705,933	52%	705,933	-	663,552
HIV/AIDS	28,137	11,252	40%	11,252	-	16,885
Education Infrastructure	1,256,364	376,909	30%	376,909	-	879,455
Learner with profound intellectual disabilities	32,432	9,730	30%	9,730	-	22,702
Maths, Science and Technology	46,860	4,686	10%	4,686	-	42,174
Letsema Projects	70,480	14,096	20%	-	14,096	70,480
CASP	233,558	49,047	21%	-	49,047	233,558
Land Care Programme	12,970	1,297	10%	-	1,297	12,970
Health Facility Revitalisation	742,473	327,187	44%	327,187	-	415,286
Comprehensive HIV/AIDS	2,179,020	797,657	37%	797,657	-	1,381,363
National Tertiary Services	445,200	158,758	36%	159,758	(1,000)	285,442
Health Professional Training & Development	157,624	52,544		52,544	-	105,080
Statutory Human Resources	74,547	24,851	33%	24,851	-	49,696
National Health Insurance	32,066	10,688	33%	-	10,688	32,066
Public Transport Operation	402,035	99,319	25%	99,319	-	302,716
Provincial Roads Maintainance	1,294,756	291,029	22%	291,029	-	1,003,727
Human Settlement Development	1,060,622	464,414	44%	464,414	-	596,208
Title Deed Restoration	37,790	2,873	8%	-	2,873	37,790
EPWP Integrated Grant	25,379	6,344	25%	6,344	-	19,035
Social Sector (EPWP) Incentive	59,073	41,351	70%	14,768	26,583	44,305
Early Childhood Development	127,724	33,255	26%	31,046	2,209	96,678
Mass Participation & Sport Development	58,363	11,673	20%	11,673	-	46,690
Community Library Services Grant	143,221	79,916	56%	62,330	17,586	80,891
Total National Payments	72,219,110	24,351,121	34%	24,227,742	123,379	47,991,368

According to the Draft National Payments Schedule the province was set to receive an amount of R24.4 billion comprising R20.8 billion in Equitable Share and R3.6 billion in Conditional Grants, representing 34 percent of the annual national payments as at end of July 2020. The province has instead received an amount of R24.2 billion where it was under-transferred by R123.4 million in eight (8) Conditional Grants, viz Letsema Projects – R14.1 million, CASP – R49.0 million, Land Care Programme –R1.3 million, National Health Insurance – R10.7 million, Title Deed Restoration – R2.9 million, Social Sector (EPWP) Incentive – R26.6 million, Early Childhood Development – R2.2 million, as well as Community Library Services grant by R17.6 million. National Tertiary Services was over-transferred by R1.0 million.

Table 2: Actual Expenditure vs Cash Allocations and Actual Funds Transferred to departments for period up to 31 July 2020

Departments	Opening Bank Balances at 1-Apr-20 R' 000	Cash Allocation 31-Jul-20 R' 000	Actual Expenditure 31-Jul-20 R' 000	Tranfers To Departments 31-Jul-20 R' 000	Variance Cash allocation Vs Actual Expenditure		Variance Actual Expenditure Vs Funds Transferred	
					Amount R' 000	%	Amount R' 000	%
Education	335,757	10,656,266	10,045,325	10,059,922	610,941	5.7%	-14,597	-0.1%
Health	91,751	7,552,771	7,220,519	7,190,111	332,252	4.4%	30,408	0.4%
Social Development	-562	772,094	643,256	680,792	128,838	16.7%	-37,536	-5.8%
Office of the Premier	18,155	141,235	123,446	124,066	17,789	12.6%	-620	-0.5%
Provincial Legislature	22,738	188,612	127,186	188,612	61,426	32.6%	-61,426	-48.3%
Agriculture & Rural Development	80,043	646,894	488,820	419,654	158,074	24.4%	69,166	14.1%
Provincial Treasury	26,406	176,550	128,620	118,086	47,930	27.1%	10,534	8.2%
LEDET	29,395	537,195	482,711	480,636	54,484	10.1%	2,075	0.4%
Transport	126,180	840,135	577,203	508,173	262,932	31.3%	69,030	12.0%
Public Works, Roads and Infras.	436,792	1,324,262	701,866	692,915	622,396	47.0%	8,951	1.3%
CoGHSTA	85,671	902,331	525,451	545,519	376,880	41.8%	-20,068	-3.8%
Sport, Arts & Culture	57,598	186,082	116,479	116,433	69,603	37.4%	46	0.0%
Total	1,309,924	23,924,427	21,180,882	21,124,919	2,743,545	11.5%	55,963	0.3%
Equitable Share	787,580	20,349,618	19,445,729	18,342,631	903,889	4.4%	1,103,098	5.7%
Conditional Grants	506,934	3,574,809	1,735,153	2,782,288	1,839,656	51.5%	-1,047,135	-60.3%
Total	1,294,514	23,924,427	21,180,882	21,124,919	2,743,545	11.5%	55,963	0.3%

An analysis of actual expenditure against cash allocations and actual funds transferred indicates departments' ability to plan and spend in line with their plans.

Departments opened the financial year with a group favorable bank balance amounting R1.3 billion, comprising 2019/20 pre-audit underspending of R1.3 billion and the balance of own revenue collections which were not yet paid into Provincial Revenue Fund (PRF) by 31 March 2020. This pre-audit underspending comprises of R787.6 million in Equitable Share and R506.9 million in conditional grants and those are estimated amounts that departments surrendered to PRF and awaiting the roll-over process that will unfold shortly.

Comparing actual expenditure to cash allocations/cash projections for period up to July 2020, departments under-spent their overall cash allocations/cash projections by R2.7 billion or 11.5 percent. Equitable Share was underspent by R903.9 million or 4.4 percent, while Conditional Grants was underspent by R1.8 billion or 51.5 percent. This is mainly attributed to the national lockdown as majority of economic activities were at stand still for the better part of the 1st quarter.

It is important to further note that the PMG accounts are funded in line with payments processed and disbursed by departments within their respective cash allocations/projections in minimizing PMG balances at the commercial bank and optimizing provincial CPD account in the South African Reserve Bank to maximize returns. Comparing total actual transfer to total actual expenditure, Provincial Revenue Fund under-transferred departments by R55.963 million or 0.3 percent, with Equitable share under-transferred by R1.103 billion or 5.7 percent while Conditional Grant was over-transferred by R1.047 billion or 60.3 percent. Reason for under-transfer in some departments was the favorable opening balances on the payment dates, while

over-transfer in others was due to surrender of prior year's underspending and own revenue included in the payment tape while the opening balance was not sufficient on the payment date. This is with exception of Provincial Legislature that was over-transferred due to its independence in terms of its new Financial Management Act compelling PRF to transfer all its cash allocations at the beginning of each month irrespective of its spending patterns. Legislature is allowed to invest its own surpluses and accumulate its own interest independent of Provincial Revenue Fund.

Table 3: Interest Performance

R'000

Institution	2020/21												Total
	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	
Call Account (Absa)	2,265	69											2,334
CPD (SA Reserve Bank)	10,283	15,051	13,325	17,391									56,050
Commercial Bank (Absa)	2,163	4,176	1,352	1,199									8,890
Total	14,711	19,296	14,677	18,590	-	-	-	-	-	-	-	-	67,274

Institution	2019/20												Total
	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	
Call Account (Absa)	-	-											-
CPD (SA Reserve Bank)	14,225	19,417	13,005	18,459									65,106
Commercial Bank (Absa)	2,178	2,312	1,297	1,767									7,554
Total	16,403	21,729	14,302	20,226	-	-	-	-	-	-	-	-	72,660

-13.91%
 -7.41%

It is important to note that the province generates interest from its daily group favorable bank balance comprising Exchequer Account, Exchequer-linked Call Account, PMG Accounts, as well as Wildlife Resorts and Agricultural Colleges sub-accounts held with the provincial banker. It further generates interest from its CPD account held at the South African Reserve Bank for Equitable Share flow and investment purposes.

In terms of the table 3 above, the province recorded an overall decline of 7.4 percent in interest revenue from R72.7 million during same period in 2019/20 to R67.3 million this financial year. The decline was mainly on CPD account which dropped 13.91 percent over the same period, mainly due to a sharp decline in interest rates resulting from recent downgrades and coupled with national lockdowns following Covid-19 outbreak. The provincial cash reserve has also drastically reduced as it was utilized to fund priorities and budget pressures year-on-year.

5. Provincial Expenditure

Table 4: Provincial overall expenditure as at 31 July 2020

	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 July 2020	Actual spending as % of Adjusted budget	(Over)	Under	% (Over)/ under of Adjusted budget
Rthousand										
Education	33 893 648	-316 083	33 577 565	33 577 565	33 577 565	10 045 325	29,6%	-	-	0,0%
Health	22 142 941	1 084 312	23 227 253	23 227 253	23 629 246	7 220 519	32,6%	-401 993	-	-1,7%
Social Development	2 360 027	-188 106	2 171 921	2 171 921	2 230 212	643 256	27,3%	-58 291	-	-2,7%
Office Of The Premier	450 205	-50 483	399 722	399 722	399 722	123 446	27,4%	-	-	0,0%
Provincial Legislature	385 137	-21 000	364 137	364 137	366 627	127 186	33,0%	-2 490	-	-0,7%
Agriculture	2 031 311	-318 561	1 712 750	1 712 750	1 712 750	488 820	24,1%	-	-	0,0%
Provincial Treasury	521 312	-80 199	441 113	441 113	426 083	128 620	24,7%	-	15 030	3,4%
Economic Development, Environment And Tourism	1 706 008	-378 377	1 327 631	1 327 631	1 343 547	482 711	28,3%	-15 916	-	-1,2%
Transport and Community Safety	2 454 549	-141 906	2 312 643	2 312 643	2 312 643	577 203	23,5%	-	-	0,0%
Public Works, Roads And Infrastructure	3 859 787	-409 347	3 450 440	3 450 440	3 450 440	701 866	18,2%	-	-	0,0%
Cooperative Governance, Human Settlements And Urban Development	2 466 516	-251 479	2 215 037	2 215 037	2 215 041	525 451	21,3%	-4	-	0,0%
Sport, Arts And Culture	524 882	-115 630	409 252	409 252	409 252	116 479	22,2%	-	-	0,0%
Total	72 796 323	-1 186 859	71 609 464	71 609 464	72 073 128	21 180 882	29,6%	-478 694	15 030	-0,6%
Economic classification							Net	-463 664		
Current payments	62 176 742	-238 035	61 938 708	61 938 708	62 377 300	18 754 716	30,3%	-438 592	-	-0,7%
Compensation of employees	50 818 159	-215 071	50 603 088	50 603 088	50 619 028	15 914 056	31,4%	-15 940	-	0,0%
Goods and services	11 357 637	-22 964	11 334 674	11 334 674	11 757 326	2 840 660	25,1%	-422 652	-	-3,7%
Interest and rent on land	946	-	946	946	946	-	0,0%	-	-	0,0%
Transfers and subsidies	8 067 034	-603 362	7 463 672	7 463 672	7 464 978	2 122 942	28,4%	-1 306	-	0,0%
Payments for capital assets	2 552 547	-345 463	2 207 084	2 207 039	2 230 850	303 224	13,7%	-23 766	-	-1,1%
Total	72 796 323	-1 186 859	71 609 464	71 609 419	72 073 128	21 180 882	29,6%	-463 664	-	-0,6%
<i>* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)</i>							Net	-463 664		

Overall the provincial expenditure is R21.2 billion representing 29.6 percent spending of the R71.6 billion adjusted budget. The spending is below the straight line projection of 33.2 percent. The Province spent R22.4 billion or 32.2 percent the previous financial year by end of July. The low spending is mainly contributed to the COVID-19 lockdown since most of the activities were on hold. Hereunder is the synopsis of provincial expenditure as at 31 July 2020: -

- **Compensation of Employees (CoE)** spent R15.9 billion or 31.4 percent of the total adjusted budget of R50.6 billion.
- **Goods and Services** spent R2.8 billion or 25.1 percent of the total adjusted budget of R11.3 billion.
- **Transfers and subsidies** recorded an expenditure of R2.1 billion or 28.4 percent of the total adjusted budget of R7.5 billion.
- **Payment for Capital Assets** spent R303.2 million or 13.7 percent of the total adjusted budget of R2.2 billion.

The department of Health, Social Development, Legislature, and Economic Development are projecting to overspend by R478.7 million while Provincial Treasury is projecting to underspend by R15.0 million. The province is projecting to overspend by R463.7 million or 0.6 percent. The

projected overspending is mainly as a result of expected expenditure to address the COVID-19 pandemic.

5.1. Spending per Economic Classification

5.1.1. Compensation of Employees

Table 5: Compensation of Employees as at 31 July 2020

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual as at 31 July 2020	Actual spending as % of Adjusted budget	(Over)	Under	%(Over)/ under of Adjusted budget
Education	27 050 417	41 954	27 092 371	27 092 371	27 092 371	8 516 794	31,4%	-	-	0,0%
Health	16 127 301	66 187	16 193 488	16 193 488	16 193 488	5 102 988	31,5%	-	-	0,0%
Social Development	1 356 928	-95 929	1 260 999	1 260 999	1 277 984	396 887	31,5%	-16 985	-	-1,3%
Office of the Premier	331 134	-9 000	322 134	322 134	322 134	98 855	30,7%	-	-	0,0%
Provincial Legislature	224 475	-	224 475	224 475	226 215	73 685	32,8%	-1 740	-	-0,8%
Agriculture	1 231 924	-68 007	1 163 917	1 163 917	1 163 917	360 643	31,0%	-	-	0,0%
Provincial Treasury	339 096	-18 552	320 544	320 544	310 264	97 641	30,5%	-	10 280	3,2%
Economic Development	608 016	-8 767	599 249	599 249	599 249	180 983	30,2%	-	-	0,0%
Transport and Community Safety	1 118 546	-	1 118 546	1 118 546	1 118 546	357 767	32,0%	-	-	0,0%
Public Works, Roads and Infrastructure	1 159 073	-68 259	1 090 814	1 090 814	1 098 309	335 430	30,8%	-7 495	-	-0,7%
Cooperative Governance, Human Settlement	1 045 221	-20 650	1 024 571	1 024 571	1 024 571	326 560	31,9%	-	-	0,0%
Sport, Arts and Culture	228 028	-34 048	191 980	191 980	191 980	65 823	34,3%	-	-	0,0%
Total	50 818 159	-215 071	50 603 088	50 603 088	50 619 028	15 914 056	31,4%	-26 220	10 280	0,0%
* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)								Net	-15 940	

The overall provincial CoE spending is at R15.9 billion or 31.4 percent by the end of July 2020. The highest percentage spending departments are Health and Social Development at 31.5 percent or R5.1 billion and R396.8 million respectively, Legislature at 32.8 percent or R73.7 million, Transport and Community Safety at 32.0 percent or R357.8 million and Sport, Arts and Culture at 34.3 percent or R65.8 million. Overall the province is projecting to overspend by R8.3 million.

5.1.2. Goods and Services

Table 6: Goods and Services as at 31 July 2020

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds ^a	Projected outcome	Actual as at 31 July 2020	Actual spending as % of Adjusted budget	(Over)	Under	% (Over)/ under of Adjusted budget
Education	3 030 006	-18 536	3 011 470	3 011 470	3 011 470	253 900	8,4%	-	-	0,0%
Health	5 096 217	769 664	5 865 881	5 865 881	6 267 874	1 962 976	33,5%	-401 993	-	-6,9%
Social Development	309 577	-61 483	248 094	248 094	268 767	68 656	27,7%	-20 673	-	-8,3%
Office of the Premier	108 917	-39 495	69 422	108 917	69 422	21 825	31,4%	-	-	0,0%
Provincial Legislature	71 246	-19 825	51 421	51 421	51 421	8 163	15,9%	-	-	0,0%
Agriculture	467 185	-152 646	314 539	314 539	314 539	103 312	32,8%	-	-	0,0%
Provincial Treasury	159 865	-52 740	107 125	159 865	101 637	26 904	25,1%	-	5 488	5,1%
Economic Development	279 301	-92 249	187 052	187 052	200 640	56 438	30,2%	-13 588	-	-7,3%
Transport and Community Safety	391 147	-116 730	274 417	274 417	274 417	84 944	31,0%	-	-	0,0%
Public Works, Roads and Infrastructure	1 014 543	-129 793	884 751	876 666	876 666	162 462	18,4%	-	8 085	0,9%
Cooperative Governance, Human Settlement	229 717	-66 699	163 018	163 018	162 989	54 775	33,6%	-	29	0,0%
Sport , Arts and Culture	199 916	-42 432	157 484	157 484	157 484	36 305	23,1%	-	-	0,0%
Total	11 357 637	-22 964	11 334 674	11 418 824	11 757 326	2 840 660	25,1%	-436 254	13 602	-3,7%
								Net	-422 652	

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

The overall spending on Goods and Services is at R2.8 billion or 25.1 percent of the total adjusted budget of R11.3 billion. The highest percentage spending departments are Health, Office of the Premier at R21.8 million or 31.4 percent and CoGHSTA at R54.8 million or 33.6 percent. Department of Health is projecting to overspend by R402.0 million or 6.9 percent, Social Development by R20.7 million or 8.3 percent and Economic Development by R13.6 million or 7.3 percent.

The Province is projecting to overspend by R430.2 million or 3.8 percent. The impact of COVID-19 and the lockdown to slow the spread of the pandemic has contributed significantly on spending on this item. Departments and entities suspended travelling, meetings and accommodations which are major cost drivers on the item.

5.1.3. Transfers and subsidies

Table 7: Transfers and subsidies as at 31 July 2020

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual as at 31 July 2020	Actual spending as % of Adjusted budget	(Over)	Under	%(Over)/ under of Adjusted budget
Education	2 583 701	-23 757	2 559 944	2 559 944	2 559 944	1 157 014	45,2%	-	-	0,0%
Health	169 245	-	169 245	169 245	169 245	44 638	26,4%	-	-	0,0%
Social Development	624 169	7 990	632 159	632 159	632 159	148 887	23,9%	-	-	0,0%
Office of the Premier	5 645	-	5 645	5 645	5 645	823	14,6%	-	-	0,0%
Provincial Legislature	81 342	-	81 342	81 342	82 092	45 338	55,7%	-750	-	-0,9%
Agriculture	241 970	-47 859	194 111	194 111	190 956	20 782	10,7%	-	3 155	1,6%
Provincial Treasury	4 736	-2 000	2 736	2 736	3 474	1 398	51,1%	-738	-	-27,0%
Economic Development	769 393	-240 302	529 091	529 091	531 425	241 521	45,6%	-2 334	-	-0,4%
Transport and Community Safety	884 133	-176	883 957	883 957	883 957	131 812	14,9%	-	-	0,0%
Public Works, Roads and Infrastructure	1 561 741	-157 220	1 404 522	1 404 522	1 405 157	185 673	13,2%	-635	-	0,0%
Cooperative Governance, Human Settlement	1 131 634	-137 171	994 463	994 463	994 467	142 279	14,3%	-4	-	0,0%
Sport, Arts and Culture	9 325	-2 868	6 457	6 457	6 457	2 777	43,0%	-	-	0,0%
Total	8 067 034	-603 363	7 463 672	7 463 672	7 464 978	2 122 942	28,4%	-4 461	3 155	0,0%

The province spent R2.1 billion or 28.4 percent of the total adjusted budget of R7.5 billion on Transfers and subsidies. The highest percentage spending departments are Education, Provincial Legislature, Economic Development and Provincial Treasury at R1.2 billion or 45.2 percent, R45.3 million or 55.7 percent, R241.5 million or 45.6 percent and R1.4 million or 51.1 percent respectively. The Province is projecting to overspend by R1.3 million.

5.1.4. Payment for Capital Assets

Table 8: Payment for Capital Assets as at 31 July 2020

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual as at 31 July 2020	Actual spending as % of Adjusted budget	(Over)	Under	% (Over)/ under of Adjusted budget
Education	1 229 524	-315 744	913 780	913 780	913 780	117 617	12,9%	-	-	0,0%
Health	750 178	248 461	998 639	998 639	998 639	109 917	11,0%	-	-	0,0%
Social Development	69 353	-38 684	30 669	30 669	51 302	28 826	94,0%	-20 633	-	-67,3%
Office of the Premier	4 509	-1 988	2 521	2 521	2 521	1 943	77,1%	-	-	0,0%
Provincial Legislature	8 074	-1 175	6 899	6 899	6 899	-	0,0%	-	-	0,0%
Agriculture	90 232	-50 049	40 183	40 183	43 338	4 083	10,2%	-3 155	-	-7,9%
Provincial Treasury	17 615	-6 907	10 708	10 708	10 708	2 677	25,0%	-	-	0,0%
Economic Development	48 353	-37 060	11 293	11 293	11 287	3 769	33,4%	-	6	0,0%
Transport and Community Safety	60 723	-25 000	35 723	35 723	35 723	2 680	7,5%	-	-	0,0%
Public Works, Roads and Infrastructure	124 430	-54 076	70 354	70 308	70 308	18 301	26,0%	-	46	0,0%
Cooperative Governance, Human Settlement	59 944	-26 959	32 985	32 985	33 014	1 837	5,6%	-29	-	-0,1%
Sport, Arts and Culture	89 613	-36 282	53 331	53 331	53 331	11 574	21,7%	-	-	0,0%
Total	2 552 548	-345 463	2 207 085	2 207 039	2 230 850	303 224	13,7%	-23 817	52	-1,1%
							Net	-23 765		

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

The overall provincial expenditure on Payment for Capital Assets is at R303.2 million or 13.7 percent of the total adjusted budget of R2.2 billion. The provincial spending on this classification is expected to improve during the coming quarters due to the easing of lockdown rules. Capital projects were not classified as essentials during lockdown level five (5). The Province is projecting to overspend by R23.8 million or 1.1 percent. Most of the projects were on hold due to the COVID-19 pandemic.

5.2. Equitable share spending

Table 9: Equitable share spending as at 31 July 2020

	Main Appropriation	Special Adjusted Appropriation	Actual as at 30 July 2020	Actual spending as % of budget	Projected Outcome- July 2020	Variance
Education	31 137 468	31 117 224	9 743 304	31,3%	31 117 224	-
Health	18 483 725	19 302 159	6 160 997	31,9%	19 704 152	(401 993)
Social Development	2 220 349	2 032 243	614 363	30,2%	2 090 534	(58 291)
Office of the Premier	450 205	399 722	123 446	30,9%	399 722	-
Provincial Legislature	385 137	364 137	127 186	34,9%	366 627	(2 490)
Agriculture	1 707 693	1 465 812	451 440	30,8%	1 465 812	-
Provincial Treasury	521 312	441 113	128 620	29,2%	426 083	15 030
Economic Development, Environment and Tourism	1 703 014	1 324 637	482 431	36,4%	1 340 553	(15 916)
Transport and Community Safety	2 050 514	1 908 608	512 620	26,9%	1 908 608	-
Public Works, Roads and Infrastructure	2 559 325	2 346 075	627 948	26,8%	2 346 075	-
Cooperative Governance, Human Settlement and Sport, Arts and Culture	1 366 104	1 251 796	390 067	31,2%	1 251 800	(4)
	321 298	266 531	83 307	31,3%	266 531	-
Total	62 906 144	62 220 057	19 445 729	31,3%	62 683 721	(463 664)
Economic classification						
Current payments	56 870 470	56 586 134	17 586 964	31,08%	57 024 681	(438 547)
Compensation of employees	49 391 865	49 012 529	15 485 171	31,6%	49 020 864	(8 335)
Goods and Services	7 478 605	7 573 605	2 101 793	27,8%	8 003 817	(430 212)
Interest and rent on land	946	946	-	0,0%	946	-
Current transfers and subsidies	5 366 903	5 055 409	1 739 016	34,4%	5 056 715	(1 306)
Payments for capital assets	667 825	577 568	119 749	20,7%	601 379	(23 811)
Payments for financial assets	-	-	-	100,0%	-	-
Total	62 906 144	62 220 057	19 445 729	31,3%	62 683 721	(463 664)

Provincial equitable share spending is at R19.4 billion or 31.3 percent of the total adjusted budget of R62.2 billion. The highest percentage spending departments are Health at R6.1 billion or 31.9 percent, Education and Sport, arts and Culture at R9.7 billion or 31.3 percent, R83.3 million or 31.3 percent respectively and LEDET at R482.4 million or 36.4 percent. The Province is projecting to overspend by R463.7 million or 0.7 percent.

5.3. Conditional Grants

Table 10: Conditional Grants spending per department as at 31 July 2020

Summary Conditional Grant						
	Main Appropriation	Special Adjusted Appropriation	Actual as at 31 July 2020	Actual spending as % of budget	Projected Outcome- July 2020	Variance
Education	2 756 180	2 460 341	302 021	12,3%	2 460 341	-
Health	3 659 216	3 925 094	1 059 522	27,0%	3 925 094	-
Social Development	139 678	139 678	28 893	20,7%	139 678	-
Public Works , Roads and Infrastructure	1 300 462	1 104 365	73 918	6,7%	1 104 365	-
Agriculture	323 618	246 938	37 380	15,1%	246 938	-
Transport and Community Safety	404 035	404 035	64 583	16,0%	404 035	-
CoGHSTA	1 100 412	963 241	135 384	14,1%	963 241	-
Sport, Arts and Culture	203 584	142 721	33 172	23,2%	142 721	-
Economic Development	2 994	2 994	280	9,4%	2 994	-
Total	9 890 179	9 389 407	1 735 153	18,5%	9 389 407	-
Current payments	5 291 326	5 351 673	1 167 752	21,82%	5 351 673	-
Compensation of employees	1 426 294	1 598 164	428 885	26,8%	1 598 164	-
Goods and Services	3 865 032	3 753 509	738 867	19,7%	3 753 509	-
Current transfers and subsidies	2 714 131	2 408 263	383 926	15,9%	2 408 263	-
Payments for capital assets	1 884 722	1 629 471	183 475	11,3%	1 629 471	-
Total	9 890 179	9 389 407	1 735 153	18,5%	9 389 407	-

The CGs' overall expenditure is at R1.7 billion or 18.5 percent of the total adjusted budget of R9.4 billion. The low expenditure is due to COVID-19 lockdown to address the spread of the disease. The highest percentage spending department is Sport, Arts and Culture 23.2 percent or R33.2 million of the total adjusted budget of R142.7 million, Health at 27.0 percent or R1.1 billion and Social Development at 20.7 percent or R28.9 million.

Table 11: Limpopo Conditional Grant spending per grant as at 31 July 2020.

R thousand	Budget	Special Adjustment	Provincial Actual Payments	Actual Payments as a % of budget
Agriculture	323 618	246 938	37 380	15,1%
Comprehensive Agricultural Support Programme	233 558	174 498	26 919	15,4%
Ilima/Letsema Projects Grant	70 480	52 860	8 799	16,6%
EPWP Integrated grant	6 610	6 610	1 662	25,1%
Land Care Programme Grant	12 970	12 970	–	0,0%
Sport, Arts and Culture	203 584	142 721	33 172	23,2%
Mass Sport and Recreation Programme	58 363	32 291	4 906	15,2%
EPWP Integrated grant	2 000	2 000	75	3,8%
Community Library Services Grant	143 221	108 430	28 191	26,0%
Education	2 756 180	2 460 341	302 021	12,3%
HIV and Aids (Life Skills Education) Grant	28 137	21 339	817	3,8%
National School Nutrition Programme Grant	1 369 485	1 369 485	166 256	12,1%
Infrastructure Grant	1 256 364	976 043	121 215	12,4%
Maths, Science and Technology	46 860	38 140	1 891	5,0%
Learners with Profound Intellectual Disabilities	32 432	32 432	6 202	19,1%
Social sector EPWP grant	20 833	20 833	5 615	27,0%
EPWP Incentive allocation	2 069	2 069	25	1,2%
Health	3 659 216	3 925 094	1 059 522	27,0%
Comprehensive HIV and Aids Grant	2 179 020	2 402 449	619 464	25,8%
Community Outreach Services Component	337 473	337 473	–	0,0%
Comprehensive HIV, AIDS Component	1 555 254	1 555 254	596 515	38,4%
Human Papillomavirus Vaccine Grant	30 604	30 604	–	0,0%
Malaria Component	70 370	70 370	22 949	32,6%
Tuberculosis Component	47 314	47 314	–	0,0%
COVID-19 Disaster grant	138 005	361 434	–	0,0%
Human Resources and Health Professions	232 171	232 171	79 247	34,1%
Statutory Human Resources	74 547	74 547	27 421	36,8%
Training and Development	157 624	157 624	51 826	32,9%
EPWP Social Sector	28 286	28 286	7 334	25,9%
Hospital Revitalisation Grant	742 473	742 473	139 280	18,8%
Health Insurance	32 066	32 066	21 203	66,1%
National Tertiary Services Grant	445 200	445 200	150 545	33,8%
Disaster Emergency Funds	–	42 449	42 449	100,0%
COGHSTA	1 100 412	963 241	135 384	14,1%
Integrated Housing & Human Settlements Deve	1 060 622	948 161	135 384	14,3%
Deeds Restoration	37 790	13 080	–	0,0%
EPWP Incentive allocation	2 000	2 000	–	0,0%
Public Works, Roads and Infrastructure	1 300 462	1 104 365	73 918	6,7%
Infrastructure Grant	1 164 756	968 659	70 370	7,3%
Flood Damage Roads Maintenance Grant	130 000	130 000	–	0,0%
EPWP Integrated grant	5 706	5 706	3 548	62,2%
Economic Development	2 994	2 994	280	9,4%
EPWP Incentive grant	2 994	2 994	280	9,4%
Social Development	139 678	139 678	28 893	20,7%
Early Childhood development	127 724	127 724	24 795	19,4%
EPWP Integrated grant	2 000	2 000	582	29,1%
EPWP Social sector grant	9 954	9 954	3 516	35,3%
Transport and Community Safety	404 035	404 035	64 583	16,0%
Public Transport Operations Grant	402 035	402 035	64 583	16,1%
EPWP incentive grant	2 000	2 000	–	0,0%
Total	9 890 179	9 389 407	1 735 153	18,5%

5.3.1. Agriculture

Overall spending by the department on Conditional Grant (CG) is R37.4 million or 15.1 percent of the total adjusted budget of R246.9 million. The low expenditure is due to COVID-19 lockdown.

- **Comprehensive Agricultural Support programme** spent 14.4 percent or R26.9 million of the total adjusted budget of R174.5 million.
- **Land care** - did not spend during the period
- **ILLIMA/LETSEMA** spend R8.8 million or 16.6 percent
- **EPWP incentive grant** spend R1.7 million or 25.1 percent.

5.3.2. Sport, Arts and Culture.

The department recorded an overall CG's expenditure of R33.2 million or 23.2 percent of the total adjusted budget of R142.7 million. All programmes for the first quarter were cancelled due to COVID-19. The department have revised the targets to align to the COVID-19 pressures and requirements.

- **Mass Sport and Recreation Programme** spent R4.9 million or 15.2 percent of the total adjusted budget of R32.3 million.
- **Community Library Services** spent R28.2 million or 26.0 percent of the total adjusted budget of R108.4 million. The spending is mainly for prior year accruals.
- **EPWP Incentive grant** – spent R0.075 million or 3.8 percent during the period.

5.3.3. Education

Overall spending by the department is at R302.0 million or 12.3 percent of the total adjusted budget of R2.5 billion.

- **HIV/AIDS Life skills** spent R0.817 million or 3.8 percent of the total adjusted budget of R21.3 million. The low spending is caused by lack of activities due to National Lockdown. The subsequent revision of the business plan due to budget cut and the need to re-prioritize for COVID-19 for support and management at schools as per revised grant framework will enhance spending on the grant in line with the revised business plan.
- **National School Nutrition Programme** spent R166.3 million or 12.1 percent of the total adjusted budget of R1.4 billion. The low spending is as a result of lockdown. There was no feeding of food to learners due to the closure of schools and procurement of machinery and equipment could not take place as a result of lockdown.
- **Infrastructure grant** spent R121.2 million or 12.4 percent of the total adjusted budget of R976.0 billion. Deliveries of the resources purchased for the e-learning project could not be made as a result of lockdown and other infrastructure project were put on hold in order to fight the pandemic.

- **Maths, Science and Technology** spent R1.9 million or 5.0 percent of the total adjusted budget of R38.1 million. Low spending on Compensation of Employees on this grant is due to wrong posting of expenditure. Deliveries of e-learning solutions could not be concluded due to lockdown.
- **EPWP Social sector** grant spent R5.6 million or 27.0 percent of the total budget of R20.8 million. There was a delay of appointment and capturing of participants in the system due to lockdown. The planned training could not take place due to COVID-19.
- **EPWP Incentive Grant** - spent R0.025 million or 1.2 percent. The low spending is as a result of lockdown. Appointment of casual labourers was disrupted by lockdown. Protective clothing not procured pending the appointment of casual labourers.
- **Learners with Profound Intellectual Disabilities** – spent R6.2 million or 19.1 percent of the total budget of R32.4 million. Adjustment of plans and reprioritization of budget is underway in order to purchase materials which will assist learners to study. Delayed assumption of duty by appointed outreach team members also contributed to the low spending. Procurement could not take place as the economy was closed as a result of the lockdown.

5.3.4. Health

The overall spending on CG is R1.1 billion or 27.0 percent of the total adjusted budget of R3.9 billion.

- **HIV and AIDS** - spent 25.8 percent or R619.5 million of the total adjusted budget of R2.4 billion. The low spending is as a result of delayed implementation of the business plan due to National State of Disaster and lockdown. Reprioritized activities and amended business plan has already been submitted to Provincial Treasury and National Department of Health for approval amid the current State of National Disaster lockdown. Awaiting delivery of ARVs and invoices to the value of R111.9 million from service providers.
- **EPWP Social Sector** grant spend R7.3 million or 25.9 percent of the total budget of R28.3 million. There was a delay in reappointment of EPWP workers in July 2020.
- **National Tertiary Services** grant spent R150.5 million or 33.8 percent of the total budget of R445.2 million. The overall high spending is basically as a result of payment of invoices for covid-19 PPEs, laboratory tests and blood products.
- **Human Resources and Health Professions Training and Development** grant has recorded expenditure of R79.2 million or 34.1 percent of the total budget of R232.2 million.

The overall expenditure pattern is in line with the business plan. The overall high expenditure is mainly on goods and services as a result of payment of COVID-19 PPEs.

- **Health Facilities Revitalization grant** spent 18.8 percent or R139.3 million of the total budget of R742.5 million. Shortlisting for a prioritized Chief Engineer position took place but no suitable candidates were identified which also negatively affected the performance on the grant. A re-advertisement of the posts is being arranged. National Disaster Lockdown Level 4 restricted the operation of various economic sectors such as cement manufacture, access to building and hardware products and the free movement of goods and services generally. While the construction sector has opened up to some extent under level 3 restrictions there has been insufficient time to incur noticeable expenditure on projects
- **Human papilloma virus vaccine grant** – did not spend. The expenditure is anticipated to be incurred during the second round of 2020 campaign but due to covid-19 pandemic that will also affect the campaign, the business plan has been revised in order to allow the spending on other activities within the grant.
- **Health Insurance grant** - has recorded expenditure of R21.2 million or 66.1 percent of the total budget of R32.1 million. The high spending is as a result of payment of COVID-19 PPEs and appointed additional personnel in the fight for the pandemic.
- **COVID-19 disaster Management grant** did not spend as funds were allocated during special adjustment.

5.3.5 CoGHSTA

In overall, the department spent R135.4 million or 14.1 percent of the total adjusted budget of R963.2 billion.

- **Integrated Housing, Human Settlement Development grant** – spent R135.4 million or 14.3 percent of the adjusted budget of R948.2 million. The under spending is due to COVID-19 lockdown and as a result no construction of houses were made during the period. The expenditure incurred is for work done during 2019/20 of which claims could not be paid due to late submission of claims by service providers.
- **Deeds Restoration grant** did not spend
- **EPWP grant** reflects zero spending by end of July 2020. The department is in the process of renewing the contacts of EPWP workers.

5.3.6 LEDET

The department spent R0.280 million or 9.4 percent.

5.3.7. Department of Works, Roads and Infrastructure

Overall spending by the department is R73.9 million or 6.7 percent of the adjusted budget of R1.1 billion.

- **Infrastructure grant** – spent R70.4 million or 7.3 percent of the total adjusted budget of R968.7 million. Low spending is attributed to the declared National Disaster and lockdown to address the spread of corona virus.
- **Flood Damaged Roads Infrastructure** – did not spend.
- **EPWP grant** – spent R3.5 million or 62.2 percent of the total budget of R5.7 million.

5.3.8. Transport and Community Safety

The department has spent R64.6 million or 16.0 percent of the allocated budget of R404.0 million.

- **Public Transport Operations grant** – spent R64.6 million or 16.1 percent of the R402.0 million allocated budget, the performance of the grant was affected by the lockdown as buses spent the better part of the first quarter standing.
- **EPWP Incentive grant** – the spending is zero to date.

5.3.9. Social Development

Overall spending by the department is R28.9 million or 20.7 percent of the total budget of R139.7 million.

- **Early Childhood Development grant** - recorded an expenditure of R24.8 million or 19.4 percent of the total budget of R127.7 million. The spending has been negatively affected by the lockdown, however with changes on the grant frameworks, delivery of targets will be enhanced to ensure that ECD centers are conducive for the children and also to curb the corona virus.
- **EPWP social sector grant** - spent R3.5 million or 35.3 percent of the budget of R9.9 million.
- **EPWP integrated grant** - spent R0.582 million or 29.1 percent of the budget of R2.0 million.

6. COVID-19 spending report.

Table 12: COVID-19 expenditure

LIMPOPO COVID-19 CONSOLIDATED REPORT			
DEPARTMENT	BUDGET	EXPENDITURE	% SPENDING
Premier	6 821	627	9,2%
Legislature	1 000	344	34,4%
Education	417 223	39 873	9,6%
Agriculture and Rural Development	10 077	2 195	21,8%
Provincial Treasury	396	273	68,9%
Economic Development	44 818	1 468	3,3%
Health	2 469 753	563 211	22,8%
Transport and Community Safety	29 590	3 110	10,5%
Public Works, Roads and Infrastructure	40 598	2 287	5,6%
Sport Arts and Culture	16 049	388	2,4%
CoGHSTA	1 532	1 421	92,8%
Social Development	26 890	867	3,2%
TOTAL	3 064 747	616 064	20,1%

The Provincial departments has so far spent R616.1 million or 20.1 percent on COVID-19 pandemic.

7. Provincial Own Revenue

Table 13: Provincial own revenue collection per vote as at 31 July 2020.

Departments (Votes)	Main appropriation 2020/21	Projections as at end of July 2020	Projections as % of main appropriation	Actual Collection as at end July 2020	Actual collection as % of the main appropriation	Projected remainder of the year	Estimated total revenue	Variances Over / (Under) Collection	% Variances Over / (Under) Collection as of main appropriation	Main appropriation on 2019/20	Actual Collection as end July 2019	Actual collection as % of main appropriation
	R'000	R'000		R'000		R'000	R'000	R'000		R'000	R'000	
Office of the Premier	608	237	39,0%	140	23,1%	371	511	(97)	-15,9%	583	231	39,6%
Education	51 034	16 902	33,1%	13 204	25,9%	34 132	47 336	(3 698)	-7,2%	43 826	39 832	90,9%
Agriculture & Rural Development	12 320	3 208	26,0%	414	3,4%	11 906	12 320	(2 794)	-22,7%	11 722	1 158	9,9%
Provincial Treasury	247 781	82 510	33,3%	68 311	27,6%	165 272	233 583	(14 199)	-5,7%	280 874	74 698	26,6%
Economic Development, Environment & Tourism	167 683	44 850	26,7%	9 598	5,7%	109 910	119 508	(35 252)	-21,0%	158 941	43 580	27,4%
Health	212 297	61 511	29,0%	40 526	19,1%	150 786	191 312	(20 985)	-9,9%	193 610	59 041	30,5%
Transport & Community Safety	651 293	219 291	33,7%	108 371	16,6%	445 793	554 164	(110 920)	-17,0%	584 740	211 103	36,1%
Public Works, Roads & Infrastructure	34 962	10 317	29,5%	10 370	29,7%	24 645	35 015	53	0,2%	30 438	12 349	40,6%
Sport, Arts & Culture	2 253	233	10,3%	129	5,7%	2 020	2 149	(104)	-4,6%	2 224	318	14,3%
Co-operative Governance, Human Settlements & Traditional Affairs	5 323	1 500	28,2%	698	13,1%	3 822	4 520	(802)	-15,1%	5 119	1 256	24,5%
Social Development	2 500	692	27,7%	639	25,5%	1 809	2 448	(53)	-2,1%	4 182	1 008	24,1%
Total provincial own receipts	1 388 064	441 262	31,8%	252 401	18,2%	960 466	1 202 866	(188 861)	-13,8%	1 316 268	444 673	33,8%

The main revenue appropriated target for 2020/21 financial year is R1.4 billion. As at the end of July 2020, the Province has collected an amount of R252.4 million or 18.2 percent against

the set own revenue projections of R441.3 million or 31.8 percent which reflect a significant under collection of R188.8 million or 13.6 percent. The under collection is mainly on motor vehicle licence; casino and horse racing taxes; and patient fees by Departments of Transport and Community Safety; LEDET and Health respectively. The under collection is mainly influenced by the decline or lack of economic activities due to enforced lockdown as a result of resurgence of covid-19 pandemic. Other contributing items to under collections amongst others are less recovery of previous year's expenditure related debts; penalties on motor vehicle licenses and abnormal load permits by Departments of Education and Transport and Community Safety respectively. The collection is far below that of the previous year corresponding period of R444.6 million or 33.8 percent.

7.1. All Departments with the exception of the Department of Public Works, Roads and Infrastructure collected below their set target.

7.1.1. Public Works, Roads and Infrastructure (Original Target is R34.9 million)

The Department collected R10.4 million or 29.7 percent against set own revenue projections of R10.3 million or 29.5 percent. Slight over collection of R0.053 million or 0.2 percent is mainly on property rentals collection.

7.1.2. Office of the Premier (Original Target is R0.608 million)

An amount of R0.140 million or 23.1 percent has been collected against the set own revenue projections of R0.237 million or 39.0 percent. Under collection of R0.064 million or 15.9 percent is mainly due to less recovery of departmental debts.

7.1.3. Education (Original Target is R51.0 million)

The Department collected R13.2 million or 25.9 percent against the set own revenue projections of R16.9 million or 33.1 percent. Under collection of R3.7 million or 7.2 percent is mainly due to less recovery of previous years' expenditure related debts than anticipated.

7.1.4. Agriculture and Rural Development (Original is R12.3 million)

As at the end of July 2020, the Department collected R0.414 million or 3.4 percent against the set own revenue projections of R3.2 million or 26.0 percent. Under collection of R2.8 million or 22.7 percent is mainly on academic and boarding services from Agricultural colleges which is influenced by enforced lockdown.

7.1.5. Provincial Treasury (Original Target is R247.8 million)

As at 31st of July 2020, actual collection is R68.3 million or 27.6 percent against the set own revenue projections of R82.5 million or 33.3 percent. Under collection of R14.2 million or 5.7 percent is due to less interest earned from favourable provincial bank balances however, collection on this item is unpredictable.

7.1.6. Economic Development, Environment & Tourism (Original Target is R167.7 million)

Collection as at the 31st July 2020 amounts to R9.6 million or 5.7 percent against the set own revenue projections of R44.8 million or 26.7 percent. Significant under collection of R35.2 million or 21.0 percent is mainly on casino and horse racing taxes from tax receipts as well as on entrance fees from resorts revenue due to decline or lack of public participation on gambling and resort activities as a result of lockdown. Uncaptured receipts amounts to R0.569 million as at end of July, regressed as compared to R0.109 million of the previous month and R0.088 of the previous year corresponding period.

7.1.7. Health (Original Target is R212.3 million)

The Department collected R40.5 million or 19.1 percent against the set own revenue projections of R61.5 million or 29.0 percent. Under collection of R20.9 million or 9.9 percent is mainly on patient fee. Uncaptured receipts as at end of July is R2.0 million, improved as compared to previous month of R2.5 million and R5.3 million of the previous year corresponding period.

7.1.8. Transport and Community Safety (Original Target is R651.3 million)

As at end of July 2020, the Department collected R108.7 million or 16.6 percent against the set own revenue projections of R219.2 million or 33.7 percent. The significant under collection of R110.9 million or 17.0 percent is mainly on motor vehicle licenses, penalties on motor vehicle licenses, abnormal load licenses and traffic fines influence by decline or lack of economic activities as a result of the enforced lockdown. Uncaptured receipts amounts to R8.0 million as at end of July 2020, regressed as compared to R0.496 million in June 2020 and R574 million of the previous year corresponding period.

7.1.9. Sport, Arts & Culture (Original Target is R2.3 million)

As at the end of July 2020, actual collection for the Department is R0.129 million or 5.7 percent against set own revenue projections of R0.233 million or 10.3 percent. Under collection of R0.104 million or 4.6 percent is mainly influenced by less recovery of departmental debts than anticipated.

7.1.10. Co-operative Governance, Human Settlements & Traditional Affairs (Original Target is R5.3 million)

The actual collection as at the end of July 2020 amounts to R0.698 million or 13.1 percent against the set own revenue projections of R1.5 million or 28.2 percent. The under collection of R0.802 million or 15.1 percent is mainly due to less recovery of previous year's expenditure related debts than anticipated.

7.1.11. Social Development (Original Target is R2.5 million)

The Department collected R0.639 million or 25.5 percent against the set own revenue projections of R0.692 million or 27.7 percent. Under collection of R0.053 million or 2.1 percent is mainly due to less recovery of previous year's expenditure related debts.

7.2. Own revenue per economic classification

Table 14: below reflects provincial own revenue collection per economic classification as at 31st July 2020.

Items (Revenue Sources)	Main appropriation 2020/21	Projections as at end of July 2020	Projection as % of main appropriation	Actual Collection as at end July 2020	Actual collection as % of the main appropriation	Projected remainder of the year	Estimated total revenue	Variances Over / (Under) Collection	% Variances Over / (Under) Collection as of main appropriation	Main appropriation 2019/20	Actual Collection as end July 2019	Actual collection as % of main appropriation
Tax receipts	660 665	221 382	33,5%	99 726	15,1%	438 960	538 686	-121 656	-18,4%	604 232	216 419	35,8%
<i>Casino taxes</i>	67 411	22 268	33,0%	920	1,4%	45 143	46 063	-21 348	-31,7%	59 897	24 855	41,5%
<i>Horse racing taxes</i>	45 335	13 388	29,5%	5 585	12,3%	31 947	37 532	-7 603	-17,2%	46 972	11 388	24,2%
<i>Liquor licenses</i>	4 069	273	6,7%	51	1,2%	3 473	3 524	-222	-5,5%	3 857	226	5,9%
<i>Motorvehicle licenses</i>	543 850	185 453	34,1%	93 171	17,1%	358 397	451 568	-92 282	-17,0%	493 506	179 950	36,5%
Sales of goods and services other than capital assets	324 527	100 277	30,9%	66 397	20,5%	226 708	293 106	-33 879	-10,4%	305 062	89 684	29,4%
<i>of which: Patient fees</i>	110 151	30 759	27,9%	15 186	13,8%	79 392	94 578	-15 573	-14,1%	99 021	29 144	29,4%
Transfers received from:	9 179	-	0,0%	-	0,0%	9 179	9 179	0	0,0%	5 700	-	0,0%
Fines, penalties and forfeits	72 041	23 429	32,5%	9 042	12,6%	62 428	71 470	-14 386	-20,0%	54 823	21 231	38,7%
Interest, dividends and rent on land	249 166	82 784	33,2%	68 778	27,6%	166 430	235 208	-14 007	-5,8%	281 727	74 982	26,6%
Sales of capital assets	17 055	-	0,0%	-	0,0%	17 055	17 055	0	0,0%	12 791	2 901	22,7%
Transaction in Financial Assets and Liabilities	55 421	13 380	24,1%	8 457	15,3%	29 705	38 162	-4 923	-8,9%	51 923	39 356	75,8%
Total provincial own receipts	1 388 054	441 252	31,8%	252 401	18,2%	960 465	1 202 866	(188 861)	-13,8%	1 316 258	444 673	33,8%

7.2.1. Tax Receipts (Original Target is R660.7 million)

An amount of R99.7 million or 15.1 percent has been collected against the set own revenue projections of R221.3 million or 33.0 percent. The under collection of R121.5 million or 18.4 percent is mainly on motor vehicle licences and registration fees by Department of Transport and Community Safety; and casino & horse racing taxes by Department of Economic Development, Environment and Tourism.

7.2.2. Sale of Goods and Services other than capital assets (Original Target is R324.5 million)

As at the 31 July 2020, actual collection is R66.3 million or 20.5 percent against the set own revenue projections of R100.2 million or 30.9 percent. The under collection of R33.8 million or 8.0 percent is mainly influenced by less collection on patient fees by the Department of Health, less collection on entrance fees, camping fees & accommodation by LEDET as well as less collection on abnormal load permits by Transport and Community Safety.

7.2.3. Fines, penalties and forfeits (Original Target is R72.0 million)

Fines, penalties and forfeits collected R9.0 million or 12.6 percent against the set own revenue projections of R23.4 million or 32.5 percent. Under collection of R14.3 million or 20.0 percent is mainly due to less collection of penalties on motor vehicle licences and traffic fines by Transport and Community Safety.

7.2.4. Transfers received from (Original Target is R9.2 million)

There is no collection on this item as yet since collection is expected in September 2020 for any accumulated surpluses / unspent funds from Schedule 3 (C) Public Entities.

7.2.5. Interest, Dividends and Rent on Land (Original Target of R249.2 million)

Collection as at the 31st of July 2020 is R68.7 million or 27.6 percent against the set own revenue projections of R82.8 million or 33.2 percent. Under collection of R14.0 million or 5.6 percent is mainly influenced by less interests earned from favourable bank balances by Provincial Treasury.

7.2.6. Sale of Capital Assets (Original Target is R17.1 million)

There is no collection on this item as yet since auction sales are planned to take place from the third quarter of the financial year.

7.2.7. Transactions in Financial Assets and Liabilities (Original Target is R55.4 million)

The item collected R8.4 million or 15.3 percent against the set own revenue projections of R13.3 million or 24.1 percent. Under collection of R4.9 million or 8.9 percent is mainly due to less recovery of previous year's expenditure related debts by Department of Education.

7. Provincial Infrastructure Performance

Table 15: Provincial Infrastructure Budget and Expenditure Comparisons over three Financial Years (2018/19, 2019/20 and 2021/21) as at 31 July.

Department	Infrastructure Expenditure Comparison as at 31 July year-on-year									
	Budget (R'000)				Expenditure (R'000)			% Expenditure		
	2018/19	2019/20	2020/21		2018/19	2019/20	2020/21	2018/19	2019/20	2020/21
			Main	Adjusted						
Education	1 013 426	1 051 986	1 258 291	977 970	298 863	312 202	121 215	29%	30%	12%
Agriculture & Rural Development	160 455	223 426	220 214	89 002	28 378	37 170	8 169	18%	17%	9%
LEDET	54 481	45 267	20 000	7 722	11 191	35 237	4 126	20,5%	77,8%	53,4%
Health	729 277	656 200	952 819	1 121 619	155 172	201 250	170 889	21,3%	30,7%	15,2%
PWR&I - Total	1 958 938	2 153 433	3 370 658	2 972 594	605 925	556 391	577 529	30,9%	25,8%	19,4%
PWR&I - Roads	1 883 322	2 077 037	2 505 298	2 228 413	605 925	546 217	288 940	32,2%	26,3%	13,0%
PWR&I - Works	75 616	76 396	865 360	744 181	-	10 175	288 589	0,0%	13,3%	38,8%
Transport	27 915	43 021	51 574	32 574	261	688	-	0,9%	1,6%	0,0%
CoGHSTA	1 312 187	1 337 497	1 100 412	961 241	254 909	366 930	135 380	19,4%	27,4%	14,1%
Social Development	43 201	47 846	71 794	25 213	2 816	20 787	17 332	6,5%	43,4%	68,7%
Sport, Arts & Culture	40 031	47 128	79 759	53 359	8 431	15 385	11 397	21,1%	32,6%	21,4%
TOTAL	5 339 911	5 605 804	7 125 521	6 241 294	1 365 946	1 546 041	1 046 037	25,6%	27,6%	16,8%

As at 31 July 2020, the Provincial Infrastructure expenditure stood at R1.0 billion. The total expenditure represents 16.8 percent of the adjusted Provincial infrastructure budget. The Provincial Infrastructure budget for the current financial year is as follows:

Main appropriation: R7.1 billion against the R5.6 billion for the 2019/20 financial year). The overall Provincial Infrastructure Budget has increased by 27.0 or R1.5 billion from the previous financial year. The increase is mainly due to the Department of Public Works, Roads and Infrastructure – the Works Component having included administrative costs like compensation of employees in the infrastructure budget.

The budget was adjusted downwards to R6.2 billion due to the Covid-19 pandemic. The Provincial Infrastructure Budget is primarily funded by Conditional Grants, representing 80.0 percent of the entire budget. The failure to spend has a huge impact on the Provincial Infrastructure Budget and service delivery.

The Provincial Infrastructure Expenditure as at 31 July is recorded as follows:

- 26 percent - 2018/19
- 28 percent - 2019/20
- 17 percent - 2020/21

The expenditure for the current financial year is below all prior years, it has been a trend in previous financial years – however, for the current financial year, the non-expenditure for some

departments can be attributed to the National Lockdown. As the restrictions are being eased, it is hoped that there will be some expenditure for the projects, which are under implementation.

The departments have not finished the capturing of projects in the Infrastructure Reporting Model – the final date for capturing was 15 April 2019, extended to 30 April 2020. National Treasury gave an extension until 22 May 2020, Provincial Treasury has asked for an extension to 15 June 2020. Many GAPS have been identified, in particular that of aligning to the Table B5, the 2020 MTEF Database, BAS and IYM. The departments were provided with reports on areas where the quality is to be improved. The IRM was opened for the capturing of the adjusted budget and departments were encouraged to clear the gaps identified. It was closed on 15 August 2020 and some departments still have gaps that have not been attended.

- The following issues were observed:
 - Education –the IYM adjusted budget is R977.9 million and the IRM is R1.258 billion, the expenditure is aligned on both systems at R 121.215 million as at end of July 2020.
 - Public Works, Roads and Infrastructure – The Roads Component: the IYM adjusted budget is R2.472 billion and the IRM is R2.473 billion, with the expenditure at R288.940 million on IYM and R236.2 million on IRM as at end of July 2020.
 - Public Works, Roads and Infrastructure – The Works Component: the IYM adjusted budget is R 744.181 million and the IRM is R 865.4 million, with the expenditure at R 288.589 million on IYM and R228.922 million on IRM as at end of July 2020.
 - Social Development – the budget captured is R 50.4 million instead of the R 1.8 million tabled. The adjusted budget captured is R50.4 million instead of R25.2 million. The expenditure in the IYM (R9.7 million) is not aligned to the IRM (R17.3 million) as at end of July 2020.
 - Co-operative Governance, Human Settlements and Traditional Affairs – the budget captured is R1.098 billion instead of the R1.100 billion tabled. The adjusted budget captured is R1.076 billion instead of the R961.2 million. The expenditure in the IYM (R135.4 million) is not aligned to the IRM (R70.6 million) as at end of July 2020.
 - Health – the budget captured is R656.2 million instead of the R952.8 million tabled. The adjusted budget captured is R656.2 million instead of the R1.122 billion. The expenditure is NIL in the IYM, whereas the IRM reflects R170.9 million as at end of July 2020.

- Economic Development, Environment and Tourism – the adjusted budget captured is R7.7 million on the IYM and R6.6 million on IRM. The expenditure is R4.1 million in the IYM, whereas the IRM reflects R3.4 million as at end of July 2020.
- Transport – the budget captured is NIL instead of the R51.6 million tabled. The adjusted budget captured is NIL instead of the R32.6 million.
- The recorded expenditure in the IRM was R867.6 million; bringing about a difference of about R56.6 million compared to the IYM, which is higher. The only departments where the adjusted budgets are aligned are Agriculture and Rural Development and Sport, Arts and Culture. The departments with the expenditure aligned are Education, Agriculture and Rural Development and Sport, Arts and Culture. Work continues to be done to get the departments to have the two aligned.
- All departments project to break-even by year-end following the adjusted budget.

8. Conclusion

The Provincial Treasury hereby submits the Limpopo Provincial Revenue and Expenditure report and the following should be noted: -

- The overall provincial spending as at 31 July 2020 amounts to R21.2 billion or 29.6 percent of the total adjusted budget of R71.6 billion. Of the R21.2 billion total expenditures, R19.4 billion or 31.3 percent is on equitable share and R1.7 billion or 18.5 percent on Conditional grant.
- As at the end of July 2020, the Province has collected an amount of R252.4 million or 18.2 percent against the set own revenue projections of R441.3 million or 31.8 percent which reflect a significant under collection of R188.8 million or 13.6 percent. The under collection is mainly on motor vehicle licence; casino and horse racing taxes; and patient fees by Departments of Transport and Community Safety; LEDET and Health respectively. The under collection is mainly influenced by the decline or lack of economic activities due to enforced lockdown as a result of resurgence of COVID-19 pandemic. Other contributing items to under collections amongst others are less recovery of previous year's expenditure related debts; penalties on motor vehicle licenses and abnormal load permits by Departments of Education and Transport and Community Safety respectively. The collection is far below that of the previous year corresponding period of R444.6 million or 33.8 percent.

- 2020
- As at 31 July 2020, the Provincial Infrastructure expenditure stood at R1.0 billion or 16.8 percent.
 - Revenue collection and expenditure performance is monitored monthly and quarterly through IYM and IRM analysis reports and bilateral meetings with Departments.

Regards,



Gavin Fratt CA (SA)

HOD: Provincial Treasury

21/8/2020

Date

