



Ref : 12/4/5/1  
Enq : Pratt G  
Tel : 015 298 7000

**The Director General  
National Treasury  
Private Bag x115  
PRETORIA  
0001**

## **LIMPOPO PROVINCIAL REVENUE AND EXPENDITURE REPORT AS AT 31 AUGUST 2015**

### **1. Purpose**

To provide National Treasury with a report on Provincial Revenue and Expenditure as at 31 August 2015.

### **2. Background**

The Limpopo Provincial Treasury hereby submits the August 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 August 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.

## Cash Management

The departments were provided with the schedule of payments runs 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, 22<sup>nd</sup> 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 15<sup>th</sup> 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 during August 2015.

Cash Allocations Vs Actual Expenditure Vs Actual Transfers as at 31 August 2015

Departments	Opening Bank Balances at 01-Apr-15 R' 000	Cash Allocation 30-Aug-15 R' 000	Actual Expenditure 30-Aug-15 R' 000	Tranfers To Departments 30-Aug-15 R' 000	Variance Cash allocation Vs Actual Expenditure		Variance Actual Expenditure Vs Funds Transferred	
					Amount R' 000	%	Amount R' 000	%
Education	508 149	10 260 846	10 058 681	10 046 220	202 165	2.0%	12 461	0.1%
Health	58 649	6 432 486	6 432 687	6 642 550	-201	0.0%	-209 863	-3.3%
Social Development	30 358	576 106	551 411	545 981	24 695	4.3%	5 430	1.0%
Public Works	377 346	1 130 564	869 899	869 869	260 665	23.1%	10 030	1.2%
Agriculture	53 379	701 980	596 443	581 603	105 537	15.0%	14 840	2.5%
Roads & Transport	176 941	702 709	660 010	580 108	42 699	6.1%	79 902	12.1%
CoGSTHA	117 569	737 895	764 687	899 493	-26 792	-3.6%	-134 806	-17.6%
Sport, Arts & Culture	30 487	136 883	123 323	132 648	13 560	9.9%	-9 325	-7.6%
Safety & Security and Liaison	7 795	39 128	33 185	34 455	5 943	15.2%	-1 270	-3.8%
Office of the Premier	9 171	140 690	135 524	135 566	5 166	3.7%	-42	0.0%
Provincial Legislature	4 321	121 919	139 172	142 825	-17 253	-14.2%	-3 653	-2.6%
Provincial Treasury	45 419	143 637	129 381	115 602	14 256	9.9%	13 779	10.6%
Economic Development, Environmental & Tourism	60 275	486 643	477 731	477 115	8 912	1.8%	616	0.1%
<b>Total</b>	<b>1 479 859</b>	<b>21 611 486</b>	<b>20 972 134</b>	<b>21 194 035</b>	<b>639 352</b>	<b>3.0%</b>	<b>-221 901</b>	<b>-1.1%</b>
<b>Summary Per Fund</b>								
Equitable Share		18 562 592	18 605 526	17 684 500	-42 934	-0.2%	921 026	5.0%
Conditional Grant		3 048 894	2 366 608	3 509 535	682 286	22.4%	-1 142 927	-48.3%
<b>Total</b>		<b>21 611 486</b>	<b>20 972 134</b>	<b>21 194 035</b>	<b>639 352</b>	<b>3.0%</b>	<b>-221 901</b>	<b>-1.1%</b>

When comparing actual expenditure to the cash flow projections or cash allocations, departments under-spent the cash allocations by R639.352 million or 3.0 per cent. 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 R221.901 million or 1.1 per cent 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.



## Interest Performance

INTEREST EARNED : 2015/16 FINANCIAL YEAR  
R'000

Institution	2015/16												
	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total
Commercial Bank (SBSA)	5 541	2 258	2 334	1 357	1 564								13 054
CPD (SA Reserve Bank)	14 442	22 676	21 254	20 934	22 475								101 781
<b>Total</b>	<b>19 983</b>	<b>24 934</b>	<b>23 588</b>	<b>22 291</b>	<b>24 039</b>	-	-	-	-	-	-	-	<b>114 835</b>

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 (SBSA)	5 264	2 061	2 772	2 359	1 571								14 027
CPD (SA Reserve Bank)	12 273	22 140	18 899	25 180	26 864								105 356
<b>Total</b>	<b>17 537</b>	<b>24 201</b>	<b>21 671</b>	<b>27 539</b>	<b>28 435</b>	-	-	-	-	-	-	-	<b>119 383</b>

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 decrease from R119.383 million in 2014/15 to R114.835 million for 2015/16. Interest earned in the CPD account alone also decrease from R105.356 million to R101.781 million.

### 5. Provincial overall expenditure as at 31 August 2015

The overall provincial spending as at 31 August 2015 amounts to R20.9 billion or 39.8 percent of the total budget of R52.7 billion. Previous year spending at the same period was at R19.6 billion or 38.0 percent of the budget of R51.5 billion which present a 1.8 percent increase. The highest spending departments are Health at 43.6 percent which is 2.1 percent above the straight line projection of 41.5 percent, Legislature at 53.0 percent which is 11.5 percent above the straight line projection and Economic Development at 41.2 percent.

**Table 5.1: Provincial overall expenditure as at 31 August 2015**

	Main Appropriation	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 Aug 2015	Actual spending as % of Main budget	(Over)	Under	%(Over)/ under of Main budget
<b>R thousand</b>									
Education	25 284 705	25 284 705	25 284 705	25 002 759	10 058 681	39.8%	-	281 946	1.1%
Health	14 754 135	14 754 135	14 754 135	15 486 331	6 432 687	43.6%	-732 196	-	-5.0%
Social Development	1 537 757	1 537 757	1 537 757	1 537 757	551 411	35.9%	-	-	0.0%
Public Works, Roads And Infrastructure	2 749 756	2 749 756	2 749 756	2 749 756	869 899	31.6%	-	-	0.0%
Agriculture	1 697 131	1 697 131	1 697 131	1 697 131	596 443	35.1%	-	-	0.0%
Transport	1 838 898	1 838 898	1 838 898	1 838 898	660 010	35.9%	-	-	0.0%
Co-Operative Governance Human Settlements	2 269 327	2 269 327	2 269 327	2 269 327	764 687	33.7%	-	-	0.0%
Sport, Arts And Culture	345 324	345 324	345 324	363 274	123 323	35.7%	-17 950	-	-5.2%
Safety, Security And Liaison	90 354	90 354	90 354	87 994	33 185	36.7%	-	2 360	2.6%
Office Of The Premier	352 150	352 150	352 150	352 150	135 524	38.5%	-	-	0.0%
Provincial Legislature	262 688	262 688	262 688	271 066	139 172	53.0%	-8 378	-	-3.2%
Provincial Treasury	385 180	385 180	385 180	383 357	129 381	33.6%	-	1 823	0.5%
Economic Development, Environment And Tourism	1 160 813	1 160 813	1 160 813	1 160 813	477 731	41.2%	-	-	0.0%
<b>Total</b>	<b>52 728 218</b>	<b>52 728 218</b>	<b>52 728 218</b>	<b>53 200 613</b>	<b>20 972 134</b>	<b>39.8%</b>	<b>-758 524</b>	<b>286 129</b>	<b>-0.9%</b>
<b>Economic classification</b>							<b>Net</b>	<b>-472 395</b>	
<b>Current payments</b>	<b>45 384 185</b>	<b>45 384 185</b>	<b>45 384 185</b>	<b>45 608 691</b>	<b>18 145 767</b>	<b>40.0%</b>	<b>-224 506</b>	<b>-</b>	<b>-0.5%</b>
Compensation of employees	38 426 998	38 426 998	38 426 998	38 257 984	15 492 412	40.3%	-	169 014	0.4%
Goods and services	6 956 771	6 956 771	6 956 771	7 350 291	2 652 953	38.1%	-393 520	-	-5.7%
Interest and rent on land	416	416	416	416	402	96.6%	-	-	0.0%
<b>Transfers and subsidies</b>	<b>5 626 940</b>	<b>5 626 940</b>	<b>5 626 940</b>	<b>5 651 556</b>	<b>2 086 902</b>	<b>37.1%</b>	<b>-24 616</b>	<b>-</b>	<b>-0.4%</b>
<b>Payments for capital assets</b>	<b>1 717 093</b>	<b>1 717 093</b>	<b>1 717 093</b>	<b>1 940 249</b>	<b>739 348</b>	<b>43.1%</b>	<b>-223 156</b>	<b>-</b>	<b>-13.0%</b>
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>117</b>	<b>-</b>	<b>-117</b>	<b>-</b>	<b>-</b>
<i>of which: NPNC</i>	<i>12 584 127</i>	<i>12 584 127</i>	<i>12 584 127</i>	<i>13 002 380</i>	<i>4 740 374</i>	<i>37.7%</i>	<i>-418 253</i>	<i>-</i>	<i>-3.3%</i>
<b>Total</b>	<b>52 728 218</b>	<b>52 728 218</b>	<b>52 728 218</b>	<b>53 200 613</b>	<b>20 972 134</b>	<b>39.8%</b>	<b>-472 395</b>	<b>-</b>	<b>-0.9%</b>
<i>* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)</i>							<b>Net</b>	<b>-472 395</b>	

The lowest spending departments are Public Works, Roads and Infrastructure, CoGHSTA and Treasury at 31.6 percent, 33.7 percent and 33.6 percent respectively. Most of the expenditure is incurred under Compensation of Employees (CoE) which is at 40.3 percent against the straight line projection of 41.5 percent. The CoE spending is low mostly due to late appointment of vacant funded posts within the departments.

The Province is projecting to overspend by R472.4 million or 0.9 percent.

- CoE – R169.0 million or 0.4 percent underspending due to termination of service by Educators in the department of Education.
- Goods and Services - R393.5 million or 5.7 percent overspending mainly in the department of Health.
- Transfers and subsidies – R24.6 million or 0.4 percent overspending due to payment of leave gratuity for officials who terminated their services.
- Payment for Capital Assets – R223.1 million or 13.0 percent overspending mainly department of Health mainly due to reduction in Conditional grant of Health Revitalization grant for committed projects.

## 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 31 Aug 2015	Actual spending as % of Main budget	(Over)	Under	%(Over)/ under of Main budget
<b>R thousand</b>										
Education	21 515 773	-	21 515 773	21 515 773	21 233 827	8 522 230	39.6%	-	281 946	1.3%
Health	11 166 905	-	11 166 905	11 166 905	11 275 231	4 606 083	41.2%	-108 326	-	-1.0%
Social Development	764 629	-	764 629	764 629	764 629	341 508	44.7%	-	-	0.0%
Public Works , Roads and Infrastructure	969 610	-	969 610	969 610	969 610	394 427	40.7%	-	-	0.0%
Agriculture	1 076 175	-	1 076 175	1 076 175	1 076 175	426 371	39.6%	-	-	0.0%
Transport	748 761	-	748 761	748 761	748 761	320 032	42.7%	-	-	0.0%
Co-Operative Governance Human Settlement	809 026	-	809 026	809 026	809 026	347 563	43.0%	-	-	0.0%
Sport,Art And Culture	149 422	-	149 422	149 422	152 244	59 616	39.9%	-2 822	-	-1.9%
Safety,Security And Liason	63 146	-	63 146	63 146	60 786	24 130	38.2%	-	2 360	3.7%
Office of the Premier	256 909	-	256 909	256 909	256 909	100 301	39.0%	-	-	0.0%
Legislature	150 651	-	150 651	150 651	155 187	61 107	40.6%	-4 536	-	-3.0%
Treasury	278 126	-	278 126	278 126	277 734	98 871	35.5%	-	392	0.1%
Economic Development	477 865	-	477 865	477 865	477 865	190 173	39.8%	-	-	0.0%
<b>Total</b>	<b>38 426 998</b>	<b>-</b>	<b>38 426 998</b>	<b>38 426 998</b>	<b>38 257 984</b>	<b>15 492 412</b>	<b>40.3%</b>	<b>-115 684</b>	<b>284 698</b>	<b>0.4%</b>
								<b>Net</b>	<b>169 014</b>	

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



The overall CoE spending is at R15.5 billion or 40.3 percent. The provincial spending is below the straight line projection of 41.5 percent. The highest percentage spending departments are Social Development, CoGHSTA and Health at 44.7 percent, 43.0 percent and 41.2 percent respectively. The Department of Health project to overspend by R108.3 million or 1.0 percent, Sport, Arts and Culture by R2.8 million or 1.9 percent and Legislature by R4.5 million or 3.0 percent while Education, Safety and Security and Treasury project to underspend their budget by R281.9 million or 1.3 percent, R2.4 million or 3.7 percent and R0.392 million or 0.1 percent respectively.

The underspending is largely due to:-

- Education – R281.9 million or 1.3 percent underspending due to late filling of promotion post in schools and the delay in payment of performance bonuses and pay-progression.
- Health – R108.3 million or 1.0 percent overspending, however the expenditure is expected to be above the norm after the payment of 1.5 percent pay-progression, advertised critical posts and the intake of health professionals from January to March 2016
- Safety, Security and Liaison – R2.4 million or 3.7 percent underspending due to non-filling of sixteen vacant budgeted posts which has been advertised in August 2015 and shortlisting and interviews for some has been done.
- Sport, Arts and Culture – R2.8 million or 0.9 percent overspending due to shortfall on equitable share budget.
- Legislature – R4.5 million or 3.0 percent overspending due to the budgeted annual salary increase which is not yet implemented because the negotiation process is still on,
- Treasury - R0.392 million or 0.1 percent underspending 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 31 Aug 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	525 815	27.7%	-	-	0.0%
Health	2 844 906	-	2 844 906	2 844 906	3 225 791	1 364 960	48.0%	-380 885	-	-13.4%
Social Development	202 888	-	202 888	202 888	202 888	92 951	45.8%	-	-	0.0%
Public Works, Roads and Infrastructure	668 450	-	668 450	668 450	666 632	168 924	25.3%	-	1 818	0.3%
Agriculture	378 834	-	378 834	378 834	378 834	125 776	33.2%	-	-	0.0%
Transport	218 001	-	218 001	218 001	218 003	89 804	41.2%	-2	-	0.0%
Co-Operative Governance Human Settlements And	163 537	-	163 537	163 537	163 076	65 286	39.9%	-	461	0.3%
Sport, Art And Culture	144 940	-	144 940	144 940	159 236	47 063	32.5%	-14 296	-	-9.9%
Safety, Security And Liason	26 284	-	26 284	26 284	26 284	8 894	33.8%	-	-	0.0%
Office of the Premier	82 787	-	82 787	82 787	82 787	32 911	39.8%	-	-	0.0%
Legislature	41 527	-	41 527	41 527	45 327	21 298	51.3%	-3 800	-	-9.2%
Treasury	94 076	-	94 076	94 076	92 017	26 650	28.3%	-	2 059	2.2%
Economic Development	193 520	-	193 520	193 520	192 396	82 621	42.7%	-	1 124	0.6%
<b>Total</b>	<b>6 956 772</b>	<b>-</b>	<b>6 956 772</b>	<b>6 956 772</b>	<b>7 350 293</b>	<b>2 652 953</b>	<b>38.1%</b>	<b>-398 983</b>	<b>5 462</b>	<b>-5.7%</b>
								<b>Net</b>	<b>-393 521</b>	

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

The overall spending on Goods and Services is at R2.6 billion or 38.1 percent of the total allocated budget of R6.9 billion. The province projects to overspend by R393.5 million in Health, Sport, Arts and Culture and Legislature at R380.9 million or 13.4 percent, R14.3 million or 9.9 percent and R3.8 million or 9.2 percent respectively due to:

- Health – R380.9 million or 13.4 percent due to payments of emergency repairs and replacement of mechanical equipment completed and certified by the DBSA to the value of R177 million from equitable share, payment of accruals to the value of R218 million, shortfall on the budget for key accounts, non-negotiables.
- Sport, Arts and Culture – R14.3 million or 9.9 percent due to budget pressures on rental of office building, security, water and electricity and the delay in submission of payment certificates for repairs and maintenance of libraries.
- Legislature – R3.8 million or 9.2 percent due to payment of audit fees.

The following departments project to underspend their budget due to:-

- Public Works, Roads and Infrastructure- R1.8 million or 0.3 percent due to delays in the finalization of payments with regard to immovable asset register.
- CoGHSTA – R0.461 million or 0.3 percent due to the expired contracts for demarcation of sites and technical support on financial management.
- Treasury – R2.1 million or 2.2 percent due to non-submission of invoices for PWC.
- Economic Development - R1.1 million or 0.6 percent due to leave gratuity and the purchase of motor vehicles.

### 5.1.3. Transfers and subsidies



The province spent R2.1 billion or 37.1 percent of the total budget of R5.6 billion on Transfers and subsidies. The province is projecting to overspend by R24.6 million under the department of Health, Public Works, Roads and Infrastructure, CoGHSTA, Sport, Arts and Culture, Legislature, Provincial Treasury and Economic Development. The amounts are committed on bursaries for the department of Health and payment of committed leave gratuity for 2014/15 in Sport, Arts and Culture.

**Table: 5.1.3 Transfers and subsidies**

	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 Aug 2015	Actual spending as % of Main budget	(Over)	Under	%(Over)/ under of Main budget
<b>R thousand</b>										
Education	1 085 121	–	1 085 121	1 085 121	1 085 121	531 844	49.0%	–	–	0.0%
Health	509 798	–	509 798	509 798	530 541	302 857	59.4%	-20 743	–	-4.1%
Social Development	496 709	–	496 709	496 709	496 709	107 209	21.6%	–	–	0.0%
Public works, Roads and Infrastructure	753 510	–	753 510	753 510	755 211	246 177	32.7%	-1 701	–	-0.2%
Agriculture	168 468	–	168 468	168 468	168 468	34 914	20.7%	–	–	0.0%
Transport	752 395	–	752 395	752 395	752 395	243 850	32.4%	–	–	0.0%
Co-Operative Governance Human Settlement	1 295 909	–	1 295 909	1 295 909	1 296 165	350 778	27.1%	-256	–	0.0%
Sport,Art And Culture	8 562	–	8 562	8 562	9 394	3 700	43.2%	-832	–	-9.7%
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	2 068	20.2%	–	–	0.0%
Legislature	58 522	–	58 522	58 522	58 564	56 533	96.6%	-42	–	-0.1%
Treasury	6 479	–	6 479	6 479	6 998	5 343	82.5%	-519	–	-8.0%
Economic Development	480 664	–	480 664	480 664	481 187	203 392	42.3%	-523	–	-0.1%
<b>Total</b>	<b>5 626 940</b>	<b>–</b>	<b>5 626 940</b>	<b>5 626 940</b>	<b>5 651 556</b>	<b>2 088 702</b>	<b>37.1%</b>	<b>-24 616</b>	<b>–</b>	<b>-0.4%</b>
* Available funds refers to adjusted budget including any post adjustment (Virements and shifts)								<b>Net</b>	<b>-24 616</b>	

The highest percentage spending departments are Provincial Treasury, Legislature and Health at 82.5 percent, 96.6 and 59.4 percent respectively. Overall overspending is at R24.6 million or 0.4 percent.

The following are reasons for overspending per department:-

- Health – R20.7 million or 3.2 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.
- Public Works, Roads and Infrastructure – R1.7 million or 0.2 percent due to payment of leave gratuity.
- CoGHSTA – R0.256 million due to payment of leave gratuity and expenditure on inauguration of traditional leaders
- Sport, Arts and Culture - R0.832 million or 9.7 percent due to payment of leave gratuity.
- Legislature spent – R0.042 million 0.1 percent mainly for political party transfers.
- Treasury – R0.519 million or 8.0 percent due to payment of leave gratuity to retiring officials.
- Economic Development- R0.523 million or 0.1 percent due to payment of leave gratuity.

#### 5.1.4. Payment for Capital Assets

The overall provincial expenditure on Payment for Capital Assets is at R736.9 million or 42.9 percent of the total budget of R1.7 billion.

**Table: 5.1.4. Payment for Capital Assets**

R thousand	Main Appropriation	Adjustments	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 Aug 2015	Actual spending as % of Main budget	(Over)	Under	% (Over)/ under of Main budget
Education	786 789	-	786 789	786 789	786 789	478 792	60.9%	-	-	0.0%
Health	232 527	-	232 527	232 527	454 768	158 787	68.3%	-222 241	-	-95.6%
Social Development	73 531	-	73 531	73 531	73 531	7 343	10.0%	-	-	0.0%
Public Works, Roads and Infrastructure	358 186	-	358 186	358 186	358 186	60 254	16.8%	-	-	0.0%
Agriculture	73 654	-	73 654	73 654	73 654	9 382	12.7%	-	-	0.0%
Transport	119 741	-	119 741	119 741	119 741	6 324	5.3%	-	-	0.0%
Co-Operative Governance Human Settlements And	855	-	855	855	1 060	1 031	120.6%	-205	-	-24.0%
Sport, Art And Culture	42 400	-	42 400	42 400	42 400	12 944	30.5%	-	-	0.0%
Safety, Security And Liason	350	-	350	350	350	124	35.4%	-	-	0.0%
Office of the Premier	2 225	-	2 225	2 225	2 225	244	11.0%	-	-	0.0%
Legislature	11 988	-	11 988	11 988	11 988	234	2.0%	-	-	0.0%
Treasury	6 500	-	6 500	6 500	6 608	317	4.9%	-108	-	-1.7%
Economic Development	8 348	-	8 348	8 348	8 949	1 143	13.7%	-601	-	-7.2%
<b>Total</b>	<b>1 717 094</b>	<b>-</b>	<b>1 717 094</b>	<b>1 717 094</b>	<b>1 940 249</b>	<b>736 919</b>	<b>42.9%</b>	<b>-223 155</b>	<b>-</b>	<b>-13.0%</b>
								<b>Net</b>	<b>-223 155</b>	

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

The highest percentage spending departments are CoGHSTA at R1.0 million or 120.6 percent due to payment for computer equipment for newly appointed officials. Health at R158.75 million or 68.3 percent due to the payments of accruals of R17.7 million in Health Facility Revitalization grant, payment of certified work by the DBSA to the value of R177 million from equitable share. Provincial Treasury at R0.108 million or 1.7 percent largely due to purchase of office scanners and Economic Development at R0.601 million or 7.2 million due to purchase of motor vehicles and the market stalls project. The Province projects to overspend by R223.1 million or 13.0 percent in Health.

The overall 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**

	Budget	Actual as at August 2015	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Variance
Education	23 371 679	9 213 165	39.4%	13 876 568	23 089 733	281 946
Health	13 023 734	5 770 492	44.3%	7 778 360	13 548 853	(525 119)
Social Development	1 534 567	549 496	35.8%	985 071	1 534 567	-
Public Works , Roads and Infrastructure	1 747 874	573 739	32.8%	1 174 135	1 747 874	-
Agriculture	1 369 664	527 930	38.5%	841 734	1 369 664	-
Transport	1 540 600	561 766	36.5%	978 834	1 540 600	-
CoGHSTA	983 450	416 901	42.4%	566 549	983 450	-
Sport, Arts & Culture	167 709	78 560	46.8%	107 099	185 659	(17 950)
Safety & Security	90 354	33 185	36.7%	54 809	87 994	2 360
Office of the Premier	350 072	135 524	38.7%	214 548	350 072	-
Legislature	262 688	139 172	53.0%	131 894	271 066	(8 378)
Treasury	385 180	129 381	33.6%	253 976	383 357	1 823
Economic Development	1 158 331	476 215	41.1%	682 116	1 158 331	-
<b>Total</b>	<b>45 985 902</b>	<b>18 605 526</b>	<b>40.5%</b>	<b>27 645 693</b>	<b>46 251 220</b>	<b>(265 318)</b>

Provincial equitable share spending is at R18.6 billion or 40.5 percent of the total budget of R45.9 billion. The highest percentage spending departments on equitable share are Sport, Arts and Culture at 46.8 percent, Health at 44.3 percent and Legislature at 53.0 percent.



The lowest spending departments are Social Development at 35.8 percent of the total budget of R1.5 billion and Public Works, Roads and Infrastructure at 32.8 percent of budget of R1.7 billion and Treasury at 33.6 percent of the total budget of R385.2 million

### 5.3. Conditional grants

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

	Budget	Actual as at August 2015	Actual spending as % of budget	Projected remainder of year	Estimated total expenditure	Variance
Education	1 913 026	845 516	44.2%	1 067 510	1 913 026	-
Health	1 730 401	662 195	38.3%	1 275 284	1 937 478	(207 077)
Social Development	3 190	1 915	60.0%	1 275	3 190	-
Public Works , Roads and Infrastructure	1 001 882	296 160	29.6%	705 722	1 001 882	-
Agriculture	327 467	68 513	20.9%	258 954	327 467	-
Transport	298 298	98 244	32.9%	200 054	298 298	-
CoGHSTA	1 285 877	347 786	27.0%	938 091	1 285 877	-
Sport, Arts & Culture	177 615	44 763	25.2%	132 852	177 615	-
Safety & Security	2 078	-	0.0%	2 078	2 078	-
Economic Development	2 482	1 516	61.1%	966	2 482	-
<b>Total</b>	<b>6 742 316</b>	<b>2 366 608</b>	<b>35.1%</b>	<b>4 582 786</b>	<b>6 949 393</b>	<b>(207 077)</b>

The table above portrays an update on provincial CG spending. The CGs' overall expenditure is very low at R2.4 billion or 35.1 percent of the total budget of R6.7 billion. The highest spending departments on CGs are Social Development, Health, Education and Economic Development at R1.9 million or 60.0 percent, Economic Development at R1.6 million or 61.1 percent Health at R662.1 million or 38.3 percent and Education at R845.5 million or 44.2 percent respectively.

**Table: 5.3 b. Limpopo Conditional Grant spending as at 31 August 2015**

R thousand	Main Appropriation	Provincial Actual Payments	Actual Payments as a % of main budget
<b>Agriculture</b>	<b>327 467</b>	<b>68 513</b>	<b>20.9%</b>
Comprehensive Agricultural Support Programme Grant	261 844	50 619	19.3%
Ilima/Letsema Projects Grant	50 337	14 781	29.4%
EPWP Incentive allocation	5 285	1 793	33.9%
Land Care Programme Grant	10 001	1 320	13.2%
<b>Sport, Arts and Culture</b>	<b>177 615</b>	<b>44 763</b>	<b>25.2%</b>
Mass Sport and Recreation Programme	63 459	14 127	22.3%
EPWP Incentive allocation	2 000	614	30.7%
Community Library Services Grant	112 156	30 022	26.8%
<b>Education</b>	<b>1 913 026</b>	<b>845 516</b>	<b>44.2%</b>
HIV and Aids (Life Skills Education) Grant	30 875	4 803	15.6%
National School Nutrition Programme Grant	1 030 799	349 701	33.9%
Infrastructure Grant	735 762	430 422	58.5%
Infrastructure Flood Damage	69 366	54 064	77.9%
Maths, Science and Technology	40 979	2 688	6.6%
Social sector EPWP grant	3 095	3 838	124.0%
EPWP Incentive allocation	2 150	-	0.0%
<b>Health</b>	<b>1 730 402</b>	<b>662 195</b>	<b>38.3%</b>
Comprehensive HIV and Aids Grant	1 056 976	342 833	32.4%
Nursing colleges	-	-	0.0%
Infrastructure Grant	-	-	0.0%
Health Professions Training and Development Grant	118 855	55 199	46.4%
EPWP Social Sector	20 650	8 229	39.8%
EPWP Incentive grant	2 000	23	1.2%
Health insurance grant	7 204	1 035	14.4%
Hospital Revitalisation Grant	194 255	124 316	64.0%
National Tertiary Services Grant	330 462	130 560	39.5%
<b>Co-operate Governance , Human Settlements and Traditional Affairs</b>	<b>1 285 877</b>	<b>347 786</b>	<b>27.0%</b>
Housing Disaster Management	-	-	0.0%
Disaster : Flood Damage	34 332	182	0.5%
Integrated Housing & Human Settlements Development Grant	1 249 545	347 508	27.8%
EPWP Incentive allocation	2 000	96	0.0%
<b>Public Works</b>	<b>1 001 882</b>	<b>296 160</b>	<b>29.6%</b>
Infrastructure Grant	994 762	293 700	29.5%
EPWP incentive grant	7 120	2 460	34.6%
<b>Economic Development</b>	<b>2482</b>	<b>1 516</b>	<b>61.1%</b>
EPWP Incentive grant	2482	1516	61.1%
<b>Social Development</b>	<b>3 190</b>	<b>1 915</b>	<b>0.0%</b>
EPWP Incentive grant	3 190	1 915	0.0%
<b>Safety and Security</b>	<b>2 078</b>	<b>-</b>	<b>-</b>
EPWP Incentive grant	2 078	-	0.0%
<b>Transport</b>	<b>298 298</b>	<b>98 244</b>	<b>32.9%</b>
Public Transport Operations Grant	298 298	98 244	32.9%
<b>Total</b>	<b>6 742 317</b>	<b>2 366 608</b>	<b>35.1%</b>

### 5.3.1. Agriculture

The department has spent R68.5 million or 20.9 percent of the total budget of R327.5 million mainly under CASP.

- **CASP** - spent R50.6 million or 19.3 percent of the total budget of R261.8 million. Slow spending is due to poor planning for major projects under the grant and the purchase of fencing materials



- **Letsema** – spent R14.8 million or 29.4 percent of the total budget of R50.3 million. The underspending is due to delay by service providers to deliver the production inputs timeously and late submission of invoices.
- **Land care** – spent R1.3 million or 13.2 percent of the total budget of R10.0 million. This is due to delays in hiring the EPWP workers and the delay in procurement of alien plants control chemicals and fencing materials.
- EPWP – spend R1.7 million or 33.9 percent due to late appointment of EPWP workers.

### 5.3.2. Sport, Arts and Culture.

The department recorded and overall CGs' expenditure of R44.7 million or 25.2 percent.

- **Community Library Services** - spent R30.0 million or 26.8 percent of the total budget of R112.1 million. Slow spending is due to late filling of 26 vacant funded posts. The 26 library conditional grant contract workers assumed duty as from June 2015. 26 library grant positions have been advertised and successful candidates as assumed duty.
- **Mass Sport** - spent R14.1 million or 22.3 percent of the budget of R63.4 million. Slow spending is due to the resignation of sport coordinators and non filling of Managers position for Competative sport and Limpopo Sport Academy.
- **EPWP** - spent R0.614 million or 22.3 percent. Slow spending is due to late finalisation of contract for the workers and other administrative requirements.

### 5.3.3. Education

Overall spending by the department is at R845.5 million or 44.2 percent of the total budget of R1.9 billion.

- **HIV and Aids** – spent R4.8 million or 15.6 percent. The following contributed in under spending: - Delay in filling vacant and funded posts; Delivery of bedside screens which is on-going; and Printing of LTSM to the value of R1, 2 million which is not yet concluded.
- **National School Nutrition Programme** – spent R349.7 million or 33.9 percent. The grant provides feeding to learners. New tender has been advertised.
- **Infrastructure grant** – spent R430.4 million or 58.5
- **Infrastructure grant** (flood damaged) – spend R54.1 million or 77.9 percent .re grant.
- **Math, Science and Technology** – R2.7 or 6.6 percent. Conduct Camps for girl learners. Teachers are being trained on CAPS; Teachers are being trained on mathematics using the 1+9 model. Due to budget constraints only Grade 9 educators are trained on 1+9 instead of 1+4 model; Training of subject advisors on technical Maths and Technical Science has been done; Training of teachers on CAPS for Technical subjects is underway. Procurement of Laptops and Mathematics kits to the value of R20 m and R1 m respectively is in process.
- **EPWP** (Social sector) – spent R3.8 million or 124.0. Currently the grant is at 124 % due to wrong postings which is being investigated. Districts have completed appointing beneficiaries. Stipend is paid on a monthly basis.

- **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 R662.2 million or 38.3 percent of the total budget of R1.7 billion.

- **HIV and Aids** – spent R342.8 million or 32.4 percent. Slow spending is due to delayed appointment of data capturers, implementation of scheduled trainings, and delivery of male condoms.
- **HPTD** – spent R55.2 million or 46.4 percent of the total budget of R118.8 million. The overspending is due to once off payment of bursaries.
- **EPWP (Social sector)** spend R8.2 million or 39.8 percent. The second tranche (R1.4 million) to be transfers to NPOs for new project in process of being transferred in August 2015 after implementation was deemed feasible from August 2015 and no longer July 2015. Second tranche (R1.8m) transfers for old projects postponed to September due to late implementation of projects in full.
- **EPWP (Incentive grant)** spent R0.023 million or 1.2 percent of the total budget of R2.0 million. The grant was withheld due to late submission of the Annual plan and will start spending in the second quarter.
- **Hospital Revitalization grant** – spent R124.3 million or 64.0 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 (multiyear projects and retentions), amounted to R437million. A tranche of R35million was paid to IDT for the implementation of Infrastructure projects.
- **National Tertiary Services** – spent R130.6 million or 39.5 percent of the total budget of R330.5 million. The underspending is due to delay in delivery of medicine by suppliers and other X-Ray consumables.

#### 5.3.5. CoGHSTA

The department spent R347.8 million or 27.0 percent of the total budget of R1.3 billion. This is far below the straight line projection of 41.5 percent.

Low spending was mainly due to lack of materials, as well as relocation and replacement of beneficiaries.

#### 5.3.6. Public Works, Roads and Infrastructure

- **Infrastructure grant** – spent R293.7 million or 29.5 percent of the budget of R994.8 million. The department under transferred to RAL by R18.5 million as the entity did not submit a request.
- **EPWP incentive grant** – spent R2.5 million or 34.6 percent of the total budget of R7.1 million. The department appointed 300 learnerships through the NYS programme.

Low spending was mainly due to the transfer to RAL. An amount of R18.5 million was suppose to have been transferred but RAL by the end of the reporting period.



### 5.3.7 LEDET

The departments spent R1.5 million or 61.1 percent of the budget of R2.5 million.

### 5.3.8 Transport

Spent R98.2 million or 32.9 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.: Provincial own revenue collection per vote as at 31 August 2015**

REVENUE COLLECTION AS AT 31 AUGUST 2015											
Departments (Votes)	Main appropriation	Projections to August 2015	Projections as % of budget	Actual to August 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 August 2014	Actual collection as % of the budget
Office of the Premier	662	285	43,1%	901	136,1%	377	1 278	616	658	271	41,2%
Provincial Legislature	156	84	53,8%	175	112,1%	72	247	91	249	74	29,7%
Education	50 291	20 360	40,5%	19 010	37,8%	29 931	48 941	-1 350	50 704	16 462	32,5%
Agriculture	7 108	2 574	36,2%	4 351	61,2%	3 755	8 107	1 777	8 497	1 825	21,5%
Provincial Treasury	151 781	43 282	28,5%	116 054	76,5%	108 499	224 553	72 772	143 731	62 194	43,3%
Economic Development	131 737	39 460	30,0%	47 699	36,2%	100 101	147 800	8 239	84 825	32 548	38,4%
Health	150 131	49 137	32,7%	43 040	28,7%	107 203	150 243	-6 097	135 572	41 381	30,5%
Transport	423 666	156 395	36,9%	164 507	38,8%	259 159	423 666	8 112	402 208	147 610	36,7%
Public Works	54 599	22 986	42,1%	13 884	25,4%	31 614	45 498	-9 102	35 698	15 027	42,1%
Safety & Security	84	33	39,3%	180	214,0%	51	231	147	77	30	39,0%
Co-operative Governance	2 663	571	21,4%	1 560	58,6%	1 106	2 666	989	2 925	539	18,4%
Social Development	2 867	1 025	35,8%	1 194	41,7%	1 852	3 046	169	2 637	901	34,2%
Sport, Arts & Culture	962	195	20,3%	143	14,9%	770	913	-52	921	176	19,1%
<b>Total provincial receipts</b>	<b>976 707</b>	<b>336 387</b>	<b>34,4%</b>	<b>412 698</b>	<b>42,3%</b>	<b>644 491</b>	<b>1 057 188</b>	<b>76 311</b>	<b>868 702</b>	<b>319 038</b>	<b>36,7%</b>

Original Provincial own revenue target for 2015/16 is R976.7 million. As at 31 August 2015 provincial own revenue collection is R412.7 million or 42.3 percent more than a projection of R336.4 million or 34.4 percent. The Overall over collection is R76.3 million which is mainly contributed by Treasury, Transport and Economic Development due to more interests earned on bank balances, improved motor vehicles licences and surrender of unspent funds from Entities. The collection is higher than that of the previous corresponding period of R319.0 million or 36.7 percent.

### 6.1. Nine (9) Departments collected above their set monthly projections:

#### 6.1.1. Office of the Premier (Target R0.662 Million)

The office collected R0.901 million or 136.1 percent compared to projections of R0.285 million or 43.1 percent. The over collection of R0.616 million is due to a once off payment received in settlement of an inter-departmental debt from the previous year.

#### **6.1.2. Provincial Legislature (Target R0.156 Million)**

The Department collected R0.175 million or 112.1 percent compared to projections of R0.084 million or 53.8 percent. The over collection is due to recovery of debts from the previous years and sale of tender documents.

#### **6.1.3. Agriculture (Target R7.1 Million)**

The Department collected R4.4 million or 61.2 percent compared to projections of R2.6 million or 36.2 percent. Over collection of R1.8 million is due to the transfer of boarding and 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 R116.1 million or 76.5 percent compared to projections of R43.3 million or 28.5 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 R47.7 million or 36.2 percent against projections of R39.5 million or 30.0 percent. Over collection of R8.7 million is due to the surrender of unspent funds from the Limpopo Tourism Agency, which include R2 million from the Revenue Enhancement Allocation. Own revenue from public entities and gaming levies (LTA and LGB) for August 2015 which amounts to R7.5 million were not accounted for in due to late transfers. Another amount of R7.5 million in unspent funds is still outstanding from the Limpopo Gambling Board.

#### **6.1.6. Transport (Target R423.6 Million)**

The Department collected R164.5 million or 38.8 percent against set projections of R156.3 million or 36.9 percent. The over collection of R8.1 million is mainly due to improved collection on motor vehicle licenses and penalties. However, receipts amounting to R12.8 million remain un-captured due to the non-availability and slowness of BAS.

#### **6.1.7. Safety, Security & Liaison (Target R0.084 Million)**



The Department collected R0.180 million or 214.0 percent compared to projections of R0.033 million or 39.3 percent. The over collection is due to sale of capital assets through an auction which generated R0.143 million which was not anticipated or projected as well as an improvement on parking fees as a results of officials transferred from the department of Transport.

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

Collection as at 31 August 2015 is R1.6 million or 58.6 percent against set projections of R0.571 million or 21.4 percent. The over collection is mainly due 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 R1.2 million or 41.7 percent against projections of R1.0 million or 35.8 percent due once off payment of shared service from SASSA, sale of tender documents which was not projected for as well as the recovery of debts from non-governmental organizations.

### **6.2. Four (4) Departments collected below their projections**

#### **6.2.1. Education (Target R50.3 Million)**

The Department collected R19.0 million or 37.8 percent compared to projections of R20.3 million or 40.5 percent. The under collection is due to non-completion of capturing of receipts for tender documents for the school nutrition tender. The item was projected to collect R1.9 million and only R0.857 was recorded in the financial books. Un-captured receipts amount to R2.1 million as at end August 2015.

#### **6.2.2. Health Target (R150.1 Million)**

The Department has collected R43.0 million or 28.7 percent compared to the projected amount of R49.1 million or 32.7 percent. The under collection is due to late billing of patients as a result of delays in capturing their records in the system as well as poor recovery of debts. The item 'patient fees' has collected R19.5 million against projections of R22.6 million. The RAF debt collector is on site to ensure speedy lodgement and processing of claims. Receipts amounting to R3.4 million remain un-captured as at the end of August 2015 due to the slowness of BAS.

#### **6.2.3. Public Works, Roads and Infrastructure (Target R54.6 Million)**

The Department collected R13.9 million or 25.4 percent compared to projections of R22.9 million or 42.1 percent. The under collection of R9.1 million is mainly due to less collection on rental dwelling and non-transfer of own revenue by RAL for five (5) months. The entity is still to transfer unspent funds amounting to R118m from the previous financial year.

#### 6.2.4. Sports, Arts & Culture ( R0.962 Million)

The Department collected R0.143 million or 14.9 percent against set projections of R0.195 million or 20.3 percent. The under-collection is mainly due to less recovery of previous year debts.

### 6.3. Own revenue per economic classification

**Table 6.2: Own Revenue per economic classification as at 31 August 2015**

**Summary of Provincial Own Receipt by Economic Classification**

Items (Revenue Sources)	Main appropriation	Projections to August 2015	Projections as % of budget	Actual to August 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 August 2014	Actual collection as % of the budget
Tax receipts	400 885	149 481	37,3%	157 876	39,4%	243 175	401 051	8 395	373 159	138 225	37,0%
Sales of goods and services other than capital assets	298 163	107 251	36,0%	87 823	29,5%	200 850	288 673	-19 428	258 144	89 436	34,6%
Transfers received from:	-	-	-	-	0	0	0	0	-	-	-
Fines, penalties and forfeits	52 605	20 982	39,9%	20 129	38,3%	32 675	52 804	-853	50 089	18 314	36,6%
Interest, dividend and rent on land	153 803	48 451	31,5%	116 271	75,6%	110 091	226 362	67 820	142 741	61 778	43,3%
Sales of capital assets	16 683	2 135	12,8%	724	4,3%	16 438	17 162	-1 411	13 046	1 000	7,7%
Revenue financial assets	54 568	8 087	14,8%	29 875	54,7%	41 261	71 136	21 788	31 523	10 285	32,6%
<b>Total departmental receipts</b>	<b>976 707</b>	<b>336 387</b>	<b>34,4%</b>	<b>412 698</b>	<b>42,3%</b>	<b>644 491</b>	<b>1 057 188</b>	<b>76 311</b>	<b>868 702</b>	<b>319 038</b>	<b>36,7%</b>

#### 6.3.1. Tax receipts (Target R400.9 million)

An amount of R157.8 million or 39.4 percent has been collected against projections of R149.4 million or 37.3 percent. The over collection of R8.3 million is mainly on motor vehicle license by Department of Transport where more vehicles licenses were renewed that anticipated.

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

As at 31 August 2015 collection is R87.8 million or 29.5 percent against projections of R107.2 million or 36.0 percent. Under collection of R19.4 million is mainly because of non-accounting of own revenue from public entities by LEDET and Public Works, as well as poor collection of debts under patients fees by Health.

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

Fines, penalties and forfeits collected R20.1 million or 38.3 percent against projections of R20.9 million or 39.9 percent. The item collected in line with the projections.



#### **6.3.4. Interest, dividend and rent on land (Target R153.8 million)**

Collection as at 31 August 2015 is R116.2 million or 75.6 percent against set projections of R48.4 million or 31.5 percent. Over collection of R67.8 million is due to more interest earned on bank balances by Provincial Treasury.

#### **6.3.5. Sale of capital assets (Target R16.7 million)**

As at 31 August 2015 there is collection of R0.724 million or 4.3 percent against projections of R2.1 million or 12.8 percent. Under collection is due to failure by Health and Economic Development to conduct auctions as planned wherein amounts of R1.4 million and R0.735 million were anticipated respectively. Health will conduct auctions at the end of the second quarter. LEDET has not started with the game reduction due to the expiry of the service level agreement with the service provider.

#### **6.3.6. Financial transactions in assets and liabilities (Target R54.6 million)**

The item collected R29.8 million or 54.7 percent against projections of R8.0 million or 14.8 percent. Over collection is mainly due to the surrender of unspent funds by Economic Development.

## 7. Infrastructure Management

### 7.1 Infrastructure expenditure comparison

**Table 7.1: Infrastructure Expenditure as at 31 August 2015**

Infrastructure Expenditure Comparison as at 31 Aug 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	1 098 625	805 128	259 852	368 270	484 487	26%	34%	60%
Agriculture	171 951	226 244	185 940	37 735	21 932	31 057	22%	10%	17%
LEDET	63 102	63 273	62 749	-	33 523	19 855	0%	53%	32%
Health	600 727	593 747	324 626	84 829	108 116	346 000	14%	18%	107%
Public Works, Roads & Infrastructure	51 502	59 439	2 171 423	6 781	9 577	445 064	13%	16%	20%
Transport*	1 903 808	1 769 577	89 304	307 964	666 426	845	16%	38%	1%
CoGHSTA	1 324 742	1 219 115	1 285 877	126 541	88 006	347 786	10%	7%	27%
Social Development	95 639	59 912	63 866	6 367	3 241	9 261	7%	5%	15%
Sport, Arts & Culture	22 500	26 000	43 000	5 052	2 812	6 961	22%	11%	16%
<b>TOTAL</b>	<b>5 231 570</b>	<b>5 115 932</b>	<b>5 031 913</b>	<b>835 121</b>	<b>1 301 903</b>	<b>1 691 315</b>	<b>16%</b>	<b>25%</b>	<b>34%</b>
Percentage									
Education	19%	21%	16%	31%	28%	29%			
Agriculture	3%	4%	4%	5%	2%	2%			
LEDET	1%	1%	1%	0%	3%	1%			
Health	11%	12%	6%	10%	8%	20%			
Public Works, Roads & Infrastructure	1%	1%	43%	1%	1%	26%			
Transport	36%	35%	2%	37%	51%	0%			
CoGHSTA	25%	24%	26%	15%	7%	21%			
Social Development	2%	1%	1%	1%	0%	1%			
Sport, Arts & Culture	0%	1%	1%	1%	0%	0%			
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>			

\*The Roads component used to be part in Transport

### 7.2 Infrastructure Expenditure comparison as at 31 August year-on-year

As at 31 August 2015, the Provincial Infrastructure expenditure stood at R1.6 billion. The total expenditure represents 34 percent of the Provincial infrastructure budget as at 31 August 2015.

The expenditure represents a move of 9 percent from the previous month.

The expenditure was supposed to be in the region of about R2 billion, which represents 42 percent of the total budget in terms of the norm. The province is 8 percent or R 753 million below the straight line norm.

When compared to the previous month, all departments recorded movements, except for the Department of Transport, ranging from 4 percent by the Department of Cooperative



Governance, Human Settlements and Traditional Affairs to 19 percent by the Department of Education.

All the departments had submitted their expenditure reports at the time of the compilation of the report.

All the departments, except for the Department Transport recorded significant expenditure growth month-on-month.

- The Department of Social Development recorded the highest expenditure growth month-on-month. The expenditure for the month of August 2015 was R5.5 million, representing an increase of 147 percent against a cumulative expenditure of R3.7 million as at the end of July 2015.
- The Department of Agriculture recorded the second highest expenditure growth month-on-month. The expenditure for the month of August 2015 was R14.5 million, representing an increase of 88 percent against a cumulative expenditure of R16.5 million as at the end of July 2015.
- The Department of Sport, Arts and Culture grew its expenditure by R3.2 million or 87 percent against a cumulative expenditure of R3.7 million as at the end of July 2015.
- The Department of Public Works, Roads and Infrastructure grew its expenditure by R156 million or 54 percent against a cumulative expenditure of R288 million as at the end of July 2015.
- LEDET grew its expenditure by R6.7 million or 52 percent against a cumulative expenditure of R13.1 million as at the end of July 2015.
- The Department of Education grew its expenditure by R156 million or 48 percent against a cumulative expenditure of R328 million as at the end of July 2015.
- The Department of Cooperative Governance, Human Settlements and Traditional Affairs grew its expenditure by R54.2 million or 18 percent against a cumulative expenditure of R 293 million as at the end of July 2015.

The Department of Health grew its expenditure by R30.3 million or 10 percent against a cumulative expenditure of R315 million as at the end of July 2015.

- There was no expenditure recorded for the Department of Transport for both the months of June and July 2015.
- The province grew its expenditure by R427 million or 34 percent against a cumulative expenditure of R1.2 billion as at the end of August 2015. An amount of R427 million

was spent during the month of August 2015, this represents 8 percent of the budget. If the trend was to be maintained, a projected under-expenditure of about R 358, 00 million or 7 percent would be a possibility. The expenditure for the month of August 2015 is within the monthly norm of 8 percent.

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. The National Treasury conducted a two days executive and champions training for Provincial Treasuries on the web based IRMs on 28 and 29 July 2015. Provincial Treasury officials have started supporting the departments and responding to issues raised by sectors. The Provincial Treasury had also nominated an additional official, bringing the number to two, to be part of the National Task Team to deal with the gaps identified in the new web based IRM. The major challenge identified with regards the web-based IRM had to do with the internet connectivity across the departments in the province. As a result of these challenges the reporting for the current month under review was done manually.

- All departments had poorly spent or have recorded low expenditure as at 31 August 2015, except for Health, which had over spend at 107 percent and Education at 60 percent, which is above the norm. The projects being implemented for the current financial year are at different stages and there is no way that they can be completed without funds being provided given the current spending, particularly for the Department of Health which had already exhausted its budget a mere 5 months into the financial year.
- The two departments, that is Education and Health project to overspend their infrastructure budgets by R271 million or 83 percent and R167 million or 21 percent, respectively.
- Over and under expenditure are not encouraged – the monthly projected expenditure for both the departments of Health and Education provided at the beginning of the financial year are not aligned to the current situation and more work needs to be done to address the situation.
- All the other departments' project to break-even as at August 2015. Provincial Treasury projects under-expenditure and ways are being sought to ease the likely pressure being observed at the departments of Health and Education and to address the probable under-expenditure by the other departments.



## 8. Conclusion

The Provincial Treasury hereby submits the Limpopo provincial revenue and expenditure report

- The overall provincial spending as at 31 August 2015 amounts to R20.9 billion or 39.8 percent of the total budget of R52.7 billion. Of the R20.9 billion total expenditure, R18.6 billion is on equitable share and R2.4 billion on Conditional grant.
- There is a noticeable increase on overall spending by 1.8 percent as compared to the same period during the previous year of which the overall expenditure was at R19.6 billion or 38.0 percent.
- The lowest spending departments are Public Works, Roads and Infrastructure, CoGHSTA and Treasury at 31.6 percent, 33.7 percent and 33.6 percent respectively.
- The Provincial Infrastructure expenditure stood at R1.6 billion representing 34 percent of the Provincial infrastructure budget. It is worth noting that this expenditure was supposed to be at R2 billion or 42 percent of the total budget in terms of the norm. Therefore, the province is 8 percent or R 753 million below the straight line norm.
- As at 31 August 2015 provincial own revenue collection is R412.7 million or 42.3 percent more than a projection of R336.4 million or 34.4 percent.



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

22/9/2015

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**Date**