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LIMPOPO PROVINCIAL REVENUE AND EXPENDITURE REPORT AS AT 30 JUNE 2015

1. Purpose

To provide National Treasury with a report on Provincial Revenue and Expenditure as at 30 June 2015.

2. Background

The Limpopo Provincial Treasury hereby submit the June 2015 Provincial revenue and expenditure report for the provincial government. Kindly note that this is in accordance with chapter 5, section 40 (4) (b) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended by Act 29 of 1999, which requires the designated Accounting officer of a department to submit information to the provincial treasury in the prescribed format on actual revenue and expenditure for the preceding month and the amounts anticipated for that month in terms of section 40 (4) (a) and all other necessary information submitted to Provincial Treasury by departments in terms of section 40 (4) (c).

3. Discussion

The Limpopo provincial government revenue and expenditure trend for the period under review is based on the June 2015 In-Year Monitoring (IYM) reports from various provincial departments. Departmental submissions were duly analysed in terms of the projected expenditure, projected cash requests and actual expenditure as recorded in the IYM and Infrastructure Reporting Model (IRM) submissions. The explanations provided for the variances were provided by departments as per their IYM and IRM variance report and where necessary further clarity was sought from the departments in line with the requirements of the Provincial Treasury Instruction Notes 03 of 2012, 09 of 2012 and 04 of 2013.

4. Cash Management

Cash allocation letters for 2015/16 financial year will be issued to departments indicating cash available for each payment run as well as the processes to be followed by departments to enable Provincial Treasury to release payment tapes. Schedule of payments runs were also sent to departments to enable them to inform service providers of the dates of payments as they serve them with invoices for services rendered:-

- Persal runs are scheduled 4 times a month, i.e the 15th for normal salaries, 22nd for Educators' salaries, last Wednesday of the month for Supplementary payments (claims) and month-end for probation and contract employees and Third Party deductions.
- BAS runs (payments of suppliers) are scheduled twice, i.e. for the 15th and for month-end.

These systems and processes were put in place to ensure that service delivery continues without disruptions relating to cash flow problems as well as to alleviate cash flow challenges experienced in the previous financial year.

4.1 Cash Allocations Vs Actual Expenditure Vs Actual Funds Transferred

An analysis of cash projections, actual expenditure and actual funds transferred indicates departments' ability to plan, budget and spend. Table 3 below provides cash flow projections, actual expenditure and transfers to departments during June 2015.

Table 4.1. Cash Allocation Vs Actual Expenditure Vs Actual Funds Transferred.

Cash Allocations Vs Actual Expenditure Vs Actual Transfers as at 30 June 2015

Departments	Opening Bank Balances at 01-Apr-15	Cash Allocation 30-Jun-15	Actual Expenditure 30-Jun-15	Tranfers To Departments 30-Jun-15	Variance Cash allocation Vs Actual Expenditure		Variance Actual Expenditure Vs Funds Transferred	
					Amount	%	Amount	%
Education	508 149	6 152 284	5 858 211	5 822 260	294 073	4.8%	35 951	0.6%
Health	58 649	3 942 329	3 804 203	4 013 664	138 126	3.5%	-209 461	-5.5%
Social Development	30 358	290 704	253 122	253 933	37 582	12.9%	-811	-0.3%
Public Works	377 346	543 755	379 300	372 363	164 455	30.2%	6 937	1.8%
Agriculture	53 379	403 166	330 289	332 455	72 877	18.1%	-2 166	-0.7%
Roads & Transport	176 941	399 923	361 081	288 223	38 842	9.7%	72 858	20.2%
CoGSTHA	117 569	358 592	452 531	579 307	-93 939	-26.2%	-126 776	-28.0%
Sport, Arts & Culture	30 487	75 539	71 880	81 207	3 659	4.8%	-9 327	-13.0%
Safety & Security and Liaison	7 795	21 442	17 693	26 801	3 749	17.5%	-9 108	-51.5%
Office of the Premier	9 171	77 380	75 988	76 333	1 392	1.8%	-345	-0.5%
Provincial Legislature	4 321	66 686	66 933	71 033	-247	-0.4%	-4 100	-6.1%
Provincial Treasury	45 419	84 536	71 989	47 402	12 547	14.8%	24 587	34.2%
Economic Development, Environmental & Tourism	60 275	277 752	273 076	265 266	4 676	1.7%	7 810	2.9%
Total	1 479 859	12 694 088	12 016 296	12 230 247	677 792	5.3%	-213 951	-1.8%
Summary Per Fund								
Equitable Share		11 121 858	10 920 721	10 926 640	201 137	1.8%	-5 919	-0.1%
Conditional Grant		1 572 230	1 095 575	1 303 607	476 655	30.3%	-208 032	-19.0%
Total		12 694 088	12 016 296	12 230 247	677 792	5.3%	-213 951	-1.8%

When comparing actual expenditure to the cash flow projections or cash allocations, departments under-spent the cash allocations by R667.792 million or 5.3 percent. It should be clear that the under-spending has nothing to do with availability of cash or Treasury interruptions as Treasury has given cash allocations and processes well upfront.

On the other hand transfers to departments were R213.954 million or 1.8 percent more than actual expenditure. The reason for transferring more funds than was required is due to insufficient funds in some department to surrender 2014/15 unspent funds.

4.2. Interest Performance.

Table 4.2: Interest Performance as at 30 June 2015

INTEREST EARNED : 2015/16 FINANCIAL YEAR
R'000

Institution	2015/16												Total	
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16		
Commercial Bank (SBSA)	5 541	2 258	2 772											10 571
CPD (SA Reserve Bank)	14 442	22 676	18 899											56 017
Total	19 983	24 934	21 671	-	-	-	-	-	-	-	-	-	-	66 588

INTEREST EARNED : 2014/15 FINANCIAL YEAR
R'000

Institution	2014/15												Total	
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15		
Commercial Bank (SBSA)	5 264	2 061	2 334											9 659
CPD (SA Reserve Bank)	12 273	22 140	21 254											55 667
Total	17 537	24 201	23 588	-	-	-	-	-	-	-	-	-	-	65 326

It is important to note that in public sector, a favorable balance translates into inefficient and ineffective planning and service delivery, while an overdraft is only allowed in exceptional conditions. When compared to the same period in the previous year as indicated in the table above interest revenue grows from R65.326 million in 2014/15 to R66.588 million for 2015/16. Interest earned in the CPD account alone grew from R55.667 million to R56.017 million.

5. Provincial overall expenditure as at 30 June 2015

The overall provincial spending as at 30 June 2015 amounts to R12.0 billion or 22.8 percent of the total budget of R52.7 billion. Previous year spending was at R11.4 billion or 22.2 percent of the budget of R51.5 billion which present a 0.6 percent increase. The highest spending departments are Health, Legislature, Economic Development and Education at 25.8 percent, 25.5 percent, 23.5 percent and 23.2 percent respectively.

Table 5.1: Provincial overall expenditure as at 30 June 2015

	Main Appropriation	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 30 Jun 2015	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
R thousand									
Education	25 284 705	25 284 705	25 284 705	25 284 705	5 858 211	23.2%	-	-	0.0%
Health	14 754 136	14 754 136	14 754 136	15 042 983	3 804 203	25.8%	-288 847	-	-2.0%
Social Development	1 537 757	1 537 757	1 537 757	1 537 757	253 122	16.5%	-	-	0.0%
Public Works, Roads And Infrastructure	2 749 756	2 749 756	2 749 756	2 749 756	379 300	13.8%	-	-	0.0%
Agriculture	1 697 131	1 697 131	1 697 131	1 697 131	330 289	19.5%	-	-	0.0%
Transport	1 838 898	1 838 898	1 838 898	1 838 898	361 081	19.6%	-	-	0.0%
Co-Operative Governance Human Settlements	2 269 327	2 269 327	2 269 327	2 269 327	452 531	19.9%	-	-	0.0%
Sport, Arts And Culture	345 324	345 324	345 324	360 362	71 880	20.8%	-15 038	-	-4.4%
Safety, Security And Liaison	90 354	90 354	90 354	88 892	17 693	19.6%	-	1 462	1.6%
Office Of The Premier	352 150	352 150	352 150	352 150	75 988	21.6%	-	-	0.0%
Provincial Legislature	262 688	262 688	262 688	262 688	66 933	25.5%	-	-	0.0%
Provincial Treasury	385 180	385 180	385 180	385 443	71 989	18.7%	-263	-	-0.1%
Economic Development, Environment And Tourism	1 160 813	1 160 813	1 160 813	1 160 813	273 076	23.5%	-	-	0.0%
Total	52 728 219	52 728 219	52 728 219	53 030 905	12 016 296	22.8%	-304 148	1 462	-0.6%
Economic classification							Net	-302 686	
Current payments	45 384 186	45 384 186	45 384 186	45 678 177	10 641 495	23.4%	-293 991	-	-0.6%
Compensation of employees	38 426 999	38 426 999	38 426 999	38 424 903	9 169 142	23.9%	-	2 096	0.0%
Goods and services	6 956 771	6 956 771	6 956 771	7 252 858	1 472 353	21.2%	-296 087	-	-4.3%
Interest and rent on land	416	416	416	416	-	0.0%	-	-	0.0%
Transfers and subsidies	5 626 940	5 626 940	5 626 940	5 635 086	1 049 894	18.7%	-8 146	-	-0.1%
Payments for capital assets	1 717 093	1 717 093	1 717 093	1 717 611	324 876	18.9%	-518	-	0.0%
Payments for financial assets	-	-	-	31	31	-	-31	-	-
of which: NPNC	12 584 127	12 584 127	12 584 127	12 888 391	2 522 278	20.0%	-304 264	-	-2.4%
Total	52 728 219	52 728 219	52 728 219	53 030 905	12 016 296	22.8%	-302 686	-	-0.6%
* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)							Net	-302 686	

The lowest spending department is Public Works, Roads and Infrastructure, Social Development and Treasury at 13.8 percent, 16.5 percent and 18.7 percent respectively. Most of the expenditure is incurred under Compensation of Employees (CoE) which is at 23.9 percent against the straight line projection of 24.9 percent. The CoE spending is low due to the payment of the 6.4 percent on Improvement in Condition of Service (ICS) instead of 7 percent and outstanding implementation of ICS for SMS members.

Spending on goods and services improved at 21.2 percent as compared to 16.2 percent during the same period in the previous financial year. The Province is projecting to overspend by R302.7 million or 0.6 percent mainly under goods and services which is under the department of Health at R288.8 million or 2.0 percent due to budget pressures on repairs and replacement of mechanical equipment.

5.1. Spending per Economic Classification

5.1.1 Compensation of Employees

Table: 5.1.1. Compensation of Employees

	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 30 Jun 2015	Actual spending as % of Main budget	(Over)	Under	%(Over)/ under of Main budget
R thousand										
Education	21 515 773	-	21 515 773	21 515 773	21 515 773	5 044 476	23.4%	-	-	0.0%
Health	11 166 905	-	11 166 905	11 166 905	11 166 905	2 739 032	24.5%	-	-	0.0%
Social Development	764 629	-	764 629	764 629	764 629	201 333	26.3%	-	-	0.0%
Public Works , Roads and Infrastructure	969 610	-	969 610	969 610	969 610	227 409	23.5%	-	-	0.0%
Agriculture	1 076 175	-	1 076 175	1 076 175	1 076 175	255 960	23.8%	-	-	0.0%
Transport	748 761	-	748 761	748 761	748 761	180 846	24.2%	-	-	0.0%
Co-Operative Governance Human Settlement	809 026	-	809 026	809 026	809 026	212 312	26.2%	-	-	0.0%
Sport,Art And Culture	149 422	-	149 422	149 422	149 418	34 479	23.1%	-	4	0.0%
Safety,Security And Liason	63 146	-	63 146	63 146	61 684	13 649	21.6%	-	1 462	2.3%
Office of the Premier	256 909	-	256 909	256 909	256 909	60 576	23.6%	-	-	0.0%
Legislature	150 651	-	150 651	150 651	150 342	34 863	23.1%	-	309	0.2%
Treasury	278 126	-	278 126	278 126	277 806	55 349	19.9%	-	320	0.1%
Economic Development	477 865	-	477 865	477 865	477 865	108 858	22.8%	-	-	0.0%
Total	38 426 998	-	38 426 998	38 426 998	38 424 903	9 169 142	23.9%	-	2 095	0.0%
								Net	2 095	

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

The overall CoE spending is at R9.2 billion or 23.9 percent. The provincial spending is below the straight line projection of 25.0 percent. The highest percentage spending departments are Social Development, CoGHSTA and Health at 26.3 percent, 26.2 percent and 24.5 percent respectively. The Department of Safety and Security project to underspend its budget by R1.5 million or 2.3 percent, while Legislature and Treasury are projecting to underspend by R0.309 million or 0.2 percent and R0.320 million or 0.1 percent respectively.

The spending on CoE will improve after the payment of 0.6 percent arrears on improvement of condition of services.

The underspending is largely due to:-

- Safety, Security and Liaison – R1.4 million due to non-filling of sixteen vacant budgeted posts which will be advertised in July 2015.
- Education spent 23.5 percent due to partial payment of ICS at 6.4 percent instead of 7 percent.
- Sport, Arts and Culture spent R34.4 million or 23.1 percent of the allocated budget due to non-filling of vacant funded positions.
- Legislature – R0.309 million or 0.2 percent due to the budgeted annual salary increase which is not yet implemented because the negotiation process is still on.
- Treasury - R0.320 million or 0.1 percent due to delay in filling of funded vacant posts.

5.1.2. Goods and Services

Table: 5.1.2. Goods and Services

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 30 Jun 2015	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	1 897 022	-	1 897 022	1 897 022	1 897 022	247 589	13.1%	-	-	0.0%
Health	2 844 906	-	2 844 906	2 844 906	3 126 950	841 729	29.6%	-282 044	-	-9.9%
Social Development	202 888	-	202 888	202 888	202 888	43 738	21.6%	-	-	0.0%
Public Works, Roads and Infrastructure	668 450	-	668 450	668 450	668 419	87 154	13.0%	-	31	0.0%
Agriculture	378 834	-	378 834	378 834	378 834	59 174	15.6%	-	-	0.0%
Transport	218 001	-	218 001	218 001	218 001	50 493	23.2%	-	-	0.0%
Co-Operative Governance Human Settlements And	163 537	-	163 537	163 537	163 537	36 350	22.2%	-	-	0.0%
Sport,Art And Culture	144 940	-	144 940	144 940	159 236	23 395	16.1%	-14 296	-	-9.9%
Safety,Security And Liason	26 284	-	26 284	26 284	26 284	3 953	15.0%	-	-	0.0%
Office of the Premier	82 787	-	82 787	82 787	82 787	13 668	16.5%	-	-	0.0%
Legislature	41 527	-	41 527	41 527	41 794	9 990	24.1%	-267	-	-0.6%
Treasury	94 076	-	94 076	94 076	94 104	13 125	14.0%	-28	-	0.0%
Economic Development	193 520	-	193 520	193 520	193 002	41 995	21.7%	-	518	0.3%
Total	6 956 772	-	6 956 772	6 956 772	7 252 858	1 472 353	21.2%	-296 635	549	-4.3%
							Net	-296 086		

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

The overall spending on Goods and Services is at R1.5 billion or 21.2 percent of the total allocated budget of R6.9 billion. The province projects to overspend by R296.1 million mainly in Health and Sport, Arts and Culture at R282.0 million or 9.9 percent mainly due to:

- Health – R282.0 million or 9.9 percent due to emergency repairs and replacement of mechanical equipment and the upgrading of Polokwane Hospital ICU.
- Sport, Arts and Culture – R14.3 million or 9.9 percent due to budget pressures on rental of office building, security, water and electricity.
- Legislature – R0.267 million or 0.6 percent due to payment of two month expenditure on accommodation and cellphones.

The department of Economic Development is projecting to underspend by R0.518 million or 0.3 percent due to delay in approval and processing of procurement plans.

5.1.3. Transfers and subsidies

The province spent R1.1 billion or 20.3 percent of the total budget of R5.6 billion on Transfers and subsidies. The province is projecting to overspend by R8.1 million under the department of Health, Sport, Arts and Culture and Provincial Treasury.

Table: 5.1.3 Transfers and subsidies

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 30 Jun 2015	Actual spending as % of Main budget	(Over)	Under	%(Over)/ under of Main budget
Education	1 085 121	-	1 085 121	1 085 121	1 085 121	400 198	36.9%	-	-	0.0%
Health	509 798	-	509 798	509 798	516 602	134 299	26.3%	-6 804	-	-1.3%
Social Development	496 709	-	496 709	496 709	496 709	4 376	0.9%	-	-	0.0%
Public works, Roads and Infrastructure	753 510	-	753 510	753 510	753 510	16 846	2.2%	-	-	0.0%
Agriculture	168 468	-	168 468	168 468	168 468	12 017	7.1%	-	-	0.0%
Transport	752 395	-	752 395	752 395	752 395	127 340	16.9%	-	-	0.0%
Co-Operative Governance Human Settlement	1 295 909	-	1 295 909	1 295 909	1 295 909	203 085	15.7%	-	-	0.0%
Sport, Art And Culture	8 562	-	8 562	8 562	9 308	3 268	38.2%	-746	-	-8.7%
Safety, Security And Liason	574	-	574	574	574	37	6.4%	-	-	0.0%
Office of the Premier	10 229	-	10 229	10 229	10 229	1 567	15.3%	-	-	0.0%
Legislature	58 522	-	58 522	58 522	58 564	22 025	37.6%	-42	-	-0.1%
Treasury	6 479	-	6 479	6 479	7 033	3 306	51.0%	-554	-	-8.6%
Economic Development	480 664	-	480 664	480 664	480 664	212 530	44.2%	-	-	0.0%
Total	5 626 940	-	5 626 940	5 626 940	5 635 086	1 140 894	20.3%	-8 146	-	-0.1%
							Net	-8 146		

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

The highest percentage spending departments are Provincial Treasury and Economic Development at 51.0 percent and 44.2 percent respectively.

The projected overspending in departments is due to:-

- Health – R6.8 million or 1.3 percent due to household's payments of bursaries that always takes place at the beginning of the financial year. The leave gratuity is dependent on resignations and attritions.
- Sport, Arts and Culture - R 0.746 million or 8.7 percent for accruals on leave gratuity.
- Legislature - 0.1 percent mainly for political party transfers.
- Treasury – R0.554 million or 8.6 percent due to payment of leave gratuity to retiring officials.

5.1.4. Payment for Capital Assets

The overall provincial expenditure on Payment for Capital Assets is at R324.9 million or 18.9 percent of the total budget of R1.7 billion. The provincial spending on capital assets has significantly improved from 9.2 percent in the previous year during the same period.

Table: 5.1.4. Payment for Capital Assets

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 30 Jun 2015	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	786 789	-	786 789	786 789	786 789	165 948	21.1%	-	-	0.0%
Health	232 527	-	232 527	232 527	232 527	89 143	38.3%	-	-	0.0%
Social Development	73 531	-	73 531	73 531	73 531	3 675	5.0%	-	-	0.0%
Public Works, Roads and Infrastructure	358 186	-	358 186	358 186	358 186	47 880	13.4%	-	-	0.0%
Agriculture	73 654	-	73 654	73 654	73 654	3 138	4.3%	-	-	0.0%
Transport	119 741	-	119 741	119 741	119 741	2 402	2.0%	-	-	0.0%
Co-Operative Governance Human Settlements And	855	-	855	855	855	784	91.7%	-	-	0.0%
Sport, Art And Culture	42 400	-	42 400	42 400	42 400	10 738	25.3%	-	-	0.0%
Safety, Security And Liason	350	-	350	350	350	54	15.4%	-	-	0.0%
Office of the Premier	2 225	-	2 225	2 225	2 225	177	8.0%	-	-	0.0%
Legislature	11 988	-	11 988	11 988	11 988	55	0.5%	-	-	0.0%
Treasury	6 500	-	6 500	6 500	6 500	209	3.2%	-	-	0.0%
Economic Development	8 348	-	8 348	8 348	8 866	693	8.3%	-518	-	-6.2%
Total	1 717 094	-	1 717 094	1 717 094	1 717 612	324 896	18.9%	-518	-	0.0%
							Net	-518		

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

The highest percentage spending department is CoGHSTA at 91.7 percent due to payment for the installation of fireworks in the department. The Province projects to overspend by R0.518 million or 6.2 percent in LEDET as a result of market stalls projects.

The overall performance on payments for capital assets is mainly affected by delays in approval of procurement plans and appointment of service providers which will be attended to in coming financial years. The performance will improve in the second and third quarter as most departments are finalizing procurement process and delivery will be effected later.

5.2. Equitable share spending

Table 5.2.1. Equitable share spending

Equitable share	Budget	Actual as at June 2015	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Variance
Education	23 371 679	5 490 615	23.5%	17 881 064	23 371 679	-
Health	13 023 735	3 434 709	26.4%	9 877 873	13 312 582	(288 847)
Social Development	1 534 567	253 122	16.5%	1 281 445	1 534 567	-
Public Works , Roads and Infrastructure	1 747 874	319 274	18.3%	1 428 600	1 747 874	-
Agriculture	1 369 664	305 478	22.3%	1 064 186	1 369 664	-
Transport	1 540 600	314 712	20.4%	1 225 888	1 540 600	-
CoGHSTA	983 450	251 139	25.5%	732 311	983 450	-
Sport, Arts & Culture	167 709	46 450	27.7%	136 297	182 747	(15 038)
Safety & Security	90 354	17 689	19.6%	71 199	88 888	1 466
Office of the Premier	350 072	75 988	21.7%	274 084	350 072	-
Legislature	262 688	66 933	25.5%	195 755	262 688	-
Treasury	385 180	71 989	18.7%	313 454	385 443	(263)
Economic Development	1 158 331	272 619	23.5%	885 712	1 158 331	-
Total	45 985 903	10 920 717	23.7%	35 367 868	46 288 585	(302 682)

Provincial equitable share spending is at R10.9 billion or 23.7 percent of the total budget of R45.9 billion. The highest percentage spending departments on equitable share are Sport, Arts and Culture at 27.7 percent, Health at 26.4 percent and CoGHSTA at 25.5 percent.

The lowest spending departments are:

- Social Development at R253.1 million or 16.5 percent of the total budget of R1.5 billion due to delay in transfers to NPO's and NGO's;
- Public Works, Roads and Infrastructure at R319.3 million or 18.3 percent of budget of R1.7 billion due to delay in implementation of roads projects within the province and non-transfer of funds to RAL;
- Safety, Security and Liaison at R17.7 million 19.6 percent of the total budget of R90.3 million due to delay in appointments of critical funded vacant posts and late submission of invoices by services providers; and
- Treasury at R72.0 million or 18.7 percent of the total budget of R385.2 million due to delay in filling of critical vacant posts late submission of invoices by services providers mainly SITA.

5.3. Conditional grants

Table: 5.3.a. Conditional Grants (CG) Spending Performance

	Budget	Actual as at June 2015	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Variance
Education	1 913 026	367 596	19.2%	1 545 430	1 913 026	-
Health	1 730 401	369 494	21.4%	1 360 907	1 730 401	-
Social Development	3 190	-	0.0%	3 190	3 190	-
Public Works , Roads and Infrastructure	1 001 882	60 026	6.0%	941 856	1 001 882	-
Agriculture	327 467	24 811	7.6%	302 656	327 467	-
Transport	298 298	46 369	15.5%	251 929	298 298	-
CoGHSTA	1 285 877	201 392	15.7%	1 084 485	1 285 877	-
Sport, Arts & Culture	177 615	25 430	14.3%	152 185	177 615	-
Safety & Security	2 078	-	0.0%	2 078	2 078	-
Economic Development	2 482	457	18.4%	2 025	2 482	-
Total	6 742 316	1 095 575	16.2%	5 646 741	6 742 316	-

The table above portrays an update on provincial CG spending. The CGs' overall expenditure is very low at R1.1 billion or 16.2 percent of the total budget of R6.7 billion. The highest spending departments on CGs are Health and Education R369.5 million or 21.4 percent of the total budget of R1.7 billion and R367.6 million or 19.2 percent of the budget of R1.9 billion respectively.

Table: 5.3 b. Limpopo Conditional Grant spending as at 30 June 2015

R thousand	Main Appropriation	Provincial Actual Payments	Actual Payments as a % of main budget
Agriculture	327 467	24 811	7.6%
Comprehensive Agricultural Support Programme Grant	261 844	20 030	7.6%
Ilima/Letsema Projects Grant	50 337	4 283	8.5%
EPWP Incentive allocation	5 285	226	4.3%
Land Care Programme Grant	10 001	272	2.7%
Sport, Arts and Culture	177 615	25 430	14.3%
Mass Sport and Recreation Programme	63 459	6 050	9.5%
EPWP Incentive allocation	2 000	94	4.7%
Community Library Services Grant	112 156	19 286	17.2%
Education	1 913 026	367 596	19.2%
HIV and Aids (Life Skills Education) Grant	30 875	314	1.0%
National School Nutrition Programme Grant	1 030 799	196 177	19.0%
Infrastructure Grant	805 128	170 499	21.2%
Maths, Science and Technology	40 979	200	0.5%
Social sector EPWP grant	3 095	406	13.1%
EPWP Incentive allocation	2 150	-	0.0%
Health	1 730 401	369 494	21.4%
Comprehensive HIV and Aids Grant	1 056 975	182 987	17.3%
Nursing colleges	-	-	0.0%
Infrastructure Grant	-	-	0.0%
Health Professions Training and Development Grant	118 855	37 750	31.8%
EPWP Social Sector	20 650	3 102	15.0%
EPWP Incentive grant	2 000	24	1.2%
Health insurance grant	7 204	657	9.1%
Hospital Revitalisation Grant	194 255	72 383	37.3%
National Tertiary Services Grant	330 462	72 591	22.0%
Co-operate Governance , Human Settlements and Traditional Affairs	1 285 877	201 392	15.7%
Housing Disaster Management	-	-	0.0%
Disaster : Flood Damage	34 332	-	0.0%
Integrated Housing & Human Settlements Development Grant	1 249 545	201 392	16.1%
EPWP Incentive allocation	2 000	-	0.0%
Public Works	1 001 882	60 026	6.0%
Infrastructure Grant	994 762	59 426	6.0%
EPWP incentive grant	7 120	600	8.4%
Economic Development	2 482	457	18.4%
EPWP Incentive grant	2 482	457	18.4%
Social Develoment	3 190	-	0.0%
EPWP Incentive grant	3 190	-	0.0%
Safety and Security	2 078	-	-
EPWP Incentive grant	2 078	-	0.0%
Transport	298 298	46 369	15.5%
Public Transport Operations Grant	298 298	46 369	15.5%
Total	6 742 316	1 095 575	16.2%

5.3.1. Agriculture

The department has spent R24.8 million or 7.6 percent of the total budget of R327.5 million mainly under CASP.

- **CASP** - spend 20.0 million or 7.6 percent of the total budget of R261.8 million. Slow spending is due to poor planning for major projects under the grant.
- **Illima/Letsema** – spend R4.3 million or 8.5 percent of the total budget of R50.3 million. The underspending is due to delay in finalization of procurement plans.
- **Land care** – spend R0.272 million or 2.7 percent of the total budget of R10.0 million. Term contract not yet finalized due to price escalation.

5.3.2. Sport, Arts and Culture.

The department recorded and overall CGs' expenditure of R25.4 million or 14.3 percent.

- **Community Library Services** - spent R19.3 million or 17.2 percent of the total budget of R112.1 million due to delay in filling of 26 vacant funded posts.
- **Mass Sport** - spent R6.0 million or 9.5 percent of the budget of R63.4 million due to the resignation of sport coordinators and non filling of managers positions for Competitive Sport and Limpopo Sport Academy.
- **EPWP** - spend R0.094 million or 4.7 percent due to late finalisation of contract for the workers and other administrative requirements.

5.3.3. Education

Overall spending by the department is at R367.6 million or 19.2 percent of the total budget of R1.9 billion.

- **HIV and Aids** – spent R0.314 million or 1.0 percent. The following contributed in under spending: Delay in filling vacant and funded posts; Delivery of bedside screens which is ongoing; and Printing of LTSM to the value of R1.2 m which is not yet concluded. Training is scheduled to commence mid July 2015.
- **National School Nutrition Programme** – spent R196.2 million or 19.0 percent. New tenders has been advertised.
- **Infrastructure grant** – spent R170.5 million or 21.2 percent. Provision has to be made from the grant to cover Compensation of Employees and Goods and Services for the newly appointed employees. Invoices to the value of R45m have been returned to the service provider for corrections.
- **Infrastructure grant** (flood damaged) – No spending
- **Math, Science and Technology** – R0.200 or 0.5 percent. Procurement of Laptops and Mathematics kits to the value of R20 m and R1 m respectively is in process.
- **EPWP** (Social sector) – spent R0.406 or 13.1 percent. Districts have completed appointing beneficiaries and most activities are scheduled for the second quarter.
- **EPWP** (Incentive allocation) – no spending. Expenditure on the grant is expected in September 2015. The department is busy identifying beneficiaries through Department of Public Works.

5.3.4. Health

The overall spending on CG is R369.5 million or 21.4 percent of the total budget of R1.7 billion.

- **HIV and Aids** – spent R182.9 million or 11.3 percent due to delayed appointment of data capturers, implementation of scheduled trainings, delivery of male condoms and delivery of invoices for ARVs.
- **HPTD** – spend R37.7 million or 31.8 percent of the total budget of R118.8 million.
- **EPWP (Social sector)** spend R 3.1 million or 15.0 percent. The first tranche R2 million transfers to NPOs for a new project (starting in July 2015) is in process of being transferred. Second tranche of R1.8 million transfers for old projects only due in July 2015.
- **EPWP (Incentive grant)** spend R0.024 million or 1.2 percent of the total budget of R2.0 million
- **Hospital Revitalization grant** – spent R72.4 million or 37.3 percent of the budget of R194.2 million. The high spending is due to the fact that department started 2015/16 financial year with a drastically reduced budget of R194 million against the following situation, accruals amounted to R25 million. Projects committed (multi-year projects and retentions), amounted to R437 million. A tranche of R35 million was paid to IDT for the implementation of Infrastructure projects.
- **National Tertiary Services** – spent R72.6 million or 22.0 percent of the total budget of R330.5 million. Delay in procurement of medicine as a result of moving from quotation to contract. Awaiting for delivery of the following, consumables to the value of R1.5 million, renal dialysis to the value of R1.8 million and Surgical Consumables to the value of R2.6 million.

5.3.5. CoGHSTA – Human Settlement Grant

The department spent R201.4 million or 15.7 percent of the total budget of R1.3 billion. Low spending was mainly due to relocation and replacement of beneficiaries and non performance by contractors.

5.3.6. Public Works, Roads and Infrastructure

Low spending due to non-transfer to RAL. An amount of R97.3 million was projected but not transfer due to delay in submission of fund request during the reporting period.

- **Infrastructure grant** – spend R59.4 million or 6.0 percent of the budget of R994.8 million.
- **EPWP incentive grant** – spent R0.600 of the total budget of R7.1 million.

5.3.7 LEDET

The departments spent R0.457 million or 18.4 percent of the budget of R2.5 million. Slow spending is due to the delay in the appointment of contract workers for EPWP projects.

5.3.8 Transport

The departments spent R46.4 million or 15.5 percent of the budget of R298.3 million. The spending is in line with the terms of the contract.

6. Provincial Own Receipts

Table 6.1: Own Provincial Revenue receipts per vote as at 30 June 2015

REVENUE COLLECTION AS AT 30 JUNE 2015											
Departments (Votes)	Main appropriation	Projections to June 2015	Projections as % of budget	Actual to June 2015	Actual collection as % of the budget	Projected remainder of the year	Estimated total revenue	Over / Under Collection	Previous yr Budget 2014/15	Previous yr Actual to June 2014	Actual collection as % of the budget
Office of the Premier	662	170	25,7%	134	20,2%	492	626	-36	658	185	28,1%
Provincial Legislature	156	65	41,7%	68	43,6%	114	182	3	249	23	9,2%
Education	50 291	12 035	23,9%	12 298	24,5%	38 256	50 554	263	50 704	9 144	18,0%
Agriculture	7 108	752	10,6%	3 147	44,3%	4 817	7 963	2 395	8 497	947	11,1%
Provincial Treasury	151 781	16 216	10,7%	70 117	46,2%	135 565	205 682	53 901	143 731	30 547	21,3%
Economic Development	131 737	23 716	18,0%	29 392	22,3%	115 541	144 933	5 676	84 825	26 737	31,5%
Health	150 131	27 763	18,5%	22 512	15,0%	127 724	150 236	-5 251	135 572	27 349	20,2%
Transport	423 666	85 730	20,2%	91 674	21,6%	331 992	423 666	5 944	402 208	83 129	20,7%
Public Works	54 599	13 103	24,0%	7 233	13,2%	41 496	48 729	-5 870	35 698	6 781	19,0%
Safety & Security	84	21	25,0%	22	25,8%	63	85	1	77	18	23,4%
Co-operative governance	2 663	286	10,7%	1 015	38,1%	1 862	2 876	729	2 925	471	16,1%
Social Development	2 867	602	21,0%	809	28,2%	2 265	3 074	207	2 637	451	17,1%
Sport, Arts & Culture	962	140	14,6%	97	10,0%	823	919	-43	921	333	36,2%
Total provincial receipts	976 707	180 599	18,5%	238 516	24,4%	801 009	1 039 525	57 917	868 702	186 115	21,4%

Original Provincial own revenue target for 2015/16 is R976.7 million. As at 30 June 2015 has collected R238.5 million or 24.4 percent more than a projection of R176.8 million or 18.1 percent. In overall, the Province has recorded over collection of R61.7 million which is mainly contributed by Provincial Treasury due to more interests earned on bank balances. The collection is higher that of the previous corresponding period of R186.115 million or 21.4 percent.

6.1 Own revenue narrations per Vote

The following Nine (9) Departments collected above their set monthly projections:

6.1.1. Provincial Legislature (Target R0.156 Million)

The Department collected R0.068 million or 43.6 percent compared to projections of R0.065 million or 41.7 percent. The over collection is due to recovery of debts from the previous years which was caused by an erroneous calculation from GEPF.

6.1.2. Education (Target R50.3 Million)

The Department collected R12.3 million or 24.5 percent compared to projections of R12.0 million or 24.5 percent. The over collection is due to once recovery of debts from the previous financial year as well as office rental fees transferred from the Giyani Multipurpose centre (use of former college buildings)

6.1.3. Agriculture (Target R7.1 Million)

The Department collected R3.1 million or 44.3 percent compared to projections of R0.752 million or 10.6 percent. Over collection is due to the transfer of tuition fees from the two agricultural colleges and proceeds from auction sale of capital assets from the previous year.

6.1.4. Provincial Treasury (Target R151.7 Million)

The Department collected R70.1 million or 46.2 percent compared to projections of R16.2 million or 10.7 percent. The over collection is due to more interest received on bank balances and proceeds from sale of capital assets from the previous financial year.

6.1.5. Economic Development (Target R131.7 Million)

The Department has collected R29.4 million or 22.3 percent against projections of R23.7 million or 18.0 percent. Over collection of R5.7 million is due to the surrender of unspent funds from LTA. Own revenue from public entities and gaming levies (R5.2 million) were not accounted for due to late transfers.

6.1.6. Transport (Target R423.6 Million)

The Department collected R91.7 million or 21.6 percent against set projections of R85.7 million or 20.0 percent. The over collection of R5.9 million is mainly due to improved collection on motor vehicle licenses and penalties. However, receipts amounting to R7.2 million remain uncaptured due to BAS performance challenges.

6.1.7. Safety and Security (Target R0.084 Million)

The Department collected R0.022 million or 25.8 percent compared to projections of R0.021 million or 25.0 percent. The over collection is due to recovery of debts from the previous year.

6.1.8. Co-operative Governance (Target R2.7 Million)

Collection as at 30 June 2015 is R1.015 million or 38.1 percent against set projections of R0.286 million or 10.7 percent. The over collection is mainly due to sale of tender documents which was not projected and the recovery of debts from the previous years. These debts emanates from Developers who failed to complete projects in the 2013/14 financial year, which was not budgeted for.

6.1.9. Social Development (Target R2.9 Million)

The Department collected R0.809 million or 28.2 percent against projections of R0.602 million or 21.0 percent due to once off payment of shared service from SASSA, recovery of subsidised kilometers and the recovery of debts from non-governmental organizations.

The following four (4) Departments collected below their projections

6.1.10. Office of the Premier (Target R0.662 Million)

The office collected R0.134 million or 20.2 percent compared to projections of R0.170 million or 25.7 percent. The under collection is due to less collection on parking fees, debts and sales of tender documents.

6.1.11. Health Target (R150.1 Million)

The Department has collected R22.5 million or 15.0 percent compared to the projected amount of R27.8 million or 18.5 percent. The under collection is due to poor recovery of debts on patient fees which has collected **R8.359 million** against projections of **R16.182 million**. The RAF debt collector is on site to ensure speedy lodgment and processing of claims.

6.1.12. Public Works, Roads and Infrastructure (Target R54.6 Million)

The Department collected R7.2 million or 13.2 percent compared to projections of R13.1 million or 24.0 percent. The under collection of R5.9 million is mainly due to less collection on rental dwelling and non-transfer of own revenue by RAL for three months which amounts to R1.3 million. The entity is still to transfer unspent funds / accumulated surplus amounting to R118 million relating to the 2014/15 financial year.

6.1.13. Sports, Arts & Culture (R0.962 Million)

The Department collected R0.097 million or 10.0 percent against set projections of R0.140 million or 14.6 percent. The under-collection is mainly due to less recovery of previous year debts.

6.2. Own revenue per economic classification

Table 6.2: Own Revenue per economic classification as at 30 June 2015

Summary of Provincial Own Receipt by Economic Classification

Items (Revenue Sources)	Main appropriation	Projections to June 2015	Projections as % of budget	Actual to June 2015	Actual collection as % of the budget	Projected remainder of the year	Estimated total revenue	Over / Under Collection	Previous yr Budget 2014/15	Previous yr Actual to June 2014	Actual collection as % of the budget
Tax receipts	400 885	84 159	21,0%	87 540	21,8%	313 513	401 053	3 381	373 159	84 825	22,7%
Sales of goods and services other than capital assets	298 163	62 188	20,9%	46 354	15,5%	246 076	292 430	-15 834	258 144	49 580	19,2%
Transfers received from:	-	-	-	-	-	-	-	0	-	-	-
Fines, penalties and forfeits	52 605	9 287	17,7%	10 879	20,7%	41 744	52 623	1 592	50 089	8 710	17,4%
Interest, dividend and rent on land	153 803	19 234	12,5%	70 132	45,6%	137 172	207 304	50 898	142 741	30 630	21,5%
Sales of capital assets	16 683	1 645	9,9%	516	3,1%	16 368	16 884	-1 129	13 046	96	0,7%
Revenue financial assets	54 568	4 086	7,5%	23 095	42,3%	46 136	69 230	19 009	31 523	12 274	38,9%
Total departmental receipts	976 707	180 599	18,5%	238 516	24,4%	801 009	1 039 525	57 917	868 702	186 115	21,4%

6.2.1. Tax receipts (Target R400.9 million)

An amount of R87.5 million or 21.8 percent has been collected against projections of R84.2 million or 21.0 percent. The over collection of R3.4 million is mainly on motor vehicle license by Department of Transport. More vehicles licenses were renewed than anticipated.

6.2.2. Sale of goods & services non capital assets (Target R298.1 million)

As at 30 June 2015 collection is R46.4 million or 15.5 percent against projections of R58.8 million or 19.7 percent. Under collection of R12.1 million is mainly because of non-accounting of own revenue from public entities by LEDET and Public Works, partial implementation of R900 rental fee by Public Works as well as poor collection of debts under patients fees by Health.

6.2.3. Fines, penalties and forfeits (Target R52.6 million)

Fines, penalties and forfeits collected R10.9 million or 20.7 percent against projections of R9.3 million or 17.7 percent. The over-collection is mainly due to improved collection by the department of Transport.

6.2.4. Interest, dividend and rent on land (Target R153.8 million)

Collection as at 30 June 2015 is R70.1 million or 45.6 percent against set projections of R19.2 million or 12.5 percent. Over collection is due to more interest earned on bank balances by Provincial Treasury.

6.2.5. Sale of capital assets (Target R16.7 million)

As at 30 June 2015 there is collection of R0.516 million or 3.1 percent against projections of R1.645 million or 9.9 percent. Collection is for sale of house by the Department of Public Works, sale of biological assets by the Department of Economic Development, Environment and Tourism and proceeds from previous year auction sale of capital assets by the Department of Agriculture.

6.2.6. Financial transactions in assets and liabilities (Target R54.6 million)

The item collected R23.1 million or 42.3 percent against projections of R4.1 million or 7.5 percent. Over collection is mainly due to the surrender of unspent funds by Economic Development and improved recovery of debts by Education.

7. Infrastructure Management

Table 7.1: Infrastructure Expenditure as at 30 June 2015

Infrastructure Expenditure Comparison as at 30 June year-on-year									
Department	Budget (R'000)			Expenditure (R'000)			% Expenditure		
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
Education	997 599	1 123 325	805 128	102 458	102 989	170 499	10%	9%	21%
Agriculture	171 951	142 289	185 940	16 629	5 944	8 385	10%	4%	5%
LEDET	63 102	65 375	62 749	-	4 366	11 340		7%	18%
Health	600 727	594 747	324 626	42 341	80 721	265 191	7%	14%	82%
Public Works, Roads & In	59 765	59 439	2 171 423	3 237	6 832	124 715	5%	11%	6%
Transport	2 118 571	2 551 116	89 304	181 578	261 069	845	9%	10%	1%
CoGHSTA	1 327 742	1 221 259	1 285 877	96 909	47 633	74 077	7%	4%	6%
Social Development	95 639	52 912	63 866	6 362	1 609	2 556			4%
Sport, Arts & Culture	22 500	26 000	43 000	-	203	332	0%	1%	1%
TOTAL	5 457 596	5 836 462	5 031 913	449 514	511 366	657 940	8%	9%	13%
Percentage									
Education	18%	19%	16%	23%	20%	26%			
Agriculture	3%	2%	4%	4%	1%	1%			
LEDET	1%	1%	1%	0%	1%	2%			
Health	11%	10%	6%	9%	16%	40%			
Public Works, Roads & In	1%	1%	43%	1%	1%	19%			
Transport	39%	44%	2%	40%	51%	0%			
CoGHSTA	24%	21%	26%	22%	9%	11%			
Social Development	2%	1%	1%	1%	0%	0%			
Sport, Arts & Culture	0%	0%	1%	0%	0%	0%			
TOTAL	100%	100%	100%	100%	100%	100%			

As at 30 June 2015, the Provincial Infrastructure expenditure stood at R657.9 million, this being the third month (end of Quarter 1) of the financial year. The total expenditure represents thirteen percent of the Provincial infrastructure budget as at 30 June 2015.

The expenditure was supposed to be in the region of about R1.2 billion, which represents 25.0 percent of the total budget in terms of the norm. The province is 12 percent or R600 million below the straight line norm.

It should be noted that at the time of consolidating the expenditure, the department of Sport Arts and Culture had not yet submitted their expenditure for the month of June 2015. For the Department of Public Works Roads and Infrastructure only expenditure for the Roads Infrastructure has been captured.

The expenditure for the following departments had dropped compared to the previous month:

- CoGHSTA expenditure dropped from R96.4 million or eight percent in May to R74.0 million six percent in June 2015
- Social Development expenditure dropped from R10.2 million sixteen percent in May to R2.5 million four percent in June 2015

There was no increase in expenditure for the Departments of Economic Development and Transport compared to the month of May.

The departments with the assistance of both National and Provincial Treasury have uploaded the projects into the new web-based Infrastructure Reporting Model (IRM), the process was finalised by 15 June 2015. Challenges still remain with the new system, as such, National Treasury will conduct a two days executive and champions training for Provincial Treasuries on the web based IRMs on 28 and 29 July 2015. Post the training Provincial Treasury officials will then support the departments and respond to issues raised by sectors. The Provincial Treasury has also nominated one official to be part of the National Task Team to deal with the gaps identified in the new web based IRM. As a result of these challenges the reporting for the current month under review was done manually.

The following are observed:

- The Provincial Infrastructure budget is primarily funded by Conditional Grants representing eighty 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 June throughout the three financial years had always been poor.
- The Provincial Infrastructure Expenditure as at 30 June is recorded as follows:
 - 8 percent - 2013/14
 - 9 percent - 2014/15
 - 13 percent - 2015/16
- All departments had poorly spent or have recorded low expenditure as at 30 June 2015, except for Health at 82 percent which is way above norm.
- All departments' project to break-even as at June 2015 except for Health.

8. Conclusion

The overall provincial spending as at 30 June 2015 amounts to R12.0 billion or 22.8 percent of the total budget of R52.7 billion. Of the R12.0 billion total expenditure, R10.9 billion is on equitable share and R1.1 billion on Conditional grant. There is a noticeable increase on overall spending by 0.6 percent as compared to the same period during the previous year of which the overall expenditure was at R11.4 billion or 22.2 percent.

Infrastructure expenditure improved from 9 percent to 13 percent compared to the same period last year or from R511.4 million to R657.9 million. Provincial own revenue collected also improved from projected collection of 18.5 percent or R180.6 million to 24.4 percent or R238.5 million.



Gavin Pratt CA (SA)
HOD: Provincial Treasury



Date