



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Ref: 12/4/5/1
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LIMPOPO PROVINCIAL REVENUE AND EXPENDITURE REPORT AS AT 31 MAY 2014

1. Purpose

To provide National Treasury with:

- A report on provincial Revenue and Expenditure as at 31 May 2014

2. Background

In terms of chapter 5, section 40 (4) (a) of the PMFA, 1999 the accounting officer of a department must at the beginning of a financial year provide the relevant treasury in the prescribed format with a breakdown of the anticipated revenue and expenditure of that department for that financial year.

In addition, Section 40 (4) (b) stipulates that the designated accounting officer of a department must 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). Section 40 (4) (c) stipulates that accounting officer of a department must ensure to submit within 15 (fifteen) days of the end of each month to the Provincial Treasury and Executive Authority the information for that month, projected expenditure and revenue collection for the remainder of the current financial year and when necessary explanations or any material variances and a summary of the steps to be taken to ensure that the projected expenditure and revenue remain within budget.

The expenditure and revenue trends for the period under review is based on departmental May 2014 IYM submission by departments in terms of section 40(4) (b) of the PFMA. Departmental submissions are analysed in terms of the projected expenditure, projected cash requests and actual expenditure as recorded in the IYM submissions. The explanations provided for the variances were provided by departments as per the IYM variance report and where necessary further clarity was sought from departments.

3. Discussion

Provincial Treasury Instruction Note 3 of 2012 issued on 28 April 2012 outlines the legislative requirements and process for IYM submissions. Given the challenges faced by departments in providing substantial reasons for variances in projection and expenditure Provincial Treasury Instruction Note 09 of 2012 and 4 of 2013 were issued giving further directives on the information requirements.

3.1 Cash Management

Cash allocation letters for 2014/15 financial year were 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.

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 from April 2014 to May 2014.

Table 1: Cash allocations vs. actual expenditure vs. actual transfer as at 31 May 2014

Cash Allocations Vs Actual Expenditure Vs Actual Transfers as at 31 May 2014

Departments	Opening Bank Balances at 01-Apr-14	Cash Allocation 31-May-14	Actual Expenditure 31-May-14	Tranfers To Departments 31-May-14	Variance Cash allocation Vs Actual Expenditure		Variance Actual Expenditure Vs Funds Transferred	
					Amount	%	Amount	%
Education	615 023	4 566 428	3 950 016	3 360 562	616 412	13.5%	589 454	14.9%
Health	196 242	2 497 884	2 162 769	2 308 806	335 115	13.4%	-146 037	-6.8%
Social Development	48 090	215 399	142 602	148 675	72 797	33.8%	-6 073	-4.3%
Public Works	82 408	128 027	121 806	123 405	6 221	4.9%	-1 599	-1.3%
Agriculture	53 306	247 041	193 783	193 843	53 258	21.6%	-60	0.0%
Roads & Transport	323 345	567 710	326 105	600 931	241 605	42.6%	-274 826	-84.3%
CoGSTHA	176 843	267 219	167 657	225 389	99 562	37.3%	-57 732	-34.4%
Sport, Arts & Culture	32 062	65 117	30 909	39 967	34 208	52.5%	-9 058	-29.3%
Safety & Security and Liaison	5 344	15 684	13 251	10 093	2 433	15.5%	3 158	23.8%
Office of the Premier	2 195	58 990	48 699	48 427	10 291	17.4%	272	0.6%
Provincial Legislature	420	58 696	36 876	42 322	21 820	37.2%	-5 446	-14.8%
Provincial Treasury	43 731	69 362	44 279	88 558	25 083	36.2%	-44 279	-100.0%
Economic Development, Environmental & Tourism	34 025	171 740	152 334	130 563	19 406	11.3%	21 771	14.3%
Total	1 613 034	8 929 297	7 391 086	7 321 541	1 538 211	17.2%	69 545	0.9%

Summary Per Fund

Equitable Share		7 255 572	7 391 086	7 321 541	-135 514	-1.9%	69 545	0.9%
Conditional Grant		1 673 725	-	-	1 673 725	100.0%	-	0.0%
Total		8 929 297	7 391 086	7 321 541	1 538 211	17.2%	69 545	0.9%

When comparing actual expenditure to the cash flow projections or cash allocations, departments under-spent the cash allocations by R1.538 billion or 17.2 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. An analysis of volumes of unprocessed invoices at each month-end, capacity, efficiency and effectiveness of departments in monitoring performance of service providers and processing of invoices should be conducted.

On the other hand transfers to departments were R69.545 million or 0.9 percent less than actual expenditure. The reason for transferring less funds than was required is due to some departments having huge balances in their PMG Account.

3.2 Month-end Bank Balances

Table 2: Month-end Provincial Bank Balance – May 2014

Month-end Provincial Bank Balances												
Departments	R'000											
	30-Apr	31-May	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	31-Dec	31-Jan	28-Feb	31-Mar
Premier	2 140	161										
Legislature	2 895	-1 893										
Education	57 648	59 440										
Agriculture	18 712	5 512										
Treasury	20 293	34 679										
LEDET	33 460	6 257										
Health	324 113	324 090										
Roads & Transport	37 184	333 315										
Public Works	4 501	12 155										
Safety, Security & Liaison	1 384	351										
CoGHSTA	169 198	425										
Social Development	10 737	6 436										
Sports	2 770	237										
Sub-Total PMGs	685 035	781 165	-	-	-	-	-	-	-	-	-	-
Exchequer Account	132 762	190 902										
Group Balance	817 797	972 067	-	-	-	-	-	-	-	-	-	-
CPD Investment Account (Reserve Bank)	3 621 456	3 665 506										
Total Available Cash Balance	4 439 253	4 637 573	-	-	-	-	-	-	-	-	-	-
Revenue Fund closing balance(CPD plus Exchequer Accounts)												
Equitable Share	3 101 135	3 307 755	-	-	-	-	-	-	-	-	-	-
Conditional Grant	653 083	548 653										
Total	3 754 218	3 856 408	-	-	-	-	-	-	-	-	-	-

The payments processes put in place are to ensure that all payments to suppliers/payees released as per schedule are effected on the action date of the relevant tapes released. The objective is to enhance cash management and that suppliers receive payments as per the payments stubs. This also assists the province in maintaining smaller cash balances in commercial bank accounts where lower interest is earned and to optimize interest returns in the CPD (Provincial account in South African Reserve Bank) account.

At the end of May 2014 the province had a total favorable bank balance of R4.638 billion comprising R3.665 billion in the CPD account and R972.1 million in the commercial bank accounts (viz. departmental PMG accounts and the Exchequer account)

3.3 Interest Performance

Table 3: Interest Performance: 2014/15 Financial year

INTEREST EARNED : 2014/15 FINANCIAL YEAR
R'000

Institution	2014/15												
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Total
Commercial Bank (FNB)	-												-
Commercial Bank (SBSA)	5 264	2 061											7 325
CPD (SA Reserve Bank)	12 273	22 140											34 413
Total	17 537	24 201	-	-	-	-	-	-	-	-	-	-	41 738

INTEREST EARNED : 2014/15 FINANCIAL YEAR
R'000

Institution	2013/14												
	Apr-14	May-14	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total
Commercial Bank (FNB)	2 277	1 617											3 894
Commercial Bank (SBSA)	-	-											-
CPD (SA Reserve Bank)	7 937	13 898											21 835

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 R25.729 million in 2013/14 to R41.758 million for 2014/15. Interest earned in the CPD account alone grew from R21.729 million to R34.413 million.

4. Provincial overall expenditure as at 30 May 2014

Table 4: Limpopo Budget and expenditure

Table 5 : Limpopo budgets and expenditure as at 31 May 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2014	Actual spending as % of Main budget	(Over)	Under	%(Over)/ under of Main budget
Education	24 965 895	-	24 965 895	24 965 895	24 965 895	3 950 016	15.8%	-	-	0.0%
Health	14 371 045	-	14 371 045	14 371 045	14 665 709	2 162 769	15.0%	-294 664	-	-2.1%
Social Development	1 468 887	-	1 468 887	1 468 887	1 468 887	142 602	9.7%	-	-	0.0%
Public Works	928 600	-	928 600	928 600	928 600	121 806	13.1%	-	-	0.0%
Agriculture	1 602 228	-	1 602 228	1 602 228	1 602 228	193 783	12.1%	-	-	0.0%
Roads And Transport	3 524 895	-	3 524 895	3 524 895	3 524 895	326 105	9.3%	-	-	0.0%
Co-Operative Governance Human Settlements	2 158 033	-	2 158 033	2 158 033	2 158 033	167 657	7.8%	-	-	0.0%
Sport, Art And Culture	302 358	-	302 358	302 358	302 358	30 909	10.2%	-	-	0.0%
Safety, Security And Liaison	84 402	-	84 402	84 402	84 402	13 251	15.7%	-	-	0.0%
Office Of The Premier	335 616	-	335 616	335 616	335 616	48 699	14.5%	-	1	0.0%
Legislature	248 515	-	248 515	248 515	248 515	36 876	14.8%	-	-	0.0%
Provincial Treasury	357 797	-	357 797	357 797	357 797	44 279	12.4%	-	-	0.0%
Economic Development Environment And Tourism	1 111 277	-	1 111 277	1 111 277	1 111 277	152 334	13.7%	-	-	0.0%
Total	51 459 548	-	51 459 548	51 459 548	51 764 211	7 391 086	14.4%	-294 664	1	-0.6%
Economic classification							Net	-294 663		
Current payments	43 748 682	-	43 748 682	43 748 682	44 044 116	6 579 619	15.0%	-295 435	-	-0.7%
Compensation of employees	36 116 634	-	36 116 634	36 116 634	36 409 510	5 964 189	16.5%	-292 877	-	-0.8%
Goods and services	7 631 643	-	7 631 643	7 631 643	7 634 201	615 430	8.1%	-2 558	-	0.0%
Interest and rent on land	405	-	405	405	405	-	0.0%	-	-	0.0%
Transfers and subsidies	5 480 784	-	5 480 784	5 480 784	5 483 481	775 396	14.1%	-2 697	-	0.0%
Payments for capital assets	2 230 083	-	2 230 083	2 230 083	2 226 614	36 071	1.6%	-	3 469	0.2%
Payments for financial assets	-	-	-	-	-	-	-	-	-	-
of which: NPWC	13 112 832	-	13 112 832	13 112 832	13 118 087	1 390 826	10.6%	-5 255	-	0.0%
Total	51 459 548	-	51 459 548	51 459 548	51 764 211	7 391 086	14.4%	-298 132	3 469	-0.6%
							Net	-294 663		

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

The overall provincial spending for the month of May amounts to R7.4 billion or 14.4 percent of the total available budget of R51.5 billion while departments projected to spend R8.3 billion or 16.1 percent.

The overall provincial spending for the month of May amounts to R7.4 billion or 14.4 percent of the total available budget of R51.5 billion while departments projected to spend R8.3 billion or 16.1 percent. Previous year spending was at R6.7 billion or 13.9 percent of the budget of R47.9 billion. While the province has projected an over spending of R 294.6 million under the department of Health other departments have projected to break-even at the end of the financial year. The projected over-expenditure is caused by the payment of 2012/13 liabilities (pay-progression and performance bonus) that could not be addressed in the 2013/14 financial year due financial constraints. Provincial Treasury will address the matter with the department.

The highest expenditure in terms of departments is recorded in Education at 15.8 percent, Safety and Security 15.7 percent and Health at 15 percent. The lowest spending department is CoGHSTA at 7.8 percent and Roads and Transport at 9.3 percent. Most of the expenditure is incurred under Compensation of Employees at 16.5 percent.

4.1 .Spending per economic classification

4.1.1 Compensation of Employees budget and expenditure

Table 5: Compensation of Employees (CoE)

Table 6: Limpopo budgets and expenditure: Compensation of employees as at 31 May 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2014	Actual spending as % of Main budget	(Over)	Under	%(Over)/ under of Main budget
Education	20 405 986	-	20 405 986	20 405 986	20 405 986	3 406 671	16.7%	-	-	0.0%
Health	10 234 791	-	10 234 791	10 234 791	10 529 454	1 703 654	16.6%	-294 664	-	-2.9%
Social Development	752 604	-	752 604	752 604	752 604	113 768	15.1%	-	-	0.0%
Public Works	615 799	-	615 799	615 799	615 799	97 490	15.8%	-	-	0.0%
Agriculture	1 015 759	-	1 015 759	1 015 759	1 015 758	156 617	15.4%	-	1	0.0%
Roads And Transport	1 078 064	-	1 078 064	1 078 064	1 078 064	162 043	15.0%	-	-	0.0%
Co-Operative Governance Human Settlement	763 429	-	763 429	763 429	763 429	130 168	17.1%	-	-	0.0%
Sport,Art And Culture	135 129	-	135 129	135 129	135 129	20 418	15.1%	-	-	0.0%
Safety,Security And Liason	60 032	-	60 032	60 032	60 032	9 245	15.4%	-	-	0.0%
Office of the Premier	226 299	-	226 299	226 299	226 299	38 825	17.2%	-	-	0.0%
Legislature	147 674	-	147 674	147 674	145 888	19 683	13.3%	-	1 786	1.2%
Treasury	229 247	-	229 247	229 247	229 247	36 080	15.7%	-	-	0.0%
Economic Development	451 821	-	451 821	451 821	451 821	69 527	15.4%	-	-	0.0%
Total	36 116 634	-	36 116 634	36 116 634	36 409 510	5 964 189	16.5%	-294 664	1 787	-0.8%
								Net	-292 877	

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

The overall Compensation of Employees spending is at R5.9 billion or 16.5 percent against the projection of R3 billion or 8.4 percent of total budget of R36.1 billion. The provincial spending pattern is slightly below the projection due to the non-filling of critical funded positions. It should be noted that during the month of May 2014, annual increase was implemented and paid retrospectively from April 2014.

The highest spending department is the Office of the Premier at R38.8 million or 17.2 followed by Co-operative Government Human Settlement at R130.2 million or 17.1 percent of the total budget of R763.4 million. The over spending in CoGHSTA is due to payment of arrears of traditional leaders allowances which will be addressed during the adjustment budget. The department of Health project to over spend its budget by R294.7 million or 2.9 percent. Even though the department has projected to over spend, the current expenditure trend does not support the projection. The Provincial Legislature projects to under spend its budget by R1.8 million or 1.2 percent.

4.1.2 Goods and Services

Table 6: Goods and Services budget and expenditure for the period under review

Table 7 : Limpopo budgets and expenditure: Goods and services as at 31 May 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2014	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	2 177 001	-	2 177 001	2 177 001	2 177 001	63 559	2.9%	-	-	0.0%
Health	3 134 796	-	3 134 796	3 134 796	3 134 796	306 293	9.8%	-	-	0.0%
Social Development	204 613	-	204 613	204 613	204 613	26 432	12.9%	-	-	0.0%
Public Works	206 410	-	206 410	206 410	206 410	19 106	9.3%	-	-	0.0%
Agriculture	354 007	-	354 007	354 007	354 008	29 550	8.3%	-1	-	0.0%
Roads And Transport	779 135	-	779 135	779 135	779 135	92 522	11.9%	-	-	0.0%
Co-Operative Governance Human Settlements And	161 335	-	161 335	161 335	161 335	22 448	13.9%	-	-	0.0%
Sport,Art And Culture	136 034	-	136 034	136 034	136 034	8 347	6.1%	-	-	0.0%
Safety,Security And Liason	23 116	-	23 116	23 116	23 114	4 005	17.3%	-	2	0.0%
Office of the Premier	98 605	-	98 605	98 605	98 304	9 708	9.8%	-	301	0.3%
Legislature	36 155	-	36 155	36 155	39 292	3 401	9.4%	-3 137	-	-8.7%
Treasury	122 525	-	122 525	122 525	122 248	7 217	5.9%	-	277	0.2%
Economic Development	197 911	-	197 911	197 911	197 911	22 842	11.5%	-	-	0.0%
Total	7 631 643	-	7 631 643	7 631 643	7 634 201	615 430	8.1%	-3 138	580	0.0%
							Net	-2 558		

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

The overall spending on Goods and Services is at R615.4 million or 8.1 percent against the projection of R1.049 billion or 14.9 percent of the total budget of R7.6 billion. The highest spending department is Safety, Security and Liaison at R4.005 million or 17.3 percent of the total budget of R23.1 million. The lowest spending is recorded by Education at 2.9 percent due to the delay in finalization of the procurement processes. The provincial Legislature is projecting to overspend its goods and service budget by R3.1 million or 8.7percent which will be set off by savings from other items as the overall institution's projection is to break even.

4.1.3. Transfers and subsidies

Table 7: Transfers and Subsidies and Services per department

Table 8: Limpopo budgets and expenditure: Transfers and subsidies as at 31 May 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2014	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	1 269 011	-	1 269 011	1 269 011	1 269 011	456 057	35.9%	-	-	0.0%
Health	475 733	-	475 733	475 733	477 704	146 938	30.9%	-1 971	-	-0.4%
Social Development	446 724	-	446 724	446 724	446 724	1 383	0.3%	-	-	0.0%
Public Works	47 050	-	47 050	47 050	47 050	2 220	4.7%	-	-	0.0%
Agriculture	159 894	-	159 894	159 894	159 894	5 646	3.5%	-	-	0.0%
Roads And Transport	1 324 582	-	1 324 582	1 324 582	1 324 582	71 540	5.4%	-	-	0.0%
Co-Operative Governance Human Settlements	1 230 802	-	1 230 802	1 230 802	1 230 802	15 019	1.2%	-	-	0.0%
Sport,Art And Culture	5 995	-	5 995	5 995	5 995	2 009	33.5%	-	-	0.0%
Safety,Security And Liason	-	-	-	-	-	-	-	-	-	-
Office of the Premier	6 969	-	6 969	6 969	7 269	85	1.2%	-300	-	-4.3%
Legislature	60 556	-	60 556	60 556	60 705	13 792	22.8%	-149	-	-0.2%
Treasury	3 000	-	3 000	3 000	3 277	955	31.8%	-277	-	-9.2%
Economic Development	450 468	-	450 468	450 468	450 468	59 752	13.3%	-	-	0.0%
Total	5 480 784	-	5 480 784	5 480 784	5 483 481	775 396	14.1%	-2 697	-	0.0%
								Net	-2 697	

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

The province spent R775.4 million or 14.1 percent of the total budget of R5.5 billion on Transfers and subsidies against a projection of R866.4 million or 15.8 percent. The highest spending departments are Education, Sport, Provincial Treasury, and Health at 35.9 percent, 33.5 percent, 31.8 percent and 30.9 percent respectively. The lowest spending department is Social Development at R1.4 million or 0.3 percent of its total budget of R446.7. The department of Health is projecting to overspend its budget by R1.9 million or 0.4 percent which will be set off by a saving on Payments for Capital Assets.

4.1.4. Payment for Capital Assets

Table 8: Payment for Capital Assets per department as at 31 May 2014

Table 9: Limpopo budgets and expenditure: Payments for capital assets as at 31 May 2014

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 May 2014	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	1 113 897	-	1 113 897	1 113 897	1 113 897	23 729	2.1%	-	-	0.0%
Health	525 726	-	525 726	525 726	523 755	5 684	1.1%	-	1 971	0.4%
Social Development	64 946	-	64 946	64 946	64 946	1 019	1.6%	-	-	0.0%
Public Works	59 341	-	59 341	59 341	59 341	2 990	5.0%	-	-	0.0%
Agriculture	72 568	-	72 568	72 568	72 568	1 970	2.7%	-	-	0.0%
Roads And Transport	343 114	-	343 114	343 114	343 114	-	0.0%	-	-	0.0%
Co-Operative Governance Human Settlements And	2 467	-	2 467	2 467	2 467	22	0.9%	-	-	0.0%
Sport,Art And Culture	25 200	-	25 200	25 200	25 200	135	0.5%	-	-	0.0%
Safety, Security And Liason	1 254	-	1 254	1 254	1 255	1	0.1%	-2	-	-0.2%
Office of the Premier	3 743	-	3 743	3 743	3 743	81	2.2%	-	-	0.0%
Legislature	4 130	-	4 130	4 130	2 630	-	0.0%	-	1 500	36.3%
Treasury	3 025	-	3 025	3 025	3 025	27	0.9%	-	-	0.0%
Economic Development	10 672	-	10 672	10 672	10 672	213	2.0%	-	-	0.0%
Total	2 230 083	-	2 230 083	2 230 083	2 226 614	36 071	1.6%	-2	3 471	0.2%
								Net	3 469	

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

The overall expenditure on Payment for Capital Assets is at R36.1 million or 1.6 percent of the total budget of R2.2 billion against the projection of R301.6 million or 13.5 percent. The highest spending department is Public Works at R2.9 million or 5.0 percent of the total budget of R59.3 million. The spending on the following departments are very low; Safety, Sport, Treasury and CoGHSTA at 0.1 percent, 0.5 percent, 0.9 percent and 0.9 percent respectively. Roads and Legislature have recorded zero spending.

4.1.4. Equitable share spending

Equitable share Expenditure 2014/15						
	Budget	Actual to May 2014	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Over or under spending
Education	22 374 049	3 848 027	17.2%	18 526 022	22 374 049	-
Health	12 474 438	2 015 030	16.2%	10 459 408	12 769 102	(294 664)
Social Development	1 466 115	142 602	9.7%	1 323 513	1 466 115	-
Sport, Arts & Culture	159 800	24 593	15.4%	135 207	159 800	-
Safety & Security	84 402	13 251	15.7%	71 151	84 402	-
Premier	335 616	48 699	14.5%	286 917	335 616	-
Local Govt & Housing	936 774	153 817	16.4%	782 957	936 774	-
Legislature	248 515	36 876	14.8%	211 639	248 515	-
Public Works	926 348	121 806	13.1%	804 542	926 348	-
Provincial Treasury	357 797	44 279	12.4%	313 518	357 797	-
Agriculture	1 305 075	182 519	14.0%	1 122 556	1 305 075	-
Transport	2 101 215	243 512	11.6%	1 857 710	2 101 215	-
Econ Dev	1 109 175	152 334	13.7%	956 841	1 109 175	-
Total	43 879 319	7 027 345	16.0%	36 851 981	44 173 983	(294 664)

Provincial equitable share spending is at R7.0 billion or 16.0 percent of the total budget of R43.9 billion. The highest spending department is Education at R3.8 billion or 17.2 percent of the total Equitable share budget of R22.4 billion. Health is projecting over expenditure of R294.7 million caused by the payment of 2012/13 liabilities (pay-progression and performance bonus) that could not be addressed in the 2013/14 financial year due financial constraints. The lowest spending department is Social Development at R142.6 million or 9.7 percent of the total budget of R1.5 billion

4.2 . Conditional Grants Spending

CONDITIONAL GRANTS AT 30 APRIL 2014						
	Main Appropriation	Actual to April 2014	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Over or under spending
Education	2,591,846	101,989	3.9%	2,489,857	2,591,846	-
Health	1,896,607	147,739	7.8%	1,748,868	1,896,607	-
Social Development	2,772	-	0.0%	2,772	2,772	-
Sport, Arts & Culture	142,558	6,316	4.4%	136,242	142,558	-
Co-operative Governance, Human Settlements and Traditional Affairs	1,221,259	13,840.00	1.1%	1,207,419	1,221,259	-
Agriculture	297,153	11,264	3.8%	285,889	297,153	-
Roads and Transport	1,423,680	82,600	5.8%	1,341,080	1,423,680	-
Public Works	2,252	-	0.0%	2,252	2,252	-
Economic Development, Environment and Tourism	2,102	148.00	7.0%	1,954	2,102	-
Total	7,580,229	363,896	4.8%	7,216,333	7,580,229	-

Table 9: Provincial Conditional Grants performance

Table 10: Limpopo: Conditional Grants Expenditure as at 31 May 2014			
R thousand	Main Appropriation	Provincial Actual Payments	Actual Payments as a % of main budget
Agriculture	297 153	11 264	3.8%
Comprehensive Agricultural Support Programme Grant	225 873	11 208	5.0%
Ilima/Letsema Projects Grant	46 062	34	0.1%
EPWP Incentive allocation	15 040	–	0.0%
Land Care Programme Grant	10 178	22	0.2%
Sport, Arts and Culture	142 558	6 316	4.4%
Mass Sport and Recreation Programme	59 446	3 427	5.8%
EPWP Incentive allocation	2 102	–	0.0%
Community Library Services Grant	81 010	2 889	3.6%
Education	2 591 846	101 989	3.9%
HIV and Aids (Life Skills Education) Grant	31 085	252	0.8%
Further Education and Training Colleges Grant	404 504	68 876	17.0%
National School Nutrition Programme Grant	991 153	7 999	0.8%
Infrastructure Grant	1 103 048	24 101	2.2%
Infrastructure Grant (Flood damage)	20 277	–	0.0%
Dinaledi School grant	11 340	–	0.0%
Social sector EPWP grant	13 280	761	5.7%
EPWP Incentive allocation	2 000	–	0.0%
Technical Secondary Schools Recapitalisation Grant	15 159	–	0.0%
Health	1 896 607	147 739	7.8%
Comprehensive HIV and Aids Grant	978 132	94 584	9.7%
Nursing colleges	–	–	0.0%
Infrastructure Grant	–	–	0.0%
Health Professions Training and Development Grant	116 206	9 305	8.0%
EPWP Social Sector	2 089	58	0.0%
EPWP Incentive grant	2 580	267	10.3%
Health insurance grant	7 000	94	1.3%
Hospital Revitalisation Grant	467 442	5 242	1.1%
National Tertiary Services Grant	323 158	38 189	11.8%
Co-operate Governance , Human Settlements and Traditional Affairs	1 221 259	13 840	1.1%
Housing Disaster Management	–	–	0.0%
Disaster : Flood Damage	–	–	0.0%
Integrated Housing & Human Settlements Development Grant	1 195 874	13 840	1.2%
Human Settlement Development (flood repair)	5 701	–	0.0%
Earmarked additions for the FF mining towns	17 540	–	0.0%
Thabazimbi	7 171	–	0.0%
Greater Tubatse	1 684	–	0.0%
Elias Motsoaledi	3 255	–	0.0%
Lephalale	4 720	–	0.0%
Fetakgomo	710	–	0.0%
EPWP Incentive allocation	2 144	–	0.0%
Public Works	2 252	–	0.0%
Devolution of Property Rate Funds Grant	–	–	0.0%
EPWP incentive grant	2 252	–	0.0%
Economic Development	2 102	148	7.0%
EPWP Incentive grant	2 102	148	7.0%
Social Development	2 772	–	0.0%
EPWP Incentive grant	2 772	–	0.0%
Roads and Transport	1 423 680	82 600	5.8%
Transport Disaster Management	–	–	0.0%
Infrastructure Grant	1 127 310	56 218	5.0%
Public Transport Operations Grant	291 852	26 375	9.0%
EPWP Incentive grant	4 518	7	0.2%
Total	7 580 229	363 896	4.8%

The overall expenditure is very low at R363.9 million or 4.8 percent of the total budget of R7.5 billion. The following departments have not yet recorded any expenditure on conditional grant; Public Works and Social development. The highest spending departments on conditional grant are Health at R147.7 million or 7.8 percent and Economic Development at R0.148 million or 7.0 percent

4.2.1 Agriculture

The department has spent R11.3 million or 3.8 percent of the total budget of R297.1 million. The expenditure is very low due to failure by IDT to get contractors to finalize the projects. The fertilizer's contract has expired and the specifications from the Municipalities are not yet received by the department.

4.2.2 Sport, Arts and Culture

Overall expenditure is at R6.3 million or 4.4 percent. Non filling of vacant posts in both Library and Mass sport participation grants and the delay in the appointment of contractors.

4.2.3 Education

Overall spending by the department is at R102 million or 3.9 percent of the total budget of R2.6 billion. The expenditure is still low due to the delay in developing tender specification and transferring of feeding funds by the department to schools.

4.2.4 Health

The overall spending on Conditional Grant is R147.7 million or 7.8 percent of the total budget of R1.8 billion. The highest spending grant is National Tertiary Services at R38.2 or 11.8 percent. The overall conditional grant spending in this department is low due the delay in finalization of business plans as a result of a directive from the Minister to review the business plans in the department.

4.2.5 Roads and Transport

Overall spending is at R82.6 million or 5.8 percent. The spending is low due to delay in procurement processes.

4.2.6 Public Works and Social Development

These departments recorded zero spending due to amongst others the delay in signing of Service Level Agreements with the implementing agents.

5. Provincial own revenue

Table 10: Provincial Own Revenue performance

REVENUE COLLECTION AS AT 31 MAY 2014											
Departments	Main appropriation	Projections to May 2014	Projections as % of budget	Actual to May 2014	Actual collection as % of the budget	Projected remainder of year	Estimated total revenue	Over / Under Collection	previous yr original Budget 2013/14	Previous yr Actual to May 2013	Actual collection as % of the budget
Office of the Premier	658	106	16.1%	91	13.9%	552	643	-15	654	162	24.8%
Provincial Legislature	249	48	19.3%	16	6.5%	201	217	-32	257	17	6.6%
Education	50 704	6 556	12.9%	5 823	11.5%	44 148	49 971	-733	44 612	6 483	14.5%
Agriculture	8 497	435	5.1%	675	7.9%	7 877	8 552	240	9 316	1 189	12.8%
Provincial Treasury	143 731	24 950	17.4%	30 522	21.2%	118 781	149 303	5 572	1 366	6 059	443.6%
Economic Development	84 825	12 524	14.8%	11 434	13.5%	73 391	84 825	-1 090	60 577	7 700	12.7%
Health	135 572	14 797	10.9%	17 587	13.0%	121 217	138 804	2 790	120 708	12 193	10.1%
Roads and Transport	402 208	61 775	15.4%	54 311	13.5%	347 897	402 208	-7 464	356 456	45 744	12.8%
Public Works	35 698	5 710	16.0%	4 542	12.7%	29 988	34 530	-1 168	28 797	4 568	15.9%
Safety & Security	77	11	14.3%	11	14.8%	67	78	0	873	18	2.1%
Co-operative governance	2 925	177	6.1%	276	9.4%	2 649	2 925	99	2 500	247	9.9%
Social Development	2 637	298	11.3%	333	12.6%	2 474	2 807	35	2 511	922	36.7%
Sport, Arts & Culture	921	65	7.1%	307	33.4%	752	1 059	242	910	43	4.7%
Total provincial receipts	868 702	127 452	14.7%	125 930	14.5%	749 993	875 923	-1 522	629 537	85 345	13.6%

Provincial own revenue target for the year is R868.7 million. As at 31 May 2014 the Province has collected R125.9 million or 14.5 percent against set projections of R127.5 million or 14.7 percent. In overall, there is an under collection of R1.5 million or 0.2 percent which was contributed mainly by the department of Roads and Transport and the department of Economic Development, Environment & Tourism due to backlog of un-captured receipts and non-transfer of motor vehicle licenses fees by some municipalities as well as non-accounting of casino taxes amounting to R4.6 million collected during May 2014 due to late transfer of taxes by Limpopo Gambling Board respectively. The overall projected outcome of the province however, indicates an over collection of R7.2 million or 0.8 percent as at the end March 2015.

Seven (7) departments collected above their set monthly projections:

5.1.1. Provincial Treasury (Target R143.7 million)

Collection as at 31 May 2014 is R30.5 million or 21.2 percent against set projections of R25.0 million or 17.4 percent. Over collection of R5.6 million is due to more interest earned on bank balances than anticipated.

5.1.2. Health (Target R135.6 million)

As at 31 May 2014 the department collected R17.6 million or 13.0 percent compared to projections of R14.8 million or 10.9 percent. The over collection of R2.8 million is mainly due once off recovery of previous year debts

5.1.3. Agriculture (Target R8.5 million)

Collection as at 31 May 2014 is R0.7 million or 7.9 percent compared to projections of R0.4 million or 10.9 percent. The over collection of R0.2 million is mainly due once off recovery of previous year debts.

5.1.4. Safety, Security and Liaison (Target R0.077 million)

The department collected R0.011 million or 14.8 percent against set projections of R0.011 million or 14.3 percent. Over collection is due to more collection of commission on insurance than anticipated.

5.1.5. Co-operative Governance (Target R2.9 million)

As at 31 May 2014 the department collected R0.3 million or 9.4 percent against set projections of R0.2 million or 6.1 percent. Over collection is mainly due to rent on land that collected R4.5 thousand more than projected.

5.1.6. Social Development (Target R2.6 million)

The department collected R0.3 million or 12.6 percent against projections of R0.3 million or 11.3 percent due to more collection of commission on insurance, rental dwelling and improved recovery of debts.

5.1.7. Sport, Arts and Culture (Target R0.921 million)

Actual collection is R0.307 million or 33.4 percent against set projections of R0.065 million or 3.4 percent. Over collection is due to recovery of previous year's debts.

Six (6) departments collected below their projections

5.1.8. Office of the premier (Target R0.658 million)

The department collected R0.091 million or 13.9 percent against set projections of R0.1 million or 16.1 percent. Collection is below projections due less collection on parking fees and recovery of previous year debts.

5.1.9. Provincial Legislature (Target R0.249 million)

Provincial Legislature collected an amount of R0.016 or 6.5 percent compared to a projection of R0.048 million or 19.3 percent. Under collection is due to non-sale of tender documents and poor recovery of outstanding debts.

5.1.10. Education (Target R50.7 Million)

The department collected R5.8 million or 11.5 percent against projections of R6.6 million or 12.9 percent. Collection is below the projections mainly because of poor recovery of previous year's debts.

5.1.11. Economic Development (Target R84.8 million)

As at 31 May 2014 the department collected R11.434 million or 13.5 percent compared to the projected amount of R12.5 million or 14.8 percent. The under collection of R1.1 million is mainly due delay in the transfer of gambling levies of R4.628 million by Limpopo Gambling Board.

5.1.12. Roads and Transport (Target R402.2 Million)

The department collected R54.311 million or 13.5 percent against projections of R61.8 million or 15.4 percent. Under collection of R7.5 million is due to backlog of un-captured receipts, non-transfer of motor vehicle licenses fees by some municipalities and less traffic fines which is influenced by agency fee payment to service provider contracted for outstanding traffic fines.

5.1.13. Public Works (Target R35.7 million)

Collection as at 31 May 2014 is R4.5 million or 12.7 percent against set projections of R5.7 million or 16.0 percent. The collection is below projections mainly due delays in the implementation of rental fee as per PSCBC resolution and poor recovery of debt than anticipated.

5.2. Provincial Own revenue per economic classification as at 30 May 2014

Table 11: Provincial Own Revenue performance per economic classification

REVENUE COLLECTION AS AT 31 MAY 2014											
Departments	Main appropriation	Projections to May 2014	Projections as % of budget	Actual to May 2014	Actual collection as % of the budget	Projected remainder of year	Estimated total revenue	Over / Under Collection	previous yr original Budget 2013/14	Previous yr Actual to May 2013	Actual collection as % of the budget
Office of the Premier	658	106	16.1%	91	13.9%	552	643	-15	654	162	24.8%
Provincial Legislature	249	48	19.3%	16	6.5%	201	217	-32	257	17	6.6%
Education	50 704	6 556	12.9%	5 823	11.5%	44 148	49 971	-733	44 612	6 483	14.5%
Agriculture	8 497	435	5.1%	675	7.9%	7 877	8 552	240	9 316	1 189	12.8%
Provincial Treasury	143 731	24 950	17.4%	30 522	21.2%	118 781	149 303	5 572	1 366	6 059	443.6%
Economic Development	84 825	12 524	14.8%	11 434	13.5%	73 391	84 825	-1 090	60 577	7 700	12.7%
Health	135 572	14 797	10.9%	17 587	13.0%	121 217	138 804	2 790	120 708	12 193	10.1%
Roads and Transport	402 208	61 775	15.4%	54 311	13.5%	347 897	402 208	-7 464	356 456	45 744	12.8%
Public Works	35 698	5 710	16.0%	4 542	12.7%	29 988	34 530	-1 168	28 797	4 568	15.9%
Safety & Security	77	11	14.3%	11	14.8%	67	78	0	873	18	2.1%
Co-operative governance	2 925	177	6.1%	276	9.4%	2 649	2 925	99	2 500	247	9.9%
Social Development	2 637	298	11.3%	333	12.6%	2 474	2 807	35	2 511	922	36.7%
Sport, Arts & Culture	921	65	7.1%	307	33.4%	752	1 059	242	910	43	4.7%
Total provincial receipts	868 702	127 452	14.7%	125 930	14.5%	749 993	875 923	-1 522	629 537	85 345	13.6%

5.2.1. Tax receipts (Target R373.2 million)

The item collected R51.5 million or 13.8 per cent against set projections of R57.9 million or 15.5 per cent. The under collection of R6.4 million is mainly contributed by Economic Development & Tourism and Roads and Transport as a result of late transfer of gambling levies by Gambling Board and non-transfer of motor vehicle license fees by some municipalities.

5.2.2. Sale of goods & services non capital assets (Target R226.2 million)

As at 31 May 2014 collection is R31.0 million or 12.0 per cent against set projections of R34.0 million or 13.2 per cent. Under collection of R3.1 million is mainly as a result of un-captured patient fees by the department of Health.

5.2.3. Transfers received (Target R0.0 million)

An amount of R0.212 million has been collected by the department of Health.

5.2.4. Fines, penalties and forfeits (Target R50.1 million)

Fines, penalties and forfeits collected R5.6 million or 11.3 per cent against projections of R7.6 million or 15.2 per cent. Less collection on this item is mainly due to payment made by the department of Roads and Transport to the service provider for administration of outstanding traffic fines.

5.2.5. Interest, dividend and rent on land (Target R142.741 million)

Collection as at 31 May 2014 is R30.6 million or 21.4 per cent against set projections of R24.8 million or 17.4 per cent. Over collection is as a result of more collection of interest earned on bank balances by Provincial Treasury.

5.2.6. Sale of capital assets (Target R13.046 million)

The amount of R0.040 million has been collected by the department of Public Works while the department did not project for it during the first two months of the financial year.

5.2.7. Financial transactions in assets and liabilities (Target R31.523 million)

Collection as at 31 May 2014 amounts to R6.8 million or 21.8 per cent against set projections of R3.1 million or 9.8 per cent. Over collection is mainly due to more recovery of outstanding previous year's debts by the department of Health.

6. Infrastructure Management

The table 12 below shows Provincial Budget and Expenditure Comparisons over three Financial Years (2012/13, 2013/14 and 2014/15) as at 31 May 2014.

Department	Budget (R'000)			Expenditure (R'000)			% Expenditure		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
Education	959 831	997 599	1 123 325	54 031	1 281	23 729	6%	0%	2%
Current	94 180		224 665	451			0%		0%
Capital	865 651		898 660	53 580		23 729	6%		3%
Agriculture	178 742	171 951	134 662	5 045	5 863	2 494	3%	3%	2%
Current	8 500	4 856	5 375	-	-		0%	0%	0%
Capital	170 242	167 095	129 287	5 045	5 863	2 494	3%	4%	2%
Health	727 000	600 727	594 747	136 456	32 993	10 086	19%	5%	2%
Current	74 135		127 305	1 540		4 844	2%		4%
Capital	652 865		467 442	134 916		5 242	21%		1%
Roads and Transport	2 241 146	1 903 808	2 246 940	98 861	117 942	126 009	4%	6%	6%
Current	1 171 016	1 324 257	1 399 318	57 019	75 039	94 412	5%	6%	7%
Capital	1 070 130	579 551	847 622	41 842	42 903	31 597	4%	7%	4%
Social Development	65 400	95 639	52 912	41 270	6 362	769	63%	7%	1%
Current	-	-		-	-				
Capital	65 400	95 639	52 912	41 270	6 362	769	63%	7%	1%
Sports, Arts and Culture	42 250	22 500	26 000	3 746	-	135	9%	0%	1%
Current	8 550	2 500	3 000	-	-		0%	0%	0%
Capital	33 700	20 000	23 000	3 746	-	135	11%	0%	1%
CoGHSTA	1 473 961	1 324 742	1 221 259	131 710	93 023	13 869	9%	7%	1%
Current									
Capital	1 473 961	1 324 742	1 221 259	131 710	93 023	13 869	9%	7%	1%
LEDET		63 102	63 273		-	2 713		0%	4%
Current		16 600	19 873		-	1 376		0%	7%
Capital		46 502	43 400		-	1 337		0%	3%
Public Works	53 395	59 765	59 439	-	1 279	2 131	0%	2%	4%
Current	3 000	9 613	7 847	-	79	218	0%	1%	3%
Capital	50 395	50 152	51 592	-	1 200	1 913	0%	2%	4%
TOTAL	5 741 725	5 239 833	5 522 557	471 119	258 743	181 935	8%	5%	3%
Subtotal (Current)	1 359 381	1 357 826	1 787 383	59 010	75 118	100 850	4%	6%	6%
Subtotal (Capital)	4 382 344	2 283 681	3 735 174	412 109	149 351	81 085	9%	7%	2%

Infrastructure Expenditure comparison as at 31 May year-on-year

The overall Provincial Infrastructure budgets are reducing year on year and expenditure deteriorates each year. As at 31 May 2014, the Provincial Infrastructure expenditure stood at R 181, 94 million or 3 percent of the Infrastructure Budget.

During the compilation of this report, one department being the Social Development had not submitted its May 2014 IRM Data file.

The expenditure was supposed to be in the region of about R 92 million, which represents 17 percent in terms of the norm. The province is 14 percent below the straight line norm.

The Provincial Infrastructure budget for the current is as follows:

Main appropriation: R 5 115, 93 million (against the R 5 522, 56 million contained in the May 2014 IRM).

The table 13 below shows Infrastructure Over/Under Expenditure over three Financial Years ((2012/13, 2013/14 and 2014/15) as at 31 May 2014

Department	Budget (R'000)			Actual Expenditure (R'000)			Projected Expenditure for remainder of FY (R'000)			(Over)/Under Expenditure		
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
Education	959 831	997 599	1 123 325	54 031	1 281	23 729	905 800	996 318	1 099 596	-	-	-
Current	94 180	-	224 665	451	-	-	93 729	-	70 960	-	-	153 705
Capital	865 651	-	898 660	53 580	-	23 729	812 071	-	1 028 636	-	-	-153 705
Agriculture	178 742	171 951	134 662	5 045	5 863	2 494	173 697	166 088	132 168	-	-	-
Current	8 500	4 856	5 375	-	-	-	8 500	4 856	5 375	-	-	-
Capital	170 242	167 095	129 287	5 045	5 863	2 494	165 197	161 232	126 793	-	-	-
Health	727 000	600 727	594 747	136 456	32 993	10 086	597 870	567 734	584 661	-7 326	-	-
Current	74 135	127 305	127 305	1 540	-	4 844	74 135	122 461	122 461	-1 540	-	-
Capital	652 865	473 422	467 442	134 916	-	5 242	523 735	445 273	462 200	-5 786	-	-
Roads and Transport	2 241 146	1 903 808	2 246 940	98 861	117 942	126 009	2 142 285	1 785 866	2 120 931	-	-	-
Current	1 171 016	1 324 257	1 399 318	57 019	75 039	94 412	1 113 997	1 249 218	1 304 906	-	-	-
Capital	1 070 130	579 551	847 622	41 842	42 903	31 597	1 028 288	536 648	816 025	-	-	-
Social Development	65 400	95 639	52 912	41 270	6 362	769	41 795	89 277	52 143	-17 665	-	-
Current	-	-	-	-	-	-	-	-	-	-	-	-
Capital	65 400	95 639	52 912	41 270	6 362	769	41 795	89 277	52 143	-17 665	-	-
Sport, Arts and Culture	42 250	22 500	26 000	3 746	-	135	38 504	22 500	21 375	-	-	4 490
Current	8 550	2 500	3 000	-	-	-	8 550	2 500	2 622	-	-	378
Capital	33 700	20 000	23 000	3 746	-	135	29 954	20 000	18 753	-	-	4 112
CoGHSTA	1 473 961	1 324 742	1 221 259	131 710	93 023	13 869	1 342 251	1 231 719	1 207 390	-	-	-
Current	-	-	-	-	-	-	-	-	-	-	-	-
Capital	1 473 961	1 324 742	1 221 259	131 710	93 023	13 869	1 342 251	1 231 719	1 207 390	-	-	-
LEDET	-	63 102	63 273	-	-	2 713	-	63 102	60 560	-	-	-
Current	-	16 600	19 873	-	-	1 376	-	16 600	18 497	-	-	-
Capital	-	46 502	43 400	-	-	1 337	-	46 502	42 063	-	-	-
Public Works	53 395	59 765	59 439	-	1 279	2 131	53 395	58 486	57 308	-	-	-
Current	3 000	9 613	7 847	-	79	218	3 000	9 534	7 629	-	-	-
Capital	50 395	50 152	51 592	-	1 200	1 913	50 395	48 952	49 679	-	-	-
GRAND TOTAL	5 741 725	5 239 833	5 522 557	471 119	258 743	181 935	5 295 597	4 981 090	5 336 132	-24 991	-	4 490
Subtotal (Current)	1 359 381	1 357 826	1 787 383	59 010	75 118	100 850	1 301 911	1 282 708	1 532 450	-1 540	-	154 083
Subtotal (Capital)	4 382 344	2 283 681	3 735 174	412 109	149 351	81 085	3 993 686	2 134 330	3 803 682	-23 451	-	-149 593

Infrastructure Under-Over Expenditure comparison as at 31 May year-on-year

The province projects to underspend its infrastructure budget by an amount of R 4, 49 million with only one department, being Sport, Arts and Culture projecting to underspend as at 31 May 2014. All the other departments projects to break even.

Table 14: Conditional Grants Infrastructure Expenditure as at 31 May 2014

Table 3: Limpopo Infrastructure Conditional Grants Expenditure as at 31 May 2014				
Department	Number of Projects	Adjusted Budget (R'000)	Provincial Actual Payments (R'000)	Actual Payments as a % of Budget
Agriculture	62	80 948	-	0%
Comprehensive Agricultural Support Programme Grant	62	80 948	-	0%
Sport, Arts and Culture	64	26 000	135	1%
Community Library Service Grant	64	26 000	135	1%
Education	922	1 120 961	22 908	2%
Education Infrastructure Grant	922	1 108 505	22 908	2%
Technical Secondary Schools Recapitalisation Grant		12 456	-	0%
Health	142	221 676	5 242	2%
Health Facility Revitalisation Grant	7	27 742	-	0%
Health Facility Revitalisation Grant - HIG Component	63	68 946	3 463	5%
Health Facility Revitalisation Grant - HRG Component	57	106 418	1 015	1%
Health Facility Revitalisation Grant - NCSG Component	15	18 570	764	4%
CoGHSTA		1 221 259	13 869	1%
Integrated Housing & Human Settlements Development Grant		1 221 259	13 869	1%
Roads and Transport	114	1 090 952	26 153	2%
Provincial Roads Maintenance Grant	114	1 090 952	26 153	2%
Total	1 304	3 761 796	68 307	2%

Source: IRM May 2014 (Except for CoGHSTA from May 2014 IYM)

Conditional Grants Infrastructure Expenditure as at 31 May 2014

The overall performance on the grant spending was at 2 percent as at 31 May 2014. This is percent below the norm.

The record does not augur well for the province. As these are grants, it is not good for the province given that the failure to spend may result in the withholding and even withdrawal thereby making it difficult for the province to deliver services.

It is of concern as a lesson was learnt in the previous financial year that the failure to spend on conditional grants does have consequences, which is bad for the province

General Observations

The following are observed:

- The Provincial Infrastructure Budget is primarily funded by Conditional Grants representing sixty eight percent (68%) of the entire budget. The failure to spend had a huge impact on the Provincial Infrastructure Budget.
- The Provincial Infrastructure Expenditure shows a decline over the three financial years as at May.
- The Provincial Infrastructure Expenditure as at 31 May is recorded as follows:

- 8% - 2012/13
 - 5% - 2013/14
 - 3% - 2014/15
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- The spending trend has been poor in particular for 2013/14 and 2014/15 (as at 31 May) – the norm is 17 percent.
 - All departments have poorly spent as at 31 May 2014, except for Roads and Transport at 6 percent.
 - All departments projects to break-even, except for Sport, Arts and Culture which projects to underspend by an amount of R 4, 49 million as at 31 May 2014.


7. Conclusion

National Treasury to note:

1. The overall provincial spending for the month of May amounts to R7.4 billion or 14.4 percent of the total available budget of R51.5 billion.
2. Note the projected over-spending by the department of Health, the Provincial Treasury has raised the matter with the department and will be addressed during the month of June 2014.
3. Provincial Treasury has introduced an additional reporting requirement to IYM reporting in order to monitor under performance by departments and isolate conditional grant including provincial earmarked priorities spending in line with business plans.



Gavin Pratt SA (SA)
Head of Department
Provincial Treasury



Date