

## Table of Contents

FOREWORD .....	5
ABBREVIATIONS .....	7
CHAPTER 1: SOCIO ECONOMIC OVERVIEW .....	9
1.1. Introduction .....	9
1.2. World Economic Outlook .....	10
1.3. South African Economic Overview .....	11
1.4. Limpopo Province Economic Overview .....	13
1.5. Limpopo Development Indicators .....	17
1.5.1. Poverty .....	17
1.5.2. Human Development Index (HDI) .....	18
1.5.3. Gini Coefficient .....	19
1.6. Limpopo Labour force .....	19
1.6.1. Limpopo unemployment rate .....	19
1.6.2. Employment by sector .....	21
1.7. Limpopo Population .....	22
1.9. Health .....	27
1.9.1. Chronic health conditions .....	28
1.9.2. Place of consultation .....	28
1.10. Crime .....	29
1.11. Conclusion .....	30
CHAPTER 2: BUDGET STRATEGY AND AGGREGATES .....	33
2.1. Introduction .....	33
2.2. Aligning Provincial Budget to achieve Governments Prescribed Outcomes .....	35
2.2.1. Quality Basic Education .....	35
2.2.2. A long quality life for all .....	36
2.2.3. All people in South Africa are safe .....	37
2.2.4. Decent employment through inclusive economic growth .....	37
2.2.5. A skilled and capable work force to support inclusive growth path .....	38
2.2.6. An efficient, competitive and responsive economic infrastructure network .....	38
2.2.7. Vibrant, equitable, sustainable rural communities contributing to food security for all .....	39
2.2.8. Sustainable human settlements and improved quality of household life .....	40
2.2.9. A responsive, accountable, effective and efficient local government system .....	40

2.2.10. Protect and enhance environmental assets and natural resources .....	41
2.2.13. Social Protection .....	42
2.2.14. Nation building and Social cohesion .....	42
2.3. Summary of Budget Aggregates .....	42
CHAPTER 3: BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK .....	44
3.2. The Allocation Strategies .....	44
3.4. The role of Provincial Treasury .....	46
CHAPTER 4: RECEIPTS.....	48
4.1. Overall Position .....	48
4.2. Equitable Share .....	49
4.3. Conditional Grants .....	49
4.4. Provincial Own Revenue .....	53
CHAPTER 5: PAYMENTS.....	58
5.1. OVERALL POSITION .....	58
5.3. PAYMENTS BY ECONOMIC CLASSIFICATION .....	63
5.3.1. Current Payments .....	63
5.3.2. Transfers and Subsidies .....	64
5.3.3. Payments for Capital Assets.....	64
5.4. PAYMENTS BY POLICY AREA .....	65
5.5. INFRASTRUCTURE PAYMENTS .....	66
5.6. TRANSFERS.....	70
5.7. PERSONNEL NUMBERS AND COSTS .....	71
5.8. PAYMENTS ON TRAINING. ....	72

## List of Tables

Table 1: Overview of the World economic outlook projections.....	
Table 2: District Sector's share of regional total GVA (%).....	
Table 3: Grade 12 learner enrolment per district and sector.....	
Table 4: National allocation to Limpopo Province.....	
Table 5: Provincial Budget Summary .....	
Table 6: Summary of Provincial Receipts.....	
Table 7: Summary of National Conditional Grant transfers by vote.....	
Table 8: Provincial Own Revenue per vote.....	
Table 9: Summary of Provincial Donor funding.....	
Table 10: Summary of Provincial Payments and Estimates by vote .....	
Table 11: Summary of Provincial Payments and Estimates by economic classification.....	
Table 12: Summary of Provincial Payments and Estimates by functional area.....	
Table 13: Summary of provincial infrastructure payments and estimates by vote.....	
Table 14: Summary of provincial infrastructure payments and estimates by category.....	
Table 15: Transfers to Public Entities.....	
Table 16: Transfers to local government .....	
Table 17: Summary of personnel numbers and costs by vote.....	
Table 18: Payments on Training.....	

## List of Figures

Figure 1: South Africa Annualised % change in seasonally adjusted GDP .....	
Figure 2: South Africa industry growth in third quarter of 2016 .....	
Figure 3: GDP Average annual growth (Constant 2010 Prices) .....	
Figure 4: Limpopo GDP Average annual growth (Constant 2010 Prices) .....	
Figure 5: Sector contribution to total economic growth (% point, Constant 2010 Prices) .....	
Figure 6: Limpopo Sectors share of regional total GVA (%), 2015 .....	
Figure 7: Limpopo People below the lower poverty line and GDP per capita.....	
Figure 8: Limpopo Human Development Index (HDI) .....	
Figure 9: Limpopo Gini co-efficient .....	
Figure 10: Limpopo Unemployment and expanded Unemployment rate 2016 .....	
Figure 11: Limpopo discouraged work seekers and not economically active population .....	
Figure 12: Limpopo employment by sectors.....	
Figure 13: Limpopo non-market activities.....	
Figure 14: Limpopo population by sex and age.....	
Figure 15: Limpopo total population by districts .....	
Figure 16: Limpopo number of people with no education .....	
Figure 17: Limpopo number of people with grade 0-2 .....	
Figure 18: Limpopo number of people with grade 3-12.....	
Figure 19: Population suffering from chronic health conditions as diagnosed by a medical practitioner or nurse, by sex and province, 2015.....	
Figure 20: The household normal place of consultation and whether at least one member is covered by medical aid, 2015.....	
Figure 21: Limpopo Crimes by type.....	

## List of Annexures

Table A1: Details of information on Provincial Own Receipts.....	
Table A2: Details on information on Conditional Grants.....	
Table A3: Details of Provincial Payments and Estimates.....	
Table A4 (a): Details of Payments by functional area.....	
Table A4 (b): Details of Provincial Payments and Estimates by function area.....	
Table A5: Summary of Provincial transfers to local government by category.....	

## FOREWORD

The global economy has now entered its sixth year of stagnation, and the growth outlook for 2017 shows a continuation of this trend. A projected stabilization in energy and commodity prices may provide a small tailwind for resource rich economies in 2017 however the medium-term trend continues to be dominated by weaker growth in key inputs, notably investment and labour supply. Modest positive signals emerge from the base scenario showing some strengthening in qualitative growth factors, such as more advanced technology, improved labour force skills, and greater productivity. But those potentially favourable factors are under pressure from on-going political, policy, and economic uncertainties around the world. There is a wait and see attitude amongst corporates and governments. Businesses have to prepare for more disruptions from geo-political tensions, policy uncertainty, financial market volatility, and rapid changes in technology.

The Limpopo Provincial government budget is allocated when the South African economy has been in stagnation for a prolonged period of time due to subdued global demand, low disposable incomes, unemployment and skewed income distribution which is still largely determined by apartheid spatial dynamics which has led to low economic growth in 2016. The country is faced with high inflation which is above the SARB inflation band of 3-6 percent and this took a toll on private consumption. The country managed to avoid a credit downgrade last year, causing analysts to give government and its reform agenda the benefit of the doubt. However, it will not be long before investors and rating agencies want to see some tangible results. Our Citizens must also be encouraged to save some of their money to mitigate against inflation induced by conspicuous consumption.

The Provincial Government has taken great initiatives and has made great strides in tackling the socio economic challenges facing poor population groups in the province under the trying economic conditions. Though the provincial economy has been growing steadily supported by the implementation of the Limpopo Development Plan (LDP) there is still more that needs to be done to abate the high levels of inequality, poverty and unemployment in the province through the prudent allocation of the provincial financial resources.

Important also is to note that cartels are continuing to undermine our economic growth through collusions. Cartels are a major threat to the survival of small businesses and at times undermine our efforts to transform our economy. Our efforts to build productive capacity in the province should not result in the further formation of cartels. The Market must allow new entrance and their survival thereof. Small businesses have proven to be biggest job creation driver without which our economy is destined to fail. It is within this logic that we must dismantle cartels and oligarchs in all industries. The work of the competition commission is thus commendable in this regard.

The 2017/18 budget policy framework outlines the Limpopo Government's plans and resources that are to be utilised to achieve the planned outcomes of each department's annual performance plan and ultimately the outcomes of the Limpopo Development Plan.

I would like to thank the entire administration of the Limpopo Provincial Government, Head of Department of the Provincial Treasury and the Provincial Treasury staff members, for the help, support and understanding during the budget preparation process which has enabled Provincial Treasury to prepare a budget that responds to the priorities of this government

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**Hon. RWN Tooley (MPL)**

**MEC for Finance**

## ABBREVIATIONS

AIDS - Acquired Immune Deficiency Syndrome

CPFs - Community Policing Forums

CPI - Consumer Price Index

CoE - Compensation of Employees

CoGHSTA - Co-Operative Governance, Human Settlements and Traditional Affairs

DBE - Department of Basic Education

DRDLR - Department of Rural Development and Land Reform

ECD - Early Childhood Education

EPWP - Expanded Public Works Programme

ISPH - Infrastructure Strategic Planning Hub

GDP – Gross Domestic Product

GHS - General Household Survey

GTAC - Government Technical Advisory Centre

GVA - Gross Value Added

HDI - Human Development Index

HIV - Human Immunodeficiency Virus

ICT - Information and Communication Technology

IDMS - Infrastructure Delivery Management System

IT - Information Technology

LDP - Limpopo Development Plan

LEDA - Limpopo Economic Development Agency

LED - Local Economic Development

LEDET - Limpopo Department of Economic Development Environment and Tourism

LIIMP - Limpopo Integrated Infrastructure Master Plan

LP - Limpopo Province

LTA - Limpopo Tourism Agency

LTSM - Learner-Teacher Support Material

MTBPS - Medium Term Budget Policy Statement

MTEC - Medium Term Expenditure Committee

MTEF - Medium Term Expenditure Framework

NERF - New Economic Reporting Format

NDP - National Development Plan

PFMA - Public Finance Management Act  
PPMC - Provincial Personnel Management Committee  
RAMS - Roads Assets Management System  
SA - South African  
SARB - South African Reserve Bank  
SDAs - Service Delivery Agreements  
SEZs - Special Economic Zones  
SIDMP - Standard for Infrastructure Delivery Management and Procurement  
SMMEs - Small Medium and Micro Enterprises  
StatsSa - Statistics South Africa  
TB - Tuberculosis  
U.K. - United Kingdom  
U.S. - United States  
WHO - World Health Organisation



# CHAPTER 1: SOCIO ECONOMIC OVERVIEW

## 1.1. Introduction

The global economic growth accelerated in the final quarter of 2016 due to a combination of improved conditions in emerging market countries and stronger growth in developed economies. Geo-political risks remained high in 2016 as a result of the Brexit vote, instabilities in the Middle East, the impeachment of Dilma Rousseff in Brazil and the election of Donald Trump in the U.S... amongst others. Challenging weather conditions, led by a severe El Nino weather effect, negatively impacted the agricultural sector in most countries, particularly in emerging markets.

In 2017, many developed economies are still benefiting from accommodative monetary policies due to the low global inflation environment which is strengthening business and consumer confidence, though the ultra-low interest rates will not last forever. Economic dynamics among developing economies are gradually improving following some quarters of sluggish growth. The increase in commodity prices that started in the final quarter of 2016 is good news for the majority of emerging market nations.

The South Africa's economy has been stagnating for a prolonged period of time due to subdued global demand and a myriad of political and economic problems at home. Economic activity recorded another dismal expansion in 2016 of 0.5 percent. A weak labour market and high inflation took a toll on private consumption and the investment environment was undermined by the political instability. South Africa managed to avoid a credit downgrade last year, giving government and its reform agenda the benefit of the doubt. However, it will not be long before investors and rating agencies want to see some tangible results.

Limpopo province has relied on Mining and Trade sectors for its economic growth in the past years as these sectors have played a major role in job creation. Sectors such as Agriculture, Manufacturing and Construction are playing a minimal role in the province's economy and this situation needs to be reversed.

## 1.2. World Economic Outlook

Global economic growth has been lacklustre in 2016, though the world economic activity is projected to pick up pace in 2017 and 2018, including the emerging market and developing economies. However, there is a wide dispersion of possible outcomes around the projections, given uncertainty surrounding the policy stance of the incoming United States (U.S.) administration and its global ramifications as well as the June 2016 United Kingdom (U.K.) vote in favour of leaving the European Union (Brexit). Global growth is projected to slow to 3.1 percent in 2016 before recovering to 3.4 percent in 2017, then to 3.6 percent in 2018.

**Table 1: Overview of the World Economic Outlook Projections**

	<b>Estimates</b>		<b>Projections</b>	
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>World Output</b>	<b>3.2</b>	<b>3.1</b>	<b>3.4</b>	<b>3.6</b>
<b>Advanced Economies</b>	<b>2.1</b>	<b>1.6</b>	<b>1.9</b>	<b>2</b>
United States	2.6	1.6	2.3	2.5
Euro Area	2	1.7	1.6	1.6
Germany	1.5	1.7	1.5	1.5
France	1.3	-	-	1.6
Italy	0.7	0.9	0.7	0.8
Spain	3.2	3.2	2.3	2.1
Japan 3	1.2	0.9	0.8	0.5
United Kingdom	2.2	2	1.5	1.4
Canada	0.9	1.3	1.9	2
Other Advanced Economies 4	2	1.9	2.2	2.4
<b>Emerging Market and Developing Economies</b>	<b>4.1</b>	<b>4.1</b>	<b>4.5</b>	<b>4.8</b>
Commonwealth of Independent States	-2.8	-0.1	1.5	1.8
Russia	-3.7	-0.6	1.1	1.2
Excluding Russia	-0.5	1.1	2.5	3.3
Emerging and Developing Asia	6.7	6.3	6.4	6.3
China	6.9	6.7	6.5	6
India 5	7.6	6.6	7.2	7.7
ASEAN-5 6	4.8	4.8	4.9	5.2
Emerging and Developing Europe	3.7	2.9	3.1	3.2
Latin America and the Caribbean	0.1	-0.7	1.2	2.1
Brazil	-3.8	-3.5	0.2	1.5
Mexico	2.6	2.2	1.7	2
Middle East, North Africa, Afghanistan, and Pakistan	2.5	3.8	3.1	3.5
Saudi Arabia 7	4.1	1.4	0.4	2.3
Sub-Saharan Africa	3.4	1.6	2.8	3.7
Nigeria	2.7	-1.5	0.8	2.3
South Africa	1.3	0.3	0.8	1.6

Source: IMF, January 2017 World Economic Outlook

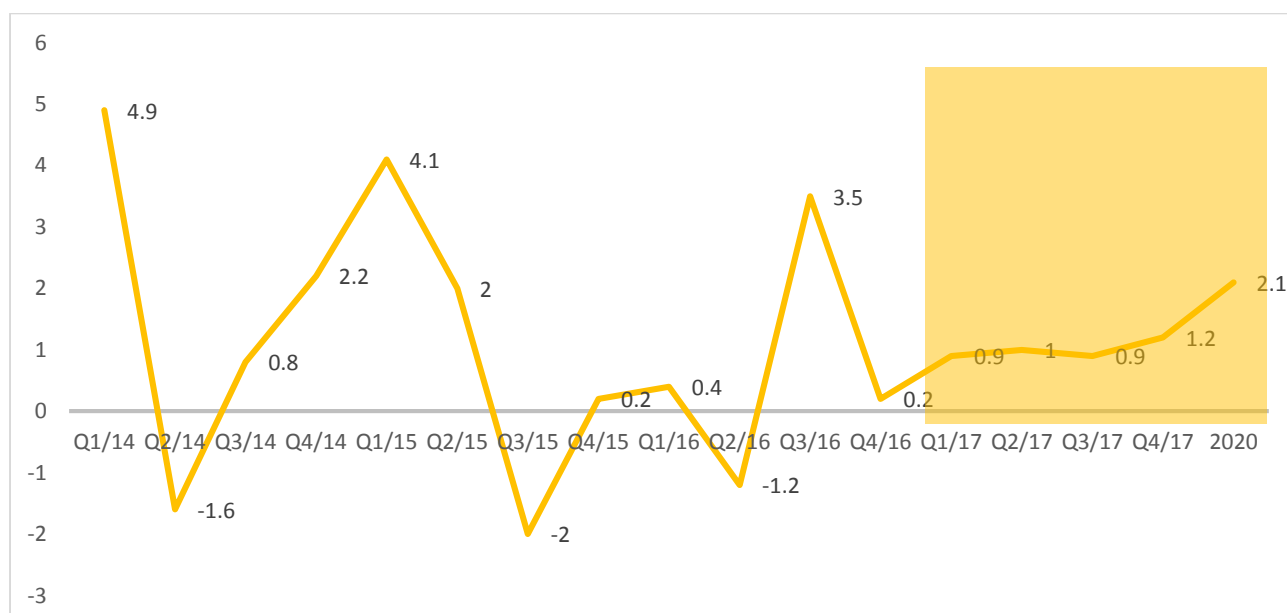
In Advanced Economies growth slowed down to 1.6 percent in 2016, but is projected to recover to 1.9 percent in 2017, and 2 percent in 2018, while in the Emerging Markets and Developing Economies the 2016 growth rate of 4.1 percent is projected to improve to 4.5 percent in 2017 and 4.8 percent in 2018. In Sub-Saharan Africa GDP the 2016 growth of 1.6 percent is projected to improve to 2.8 and 3.7 percent in 2017 and 2018 respectively.

Among the major emerging economies, the economic outlook for Brazil and India deteriorated from the December 2016 assessment, while China's GDP growth projection remained stable.

### 1.3. South African Economic Overview

South Africa has an unemployment rate above 25 percent and is one of the most unequal societies in the world. In recent years the South African economy was not only effected by a low economic growth rate, but the mining industry has been culling jobs as commodity prices have fallen in the international markets, throwing many communities and towns into economic distress. The loss of jobs in mining is felt in other industries, and the general saying in South Africa is that when mining sneezes, the economy catches a cold.

**Figure 1: South Africa Annualised percentage change in seasonally adjusted GDP**



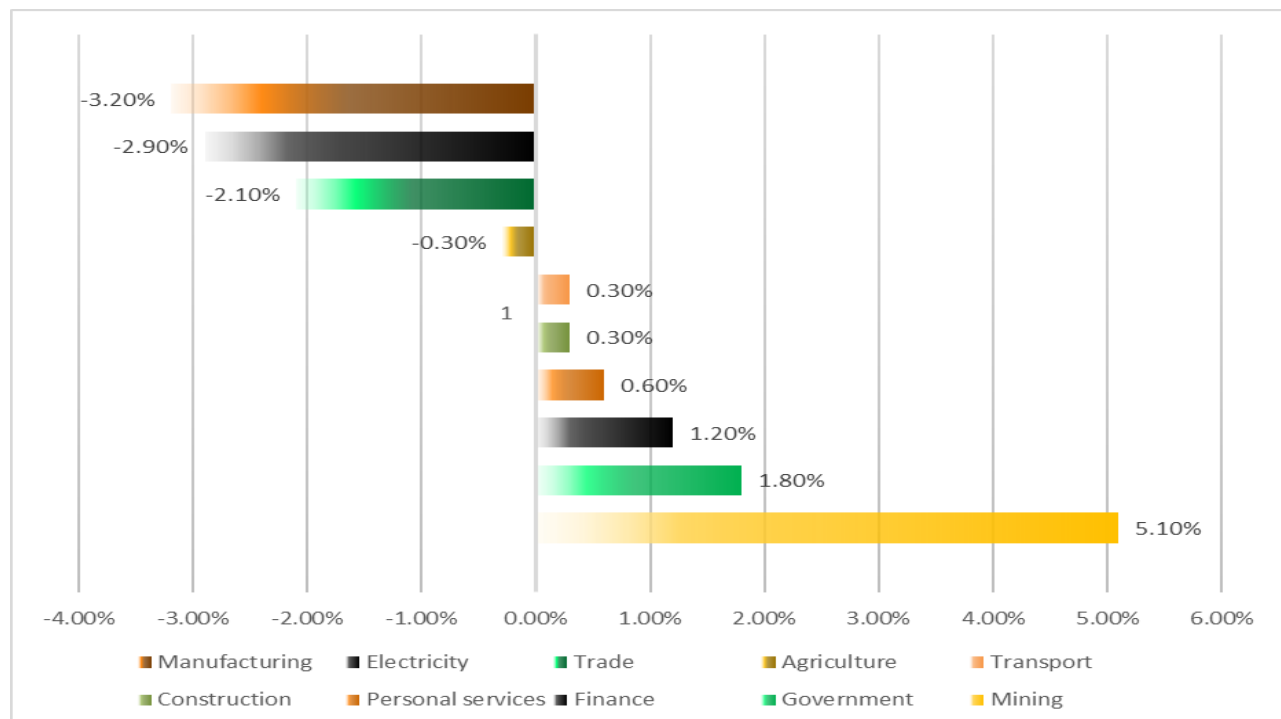
Source: StatsSA GDP 2016

The South African economy only expanded an annualized 0.2 percent in the fourth quarter of 2016, compared to vastly improved growth of 3.5 percent in the third quarter of 2016, and it is estimated that the economy will only expand by 0.9 percent in the first quarter of 2017. In 2017 the SA economy is projected to show positive signs of growth, albeit low, mainly supported by mining, general government services and real estate activities.

### 1.3.1. South African Sector Growth and Contribution

The largest contributor to GDP growth in the third quarter of 2016 was mining and quarrying, growing at 5.1 percent. This was largely the result of increased production in the mining of 'other' metal ores, in particular iron ore. Activities related to the local government elections in August 2016 also contributed positively to economic growth. The payment of additional salaries to thousands of temporary electoral staff, as well as increased spending on goods and services, pushed general government services up by 1.8 percent. Other industries that recorded positive growth were finance (1.2 percent), personal services (0.6 percent), construction (0.3 percent) and transport (0.3 percent). Industries that recorded negative growth were manufacturing (-3.2 percent), electricity (-2.9 percent), trade (-2.1 percent) and agriculture (-0.3 percent).

**Figure 2: SA Industry growth in the 3rd Quarter of 2016**



Source: StatsSA GDP 2016

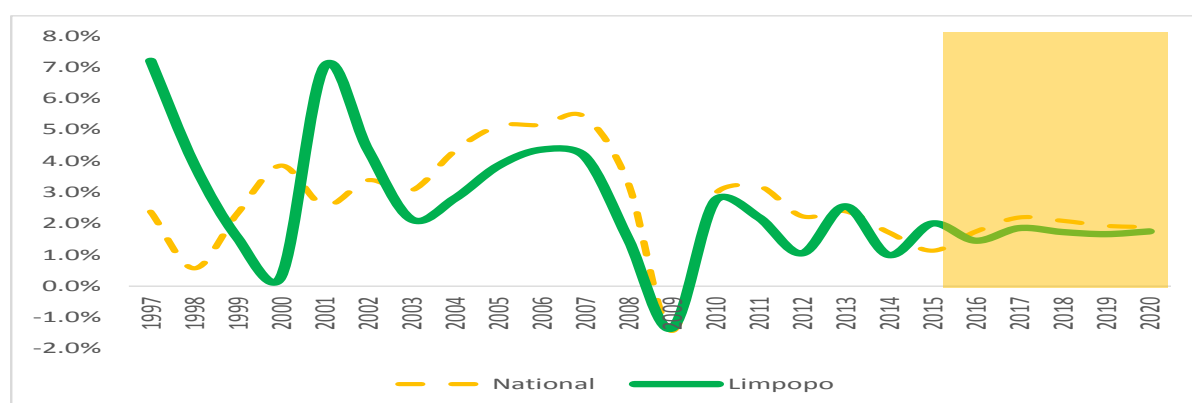
There were four industries that contracted in the third quarter of 2016 and they contributed negatively to the GDP growth. The agriculture industry posted its seventh consecutive quarter of economic decline, on the back of one of the worst droughts in recent history. The third quarter decline of 0.3 percent in the agricultural sector was mainly as a result of a decrease in the production of horticulture products.

The trade industry recorded its first contraction since the second quarter of 2015, declining by 2.1 percent. This was largely as a result of lackluster performance in wholesale, retail and motor trade and catering and accommodation. The implementation of water restrictions across the country, together with waning electricity consumption, saw the electricity, gas and water industry fall by 2.9 percent. The manufacturing industry contracted by 3.2 percent in the third quarter, driven mainly by decreases in the production of petroleum and chemicals; basic iron and steel; as well as food and beverages.

#### 1.4. Limpopo Province Economic Overview

This section will discuss the economic performance of Limpopo Province and its district municipalities. The economy of Limpopo province has sustained a positive trajectory over the years, only recording negative growth in 2009 due largely to the global financial crisis. The local economy has been on a positive growth path in the past years, recording a 2.0 percent GDP growth rate in 2015. The 2.0 percent GDP growth rate is however below the LDP targeted GDP growth of 3 percent which was deemed suitable to stimulate job creation in the province.

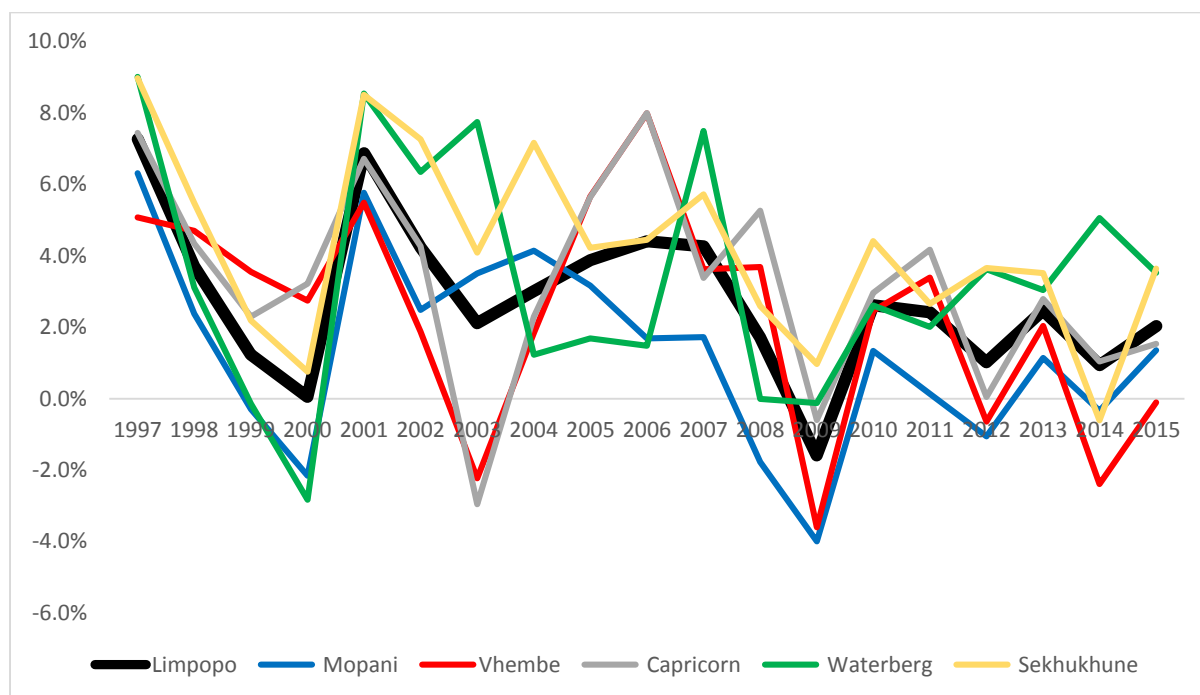
**Figure 3: GDP Average annual growth (Constant 2010 Prices)**



Source: Regional Explorer 2016

In terms of the districts economic performance, the districts' GDP growth rate trends tend to follow a similar pattern with the provincial trend. Waterberg district economy has been performing better than the other districts and the provincial average GDP growth since 2011 and this is mainly attributable to the recent economic activities in the Lephalale area of the district. Generally, the Limpopo districts economies are on a positive path except for Vhembe and Mopani districts which recorded negative growth between 2012 and 2014.

**Figure 4: Limpopo GDP Average annual growth (Constant 2010 Prices)**

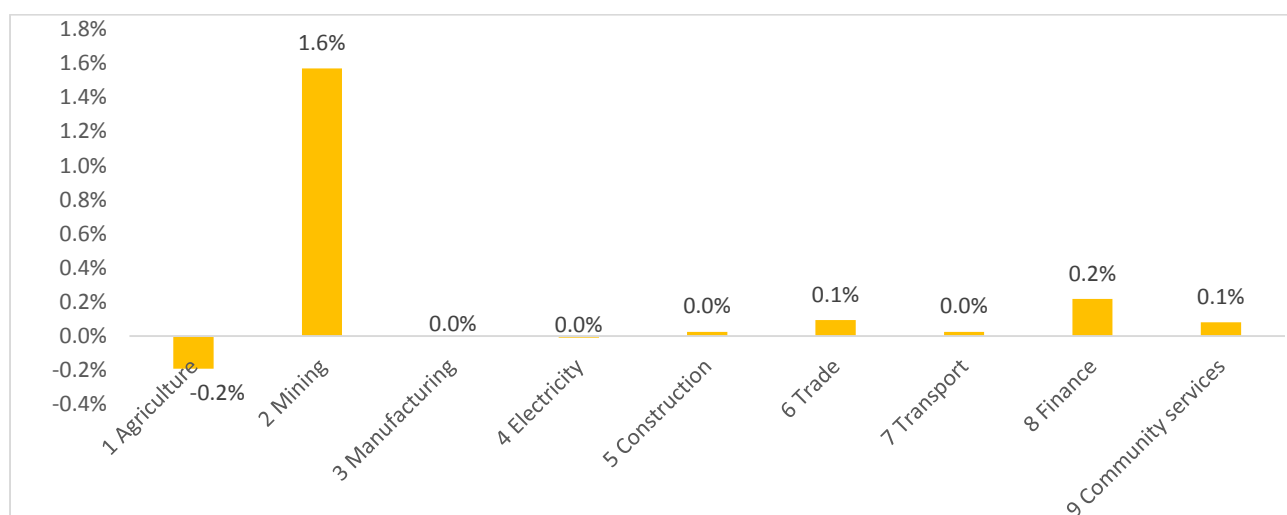


Source: Regional Explorer 2016

#### 1.4.1. Limpopo Sector Growth and Contribution

In terms of contribution to the provincial GDP growth in 2015, Agriculture has experienced a negative contribution of -0.2 percent; this is evidently due to the prolonged severe drought in the province that affected the horticultural crops and animal products. Conversely, the sector that held the provincial economy in the positive territory was the mining sector which contributed a high of 1.6 percent to the GDP growth, and this was largely due to recovering commodity prices.

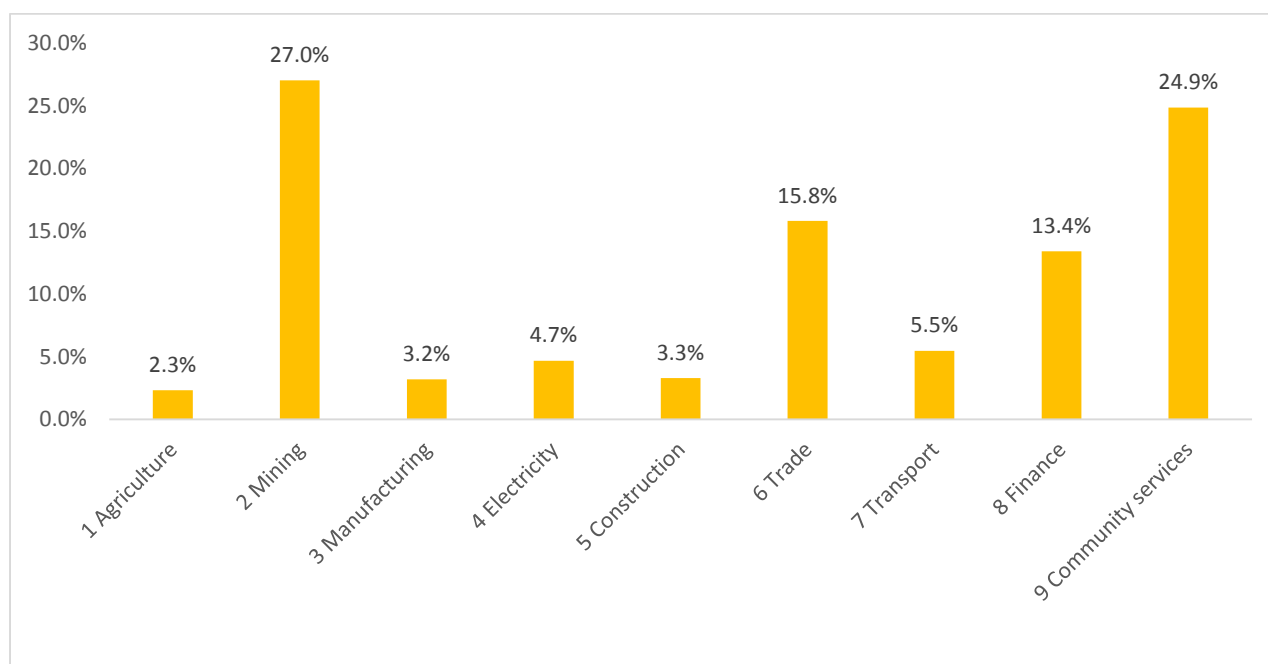
**Figure 5: Sector Contribution to total economic growth (% point, Constant 2010 prices)**



Source: Regional Explorer 2016

The provincial economy is mainly driven by four sectors, which are the Mining, Community services, Trade and Finance and these sectors contributed 27, 24.9, 15.8 and 13.4 percent respectively to the Limpopo GVA in 2015. Mining sector's contribution to the local economy has been significant in the past years and the sector has been playing a major role in job creation for the citizens of the province.

**Figure 6: Limpopo Sector's share of regional total GVA (%), 2015**



Source: Regional Explorer 2015

Agriculture, Manufacturing and Construction are the least contributing sectors in the local economy, contributing 2.3, 3.2 and 3.3 percent respectively to the provincial GVA. These sectors need to be given more focus in terms of industrialisation through agro-processing facilities and industrial policies to encourage manufacturing activity as they have a potential to employ the low skilled labour force in the province.

#### 1.4.2. District Sector's share of regional total GVA

The economies of three districts in the province are driven by mining, which contributes 48.5, 38.9 and 32.2 percent and these are Waterberg, Sekhukhune and Mopani districts respectively. The dominance of mining in the province exposes the provincial economy to some risks as the mining sector is dependent mostly on external factors which the province has no control over, such as the minerals prices. Contribution of the Agriculture, Manufacturing and Construction sectors are very minimal in all the provincial districts economies and this requires the provincial government to channel more resources in supporting these sectors as they are key in job creation.

**Table 2: District Sector's share of regional total GVA (%)**

	Mopani %	Vhembe %	Capricorn %	Waterberg %	Sekhukhune %
<b>Agriculture</b>	3.2	2.8	1.5	2.5	1.6
<b>Mining</b>	32.2	8.7	5.2	48.5	38.9
<b>Manufacturing</b>	2.3	3.3	4.1	2.9	3.2
<b>Electricity</b>	8.2	5.5	2.6	4.5	2.4
<b>Construction</b>	3.0	4.6	3.6	3.0	2.2
<b>Trade</b>	13.3	18.8	21.4	11.2	14.7
<b>Transport</b>	5.0	6.8	6.9	4.4	4.1
<b>Finance</b>	11.4	14.8	21.3	7.9	11.0
<b>Community services</b>	21.4	34.8	33.3	15.1	21.9

Source: Regional Explorer 2016

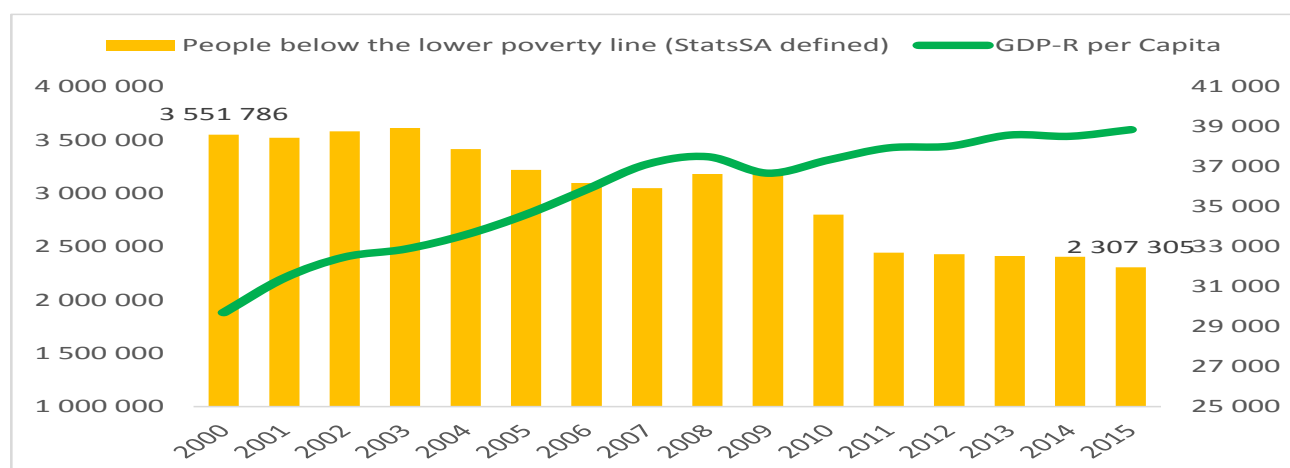


## 1.5. Limpopo Development Indicators

### 1.5.1. Poverty

The challenge of poverty and its reduction remains the most pressing dilemma in the international development debate. There is no doubt that poverty is a contributing factor to poor health outcomes. Poor people have lower life expectancies, higher prevalence of chronic illnesses and health conditions, and they have more unmet health needs than people in the middle-class and high income levels. Poverty eventually traps people in the vicious cycle.

**Figure 7: Limpopo people below the lower poverty line and GDP per capita**



Source: Regional Explorer 2015

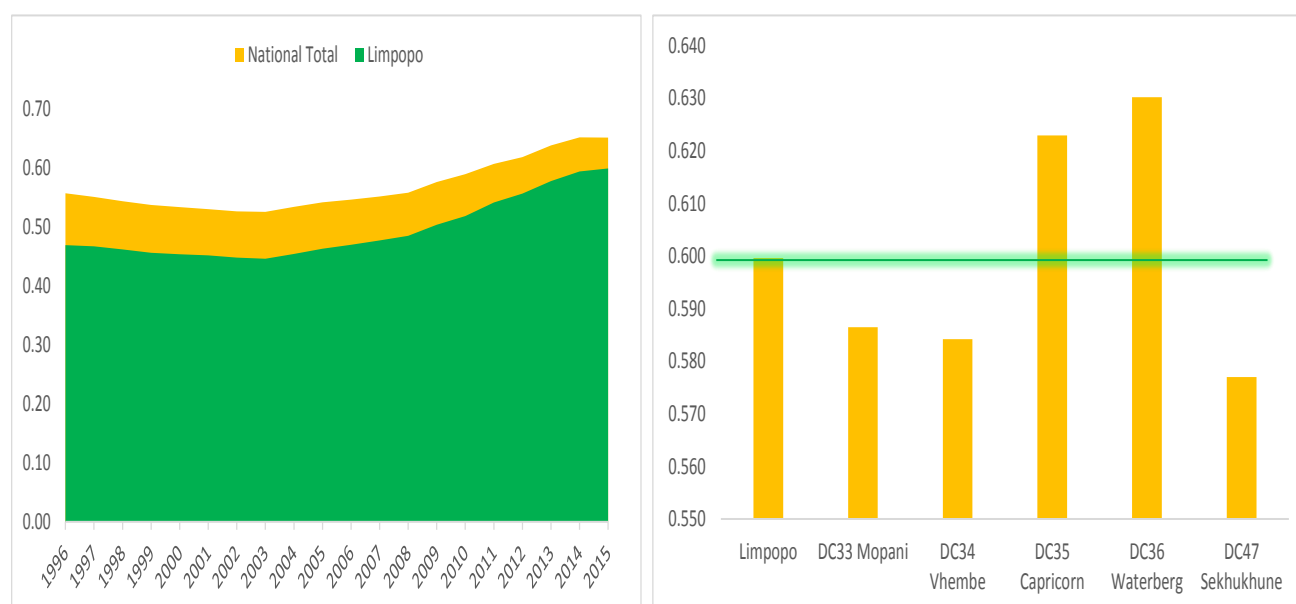
The poverty level is measured by the number of people below the lower poverty line. In 2000 the number of people living in poverty in Limpopo was 3.551 million and this number has decreased by 1.244 million to 2.307 million in 2015. There is a converse correlation between poverty and GDP per capita, as GDP per capita increases, the poverty levels decrease over time. Intuitively, the economy has to grow at a much faster rate to curb poverty through employment creation and expanded social welfare services. Government has also through the Expanded Public Works Programme (EPWP) managed to dent the general poverty levels in the province.

### 1.5.2. Human Development Index (HDI)

The Human Development Index measures a country's average achievements in three basic aspects of human development; longevity, knowledge and a decent standard of living. HDI is measured between 0 and 1. Countries with an HDI score of over 0.8 are considered to have high development and scores between 0.5 and 0.8 to have medium human development and below 0.5 to have low human development.

Just after the dawn of democracy, the human development index both at national and provincial deteriorated, till early 2000s. In 2003, the Limpopo HDI was 0.446; however, it recovered to 0.600 in 2015. Although the improvement is acknowledged, it is on average less than the national mark of 0.652 in 2015. Capricorn and Waterberg registered the highest HDI in the province at 0.620 and 0.630 respectively. The lowest recorded HDI is 0.580 in Sekhukhune district municipality. The HDI may not be integrated to per capita income; however, there is a close correlation between the two variables. Capricorn and Waterberg have the largest per capita GDP in the province and invariably the highest HDI.

**Figure 8: Limpopo Human Development Index 2015**

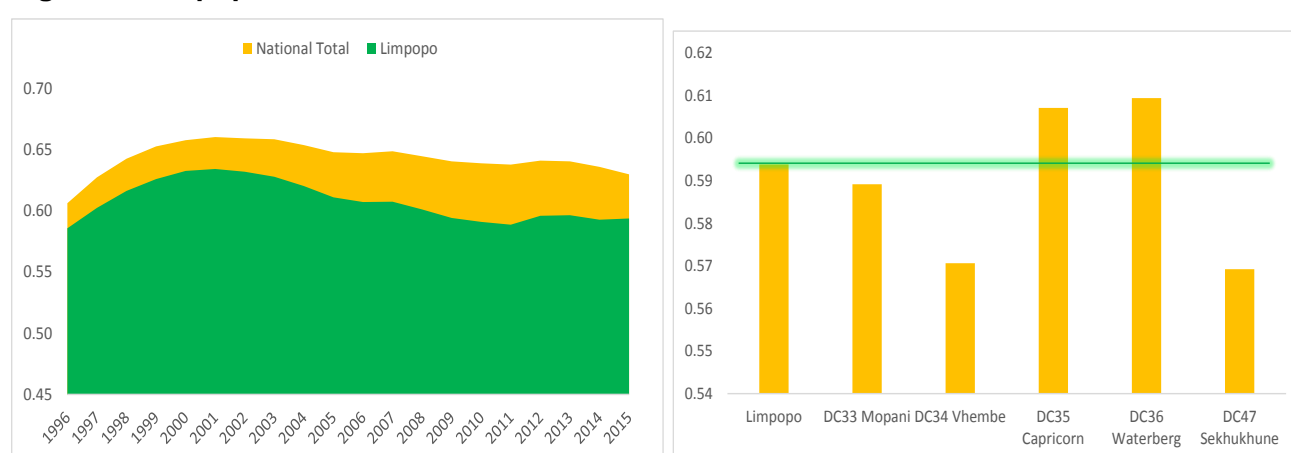


Source: Regional Explorer 2015

### 1.5.3. Gini Coefficient

The Gini coefficient is the measure of income inequality, ranging from 0 – 1, whereby 0 is a perfectly equal society and a value of 1 represents a perfectly unequal society. There should be converse relationship between the HDI and the Gini Coefficient. When the HDI is high, there should be low income inequalities, however, when the HDI deteriorates, the income inequality rises. In 2015, Limpopo income inequality, measured by Gini Coefficient was 0.59 and the national average was 0.63.

**Figure 9: Limpopo Gini Coefficient**



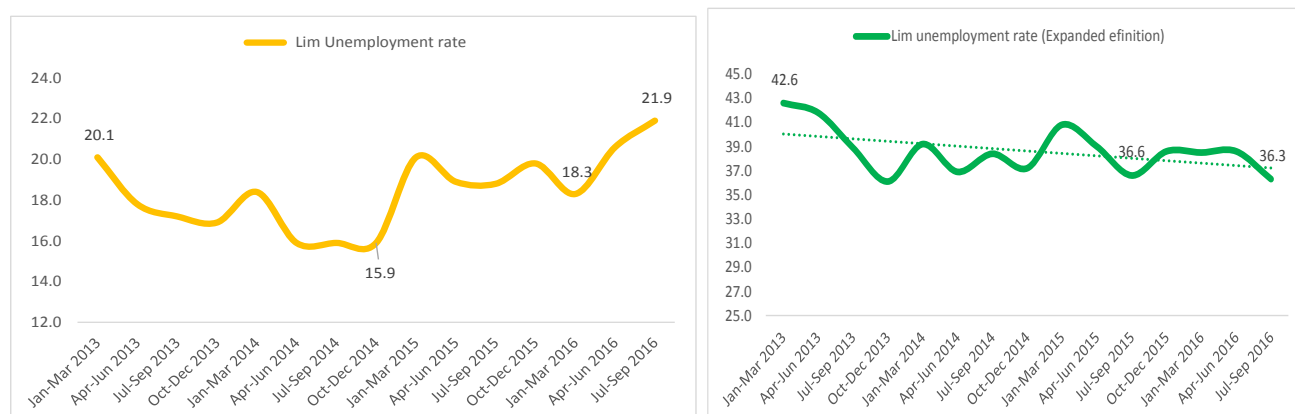
Source: Regional Explorer 2015

## 1.6. Limpopo Labour force

### 1.6.1. Limpopo unemployment rate

The Limpopo provincial unemployment rate was at 20.1 percent in the first quarter of 2013, it dipped to an improved 15.9 percent in the fourth quarter of 2014 but has since deteriorated to 21.9 percent in the third quarter of 2016. The prolonged drought conditions along with other macro-economic dynamics led to the upsurge in the average unemployment rate in the province. Paradoxically, over an extended period, the expanded unemployment rate in the province is diminishing over time from 42.6 percent in the first quarter of 2013 to 36.3 percent in the third quarter of 2016.

**Figure 10: Limpopo Unemployment and Expanded Unemployment rate 2016**



Source: StatsSA Quarterly Labour Survey 2016

Discouraged jobseekers are a subset of the hidden unemployed who are willing and able to work but have given up searching for work because they are of the view that there are no jobs or they lack the necessary skills to access the job market. There is a reiterating trend of the number of discouraged workers lessening towards the last quarter of each year, which is explained by the massive recruitment drive to meet up with labour demand during the festive period. However, the number tends to pick up in the subsequent quarters after the epic sales periods of December. In the province, there has not been a significant structural change in the cyclical pattern of the discouraged workers. On the other hand, there is a decline in the economically inactive population from 2.062 million in the first quarter of 2013 to 1.906 million in the third quarter of 2016

**Figure 11: Limpopo discouraged work seekers and not economically active population**

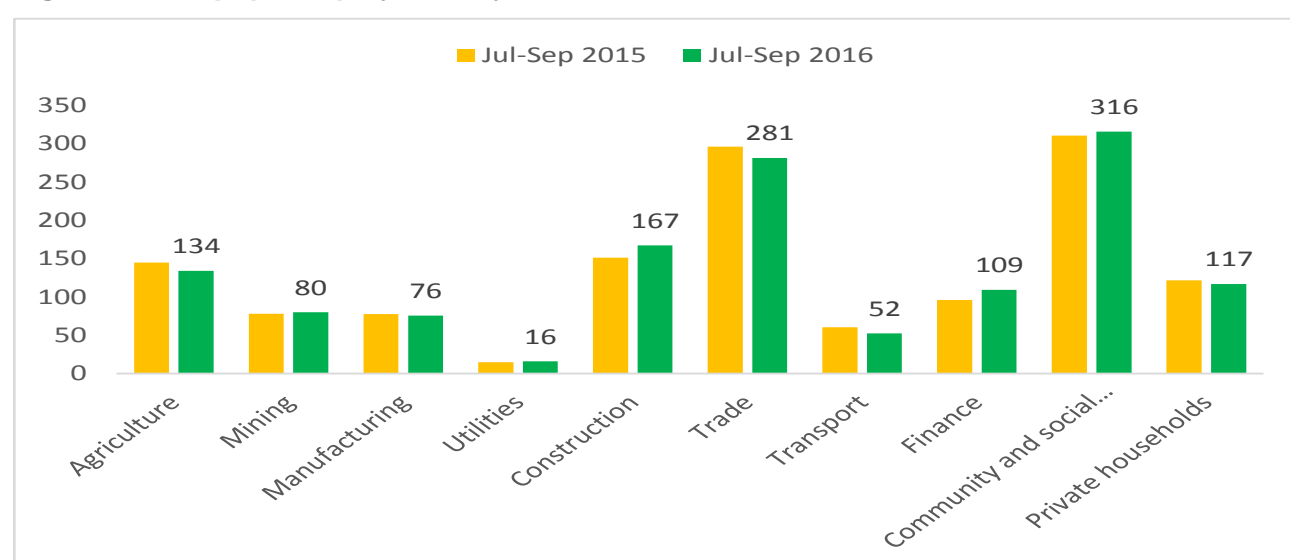


Source: StatsSA Quarterly Labour Survey 2016

## 1.6.2. Employment by sector

The two sectors that contribute significantly to total employment in Limpopo are community and social services, followed by the trade sector. Both sectors contribute 44.3 percent to total employment in the province. The manufacturing and finance sectors in the Limpopo only contribute 4.5 percent and 4.7 percent to total employment respectively. Agriculture and mining are the sectors with low employment contribution, they both play a significant role in the national employment contribution. Agriculture contributes 15.2 percent to total employment nationally, while mining contributes almost 20 percent.

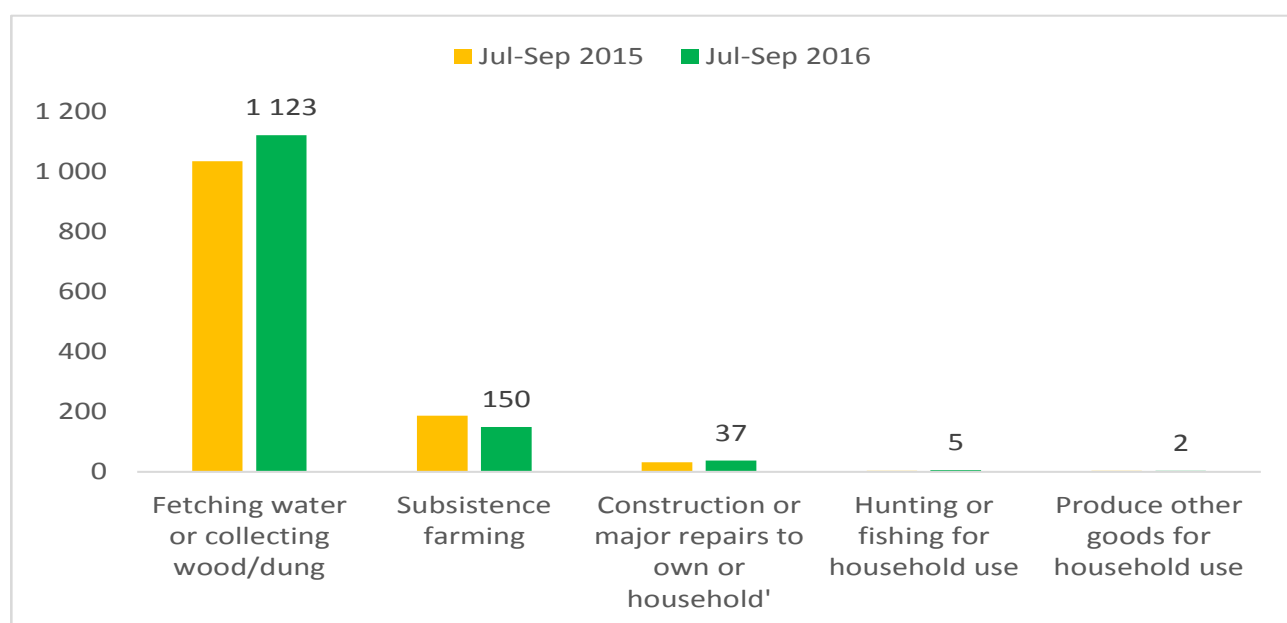
**Figure 12: Limpopo employment by sectors**



Source: StatsSA Quarterly Labour Survey 2016

The province's discouraged work seekers and the economically inactive population may be excluded from the definition of employment, but this does not mean they don't engage in other activities outside the mainstream economy non-market activities. There is a notable number of people who make a living from collecting water and wood in the non-market activities representing about 1.123 million people, followed by subsistence farming although there is a decline in the number of people engaged in subsistence farming year on year. This could be attributed to the rising costs of farming due to lack of seasonal rains particularly in 2016. In Limpopo 37 thousand people are engaged in construction or major repairs to own households, followed by hunting and production of goods for household use.

**Figure 13: Limpopo non-market activities 2016**

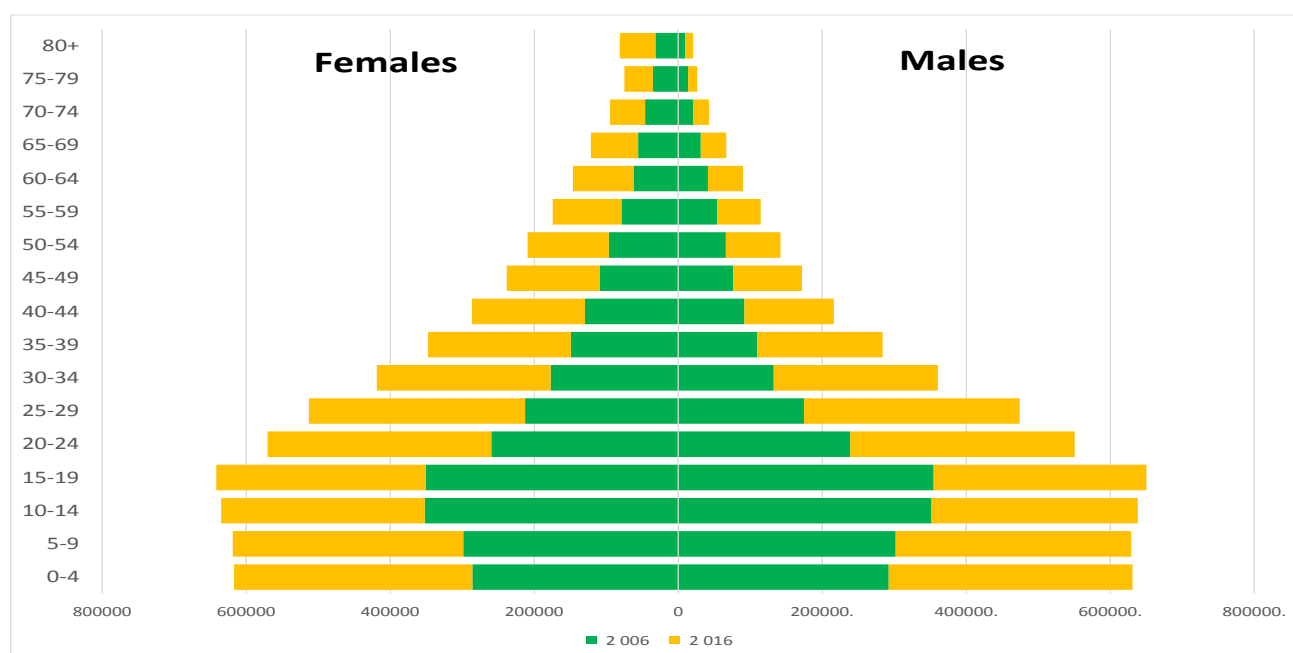


Source: StatsSA Quarterly Labour Survey 2016

## 1.7. Limpopo Population

The population age structure of Limpopo has not changed significantly since 2006. The structure has assumed a honey comb shape; however, it is notable that birth rates have decreased over the years. Also notable is the growth in the population numbers of the elderly citizens in the province, particularly among the females. In 2016, the population of those between 35 – 80+ accounted for 28 percent of the total population, while about 72 percent of the population is made up of people between 0 – 34 years old. This is indicative of the fact that the province has a special developmental challenge of servicing the needs of the youth and working age population. The need for access to academic institutions and creation of job opportunities cannot be over emphasised in this particular case.

**Figure 14: Limpopo population by sex and age**

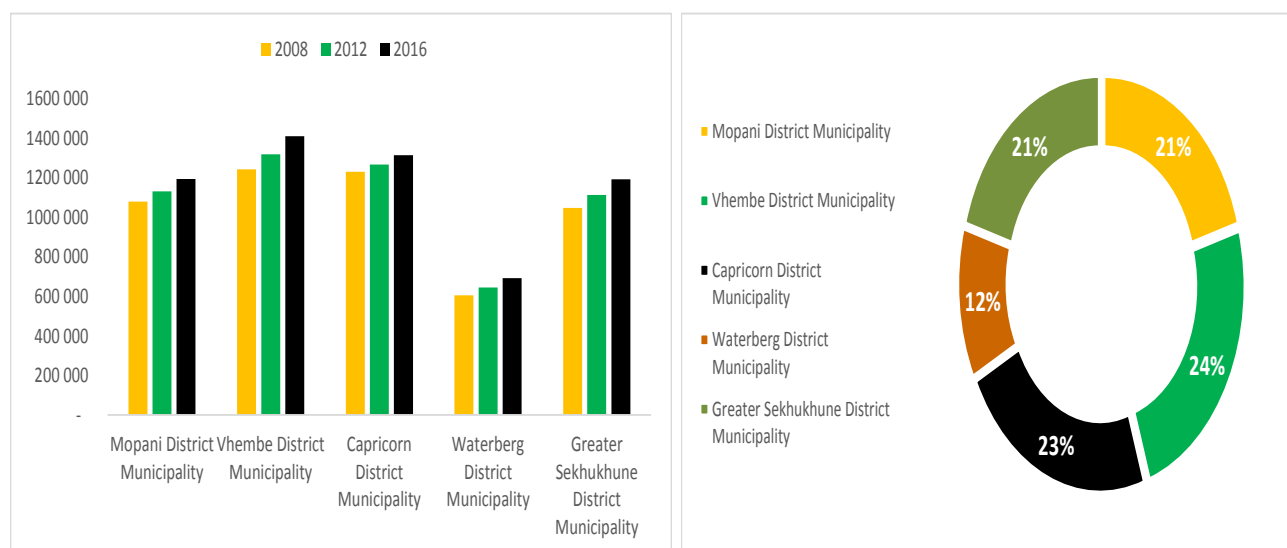


Source: StatsSA\_population estimates 2016

The provincial population is shared mainly by four districts namely Mopani, Vhembe, Capricorn and Sekhukhune districts recording 21 percent, 21 percent, 24 percent and 23 percent respectively. Waterberg is the least populated district only having 12 percent share of the total provincial population.

Most of the districts have experienced population growth over the years. Mopani's population grew from 1.080 million in 2012 to 1.193 million in 2016, representing population growth of 10.4 percent. Vhembe's population grew to 1.410 million from 1.242 million, representing 13.5 percent growth. Capricorn's population grew by 6.8 percent, from 1.230 million to 1.314 million; which was the lowest growth rate recorded in the province. Waterberg district's population grew by 47 thousand, from 605 thousand to 652 thousand. Sekhukhune's district population contributes 21 percent of the total population in the province, growing from 1.047 million to 1.192 million.

**Figure 15: Limpopo total population by districts**



Source: StatsSA\_population estimates 2016

## 1.8. Education

Recognizing the important role of education, the 2030 Agenda for Sustainable Development highlights education as a stand-alone goal (SDG 4- ensure inclusive and quality education for all and promote lifelong learning) and also includes targets on education under several other SDGs, notably those on health; growth and employment; sustainable consumption and production; and climate change. In fact, education can accelerate progress towards the achievement of all of the SDGs and therefore should be part of the strategies to achieve each of them.

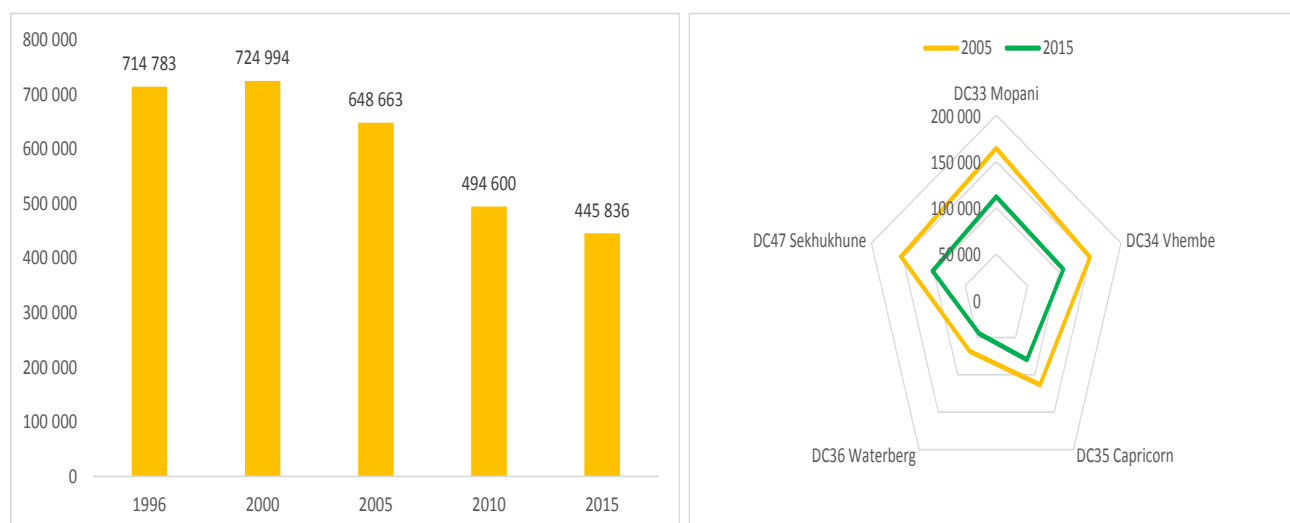
Education can improve the capacity of individuals to live a decent life and to escape from the hunger trap. The basic idea is that being educated improves rural people's capacity to diversify assets and activities, to access information on health and sanitation, to enhance human urgency in addition to increasing productivity in the agricultural sector.

### 1.8.1. Levels of education

There is a decline in the number of people who have not been through the education system in the province. In 2015, the number of people without education was recorded at 446 thousand, from 714 thousand in 1996. The districts with the largest number of people without education are Mopani, Sekhukhune, Vhembe and Capricorn. Waterberg has the least number which correlates with the lower population size in Waterberg.



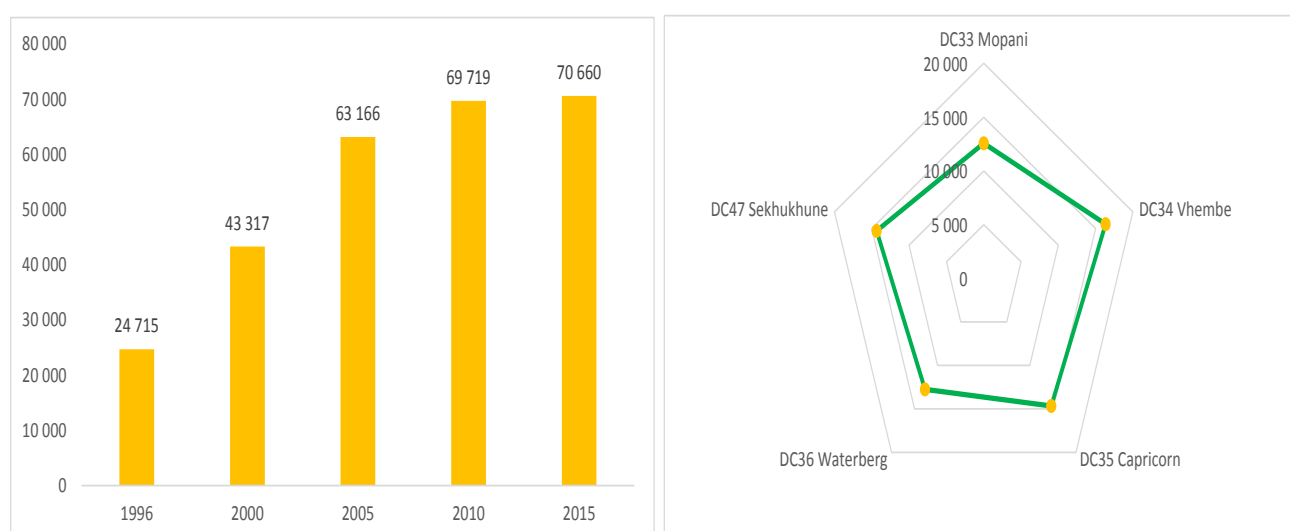
**Figure 16: Limpopo number of people with no education**



Source: StatsSA - General Household Survey (GHS)

The number of children possessing grade 0 – 2 has grown in quantum between 1996 and 2005. As indicated by the population pyramid, the birth rates in the province has increased which has also resulted in the number of people with grade 0 – 2 now growing at marginal rates. This however points to the need to support and develop the early childhood sector and promote child development and literacy rates in the province.

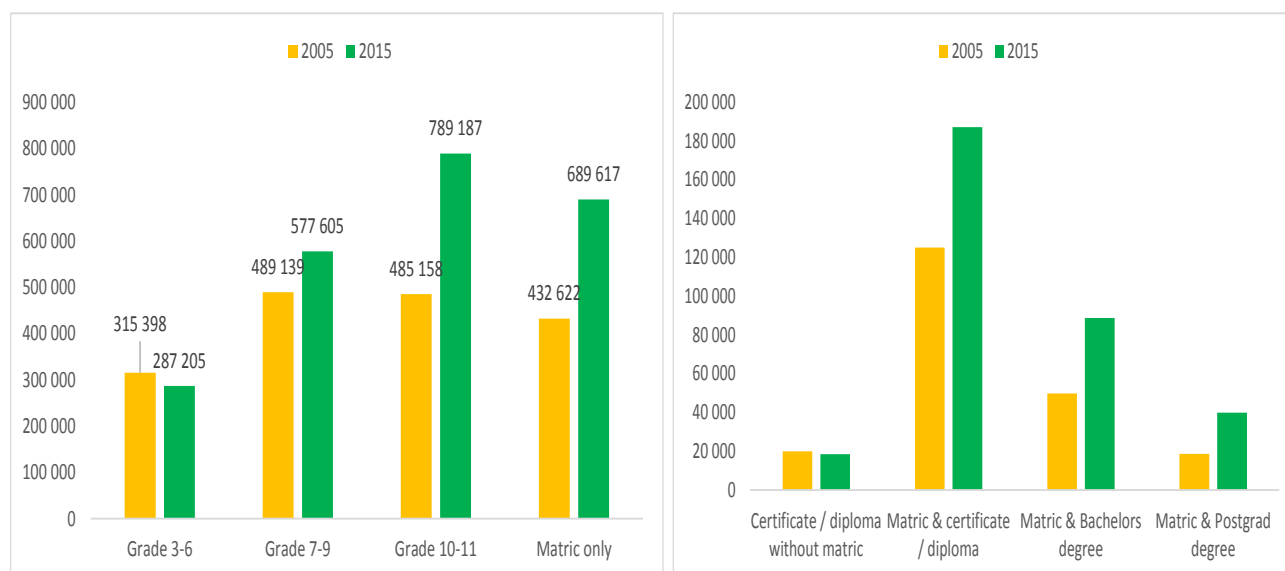
**Figure 17: Limpopo number of people with Grade 0 to 2**



Source: StatsSA - General Household Survey (GHS)

There is a growing number of people with primary school and high school education. Most pronouncedly, is the growing number of people in possession of matric and diploma qualifications, this number increased from 125 thousand in 2005 to 187 thousand in 2015. These individuals are ready to join the labour market or pursue their studies further. The policy question is, whether the provincial and national labour market and higher learning institutions are ready to absorb them.

**Figure 18: Limpopo number of people with Grade 3 - 12**



Source: StatsSA - General Household Survey (GHS)

### 1.8.2. Limpopo learner enrolment

The majority of the learners in the province depend on government to receive education. Therefore, most learners are likely to enrol in government schools rather than private schools. In 2014, total number of enrolments in the public schools was 71 thousand while those in independent schools were only 3 thousand. The numbers increased significantly in the subsequent year, where total enrolments in public schools grew to 100 thousand, while independent schools recorded 4 thousand. This shows the continued importance of government in providing free and quality education to those who cannot afford. The largest enrolment growth was in Vhembe and Sekhukhune district recording growth difference of 8 thousand and 7 thousand respectively from 2014 to 2015.

**Table 3: Gr 12 Learner Enrolment per District and Sector**

District/Year	2014			2015		
	INDEPENDENT	PUBLIC	Total	INDEPENDENT	PUBLIC	Total
CAPRICORN	829	19 377	20 206	1 020	24 508	25 528
GREATER SEKHUKHUNE	627	14 499	15 126	695	21 499	22 194
MOPANI	757	13 960	14 717	849	18 766	19 615
VHEMBE	1 325	17 562	18 887	1 259	25 711	26 970
WATERBERG	215	6 475	6 690	236	9 588	9 824
Limpopo	3 753	71 873	75 626	4 059	100 072	104 131

Source: StatsSA - General Household Survey (GHS)

### 1.9. Health

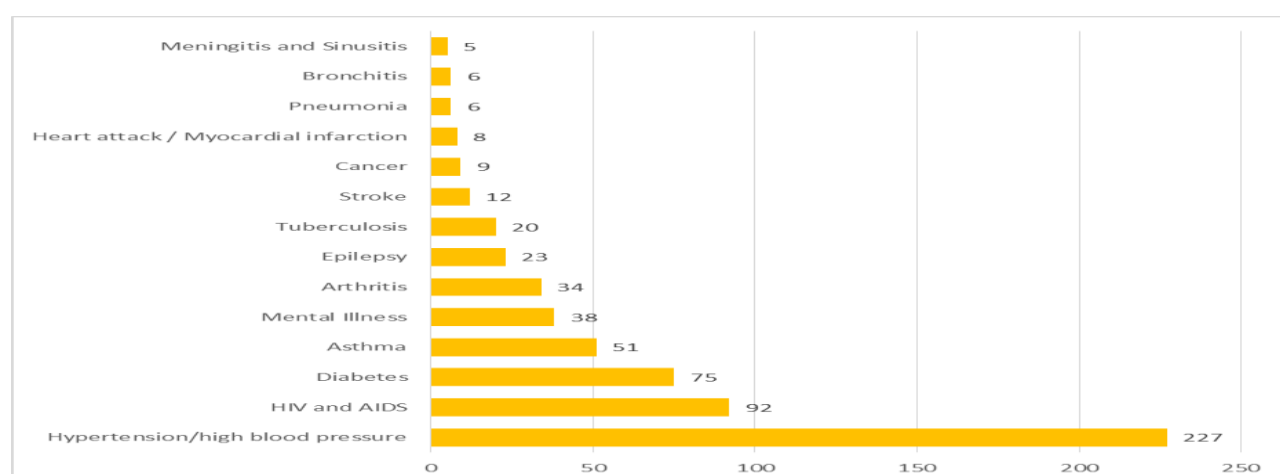
Better health is central to human happiness and well-being. It also makes an important contribution to economic progress, as healthy populations live longer, are more productive, and may save more. Many factors influence health status and a country's ability to provide quality health services for its people. For example: investments in roads can improve access to health services and inflation targets can on the other hand constrain health spending.

The health goal (SDG 3) comprises 13 targets, with a total of 26 indicators. The health goal has the largest number of proposed indicators of all the 17 SDGs. The 2030 development agenda seeks to end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, waterborne diseases and other communicable disease. It is further required to substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

### 1.9.1. Chronic health conditions

Poverty leaves many people susceptible to contracting diseases. According to the World Health Organisation (WHO), people and families who are already poor are most likely to suffer because chronic diseases are likely to ruin a family's economic prospects.

**Figure 19: Population suffering from chronic health conditions as diagnosed by a medical practitioner or nurse, by sex and province, 2015**



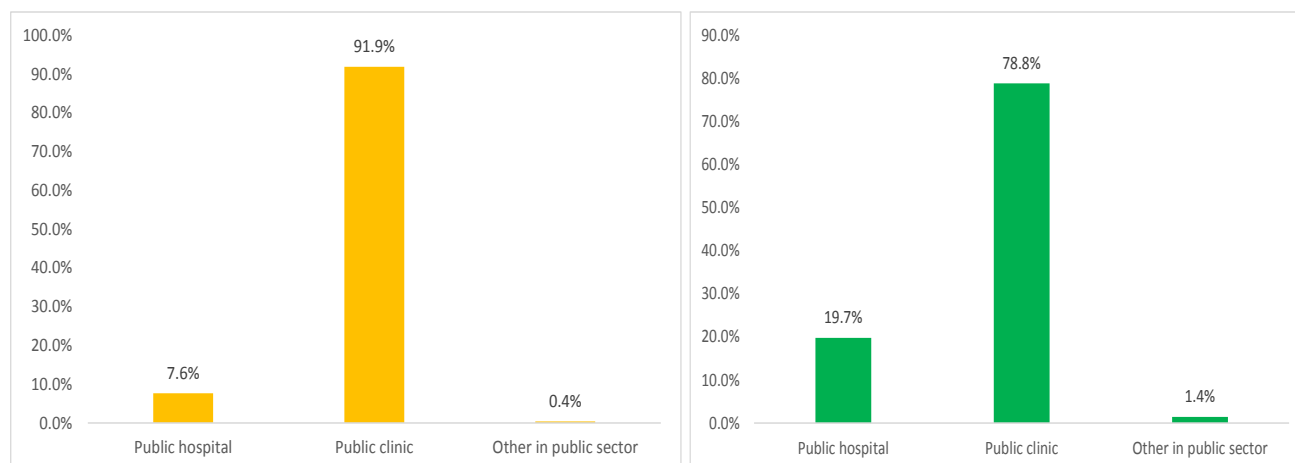
Source: StatsSA - General Household Survey (GHS)

According to the above figure about 227 thousand people in Limpopo are suffering from Hypertension/high blood pressure, followed by HIV and AIDS and Diabetes, affecting 92 thousand people and 75 thousand people respectively. The least prevalent chronic health conditions are Pneumonia affecting 6 thousand people, Bronchitis affecting 6 thousand people, and Meningitis and Sinusitis affecting 5 thousand people.

### 1.9.2. Place of consultation

In the public sector, about 91.1 percent of the people in Limpopo would consult a public clinic for medical attention. Rightly so, as clinics are the first port of entry in the public health system, they provide primary health care. Only 7.6 percent would go to the public hospital. It is noted that 78.8 percent of people with at least one member of the household covered with medical aid do still consult a public clinic. This implies that some family members are not included in the medical aid scheme of the covered member. This may be due to various reasons varying from expensive costs of medical aid schemes to family structure dynamics.

**Figure 20: The household's normal place of consultation and whether at least one member is covered by medical aid, 2015**



Source: StatsSA - General Household Survey (GHS)

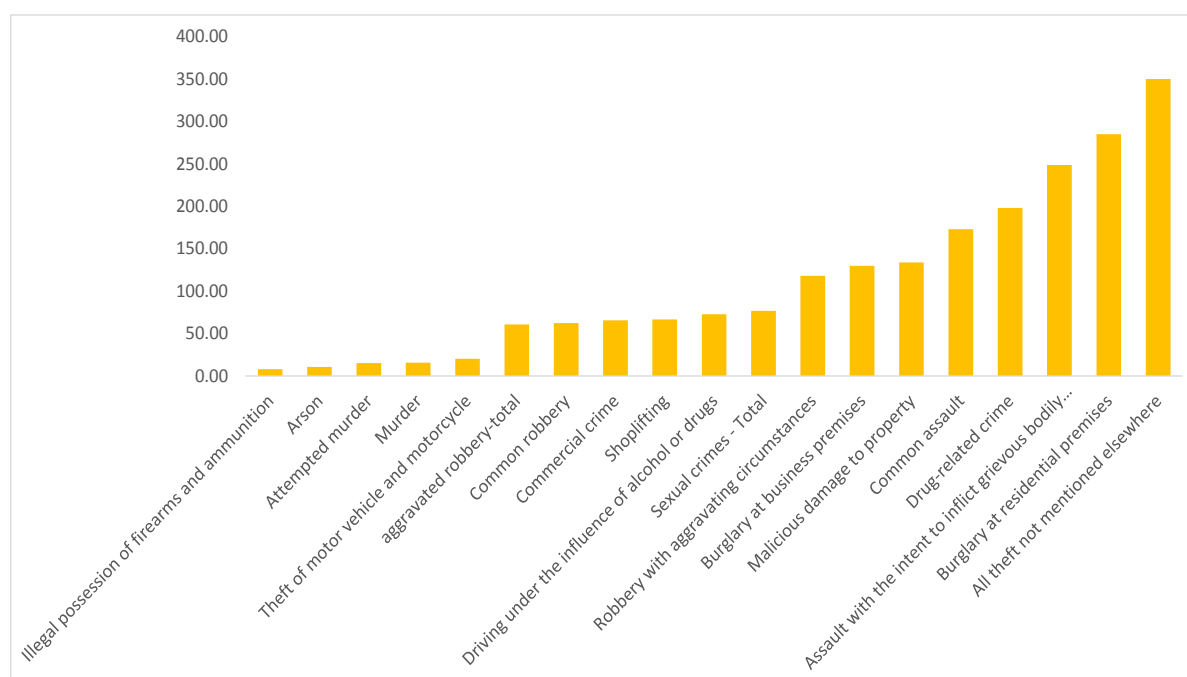
In 2015, about 59.3 percent of people who used public hospitals were very satisfied, while those who were somewhat dissatisfied and very dissatisfied made up 12 percent. Similarly, about 57.0 percent of the people using public clinics in the province were satisfied with the services they received, while only 10.6 percent of the people were somewhat dissatisfied and very dissatisfied.

## 1.10. Crime

The impact of crime on the economy is substantial, because it generates great costs to society at different levels, from the individual to the national economy. Crime increases uncertainty and the cost of doing business, so crime discourages entrepreneurial activities that will improve growth. The SDG goal 16 aspires peace, justice and strong institutions – to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

The province is faced with various crimes, the highest of which is for theft where the province recorded a rate of 349 theft cases per 100 000 people. Common assault (173.04), drug-related crimes (198.24), assault with the intent to inflict grievous bodily harm (248.84) and burglary at residential premises (285.14) per 100 000 people are the main crimes reported in the province. The least reported crimes are Illegal possession of firearms and ammunition and arson

**Figure 21: Limpopo crimes by type**



Source: Regional Explorer 2015

## 1.11. Conclusion

Despite the uncertain global economic environment, South Africa's economy shows that it had entered a period of recovery. However, the economy is not growing fast enough to create the much-needed jobs. A programme that will stimulate economic growth is needed and it should focus on a few key areas to reignite growth, such as industrialisation, mining and beneficiation, agriculture, agro-processing, energy, small and medium enterprises, managing workplace conflict, attracting investment, growing the oceans economy, and tourism.

Downside risks still persist for South Africa's economy in 2017, the ongoing political situations, the dire state of the labor market and the potential effect of Trump's protectionist policies may weigh-in on 2017 growth. On a positive note, a gradual improvement in the world economy and a recovery in commodity prices will support South Africa's economy, thereby easing the pressure on the government fiscus.

Rising unemployment in the province has taken an undesirable trajectory. More and more people who are looking for employment cannot find jobs. Given the growing matric and higher learning graduates and despairing economic climate, the province may be faced with a

serious social challenge of a higher unemployment rate, increase in the number of discouraged job seekers, crime and other problems related to unemployment. Growth in the Limpopo population is likely to increase the demand for social commodities as many people will become dependent of the state for health care services, education, housing, sanitation and other basic needs.

The provincial population however has a sufficient and skilled working age population to support economic growth, the challenge is to ensure that the correct required skills are available to support the industries in the province.

Due to the socio-economic status quo, a number of people in the province are not covered through medical aid and many are unemployed. This is a structural exclusion to good health care provided by the private sector, thereby confining the majority of the citizens to rely on state owned health facilities. This invariably raises the fiscal burden as most services are not paid for.

The education sector in the province is in a serious dilemma and requires attention. Firstly, the province is a rural province with most schools categorised as quintile 1 and 2 which implies that most parents that take their children to such schools are predominantly from low income households who can't afford to sponsor their children's fees. Government therefore becomes responsible to finance tuition at these schools. This explains why the sector, including the health sector, takes almost two thirds of the provincial budget; the clientele is highly reliant on government due to socio-economic circumstances.

In the long run, the risk that needs to be managed and mitigated is that more of the provincial resources may be deviated from productive and investment expenditure to social expenditure which may not necessary create economic growth.

It is essential for the country to promote a stable socio-political and economic environment, to attract and encourage investments as this will stimulate trade, which in turn could strengthen productivity and growth. In addition, given the subdued global growth outlook, further trade reforms that lower barriers of entry, coupled with measures to mitigate the cost to those who shoulder the burden of adjustment, would boost the international exchange of goods and services and revive the virtuous cycle of trade and growth.

Government should stimulate economic growth and investment expenditure at a rate above the population growth rate. This will assist to reduce social services backlogs and increase per capita income thereby reducing reliance on the state. Population growth can be helpful and stimulate the local economy, only if the citizenry is educated, healthy and productive.

In order to ensure that all people in the province receive access to high quality health care, government has introduced the National Health Insurance (NHI) fund. However, the NHI will not be a panacea of the health care challenges in the province. Well-orchestrated health reforms are necessary in the province. It is essential for the Health department to address inefficiencies in providing health care services, improve record keeping and data capturing, strengthen and improve health ICT systems and improve revenue generation.

Government should stimulate job creation through expansionary fiscal policy that will increase aggregate demand and increase the productivity of firms and labour. Expenditure should be directed at capital stock accumulation which in turn will increase general productivity in all sectors by shifting from an extractive economy to a value adding economy and Provincial departments and Municipalities should focus on implementing programmes that will stimulate economic growth, reduce unemployment and poverty.



## **CHAPTER 2: BUDGET STRATEGY AND AGGREGATES**

### **2.1. Introduction**

Due to the weaker economic outlook, forecasting of the next few years does not show meaningful economic growth, impacting on government revenue collection. The sustainability of the fiscal framework is determined by the recovery of economic activity, with National Government's economic reform programme guided by the National Development Plan. The Limpopo Province economy is slowing in line with the national economy and will continue to be vulnerable to any further international and domestic shocks.

The revision of the 2017 growth forecast from 0.9 percent at the time of the 2016 Budget tabling down to 0.5 percent in the Medium Term Budget Policy Statement (MTBPS) is as a result of poor growth. The 2017 Budget continues to follow the trends of 2016 Budget. Although a moderate recovery is forecasted over the 2017 Medium Term Expenditure Framework (MTEF), growth is expected to remain fragile, projected to reach 2.2 percent in 2019. Muted short term growth implies a subdued growth in tax revenue. Moreover, rising priorities that call for the expansion of social spending has necessitated the need for some fiscal consolidation alongside additions to the budget.

Limpopo Province is allocated 11.8 percent of the national allocation (similar to 2016/17 financial year share). The Limpopo Equitable Share which is based on Census 2011 age groups, 2016 Mid-year population estimates, 2016 School Realities Survey (SNAP), 2014 GDP-R, District Health Information Services for patient load data (2014/15-2015/16), 2012 Risk Adjusted Index (Risk Equalization Fund), Insured Population (2016-GHS) and 2010 Income and Expenditure Survey, decreases to 11.7% for the MTEF. This reduction will reduce Limpopo's equitable share by R67.4 million in 2017/18, R80.9 million in 2018/19 and R160.5 million in 2019/20.

Further national fiscal framework reductions to the Equitable Share allocation to all provinces will be made as follows:

- ✓ R500 million - 2017/18, - Limpopo Reduction (R58.8 million)
- ✓ R528.7 million - 2018/19, - Limpopo Reduction (R62.1 million)
- ✓ R558.3 million - 2019/20, - Limpopo Reduction (R65.5 million)

However, Limpopo will be provided with an additional R352.3 million and R381.2 million in 2018/19 and 2019/20 respectively for appointment of additional educators due to increasing enrolment numbers in education. A further R117.3 million is also allocated to cover exchange depreciation on medicine prices in 2019/20 and a further amount of R832.2 million is allocated in 2019/20 to cover improvement in conditions of service costs.

The province will therefore receive an equitable share allocation of R51.960 billion in 2017/18, R55.385 billion in 2018/19 and R59.371 billion in 2019/20. The table below refers:

**Table 4: National allocation to Limpopo Province**

National Allocation	2016/17	2017/18	2018/19	2019/20
<b>Equitable Share Baseline</b>	48,120,920	52,086,555	55,176,261	58,266,132
Adjustment to baseline": New data updates	(53,011)	(67,410)	(80,926)	(160,526)
<b>Revised allocation</b>	<b>48,067,909</b>	<b>52,019,145</b>	<b>55,095,335</b>	<b>58,105,606</b>
<i>Plus: Improvement in conditions of service</i>	841,086	-	-	832,213
<i>Human Papillomavirus Vaccine grant reduction</i>	(23,580)	-	-	-
<i>Less: Fiscal Framework Reductions (PES)</i>	-	(58,808)	(62,098)	(65,495)
<i>Plus: Education related</i>	-	-	352,394	381,268
<i>Plus: Health related</i>	-	-	-	117,313
<b>Total Preliminary Provincial Equitable Share</b>	<b>48,885,415</b>	<b>51,960,337</b>	<b>55,385,631</b>	<b>59,370,905</b>
<b>Variance: 2016 MTEF vs 2017 MTEF</b>		<b>(126,218)</b>	<b>209,370</b>	<b>1,104,773</b>
<i>Equitable Share year-on-year growth</i>		<b>6.3%</b>	<b>6.6%</b>	<b>7.2%</b>

Despite these challenges, the province delivers basic services and progressively aims to improve the quality of life and opportunities of all South Africans. It proceeds from the premise that coordinated government priority setting, resource allocation and implementation require:

- Alignment of strategic development priorities and approaches in all planning and budgeting processes as good budgeting is about the choices we make when allocating resources to spending programmes;

- A shared agreement on the nature and characteristics of the space economy; and
- Strategic principles for infrastructure investment and development spending.

## **2.2. Aligning Provincial Budget to achieve Governments Prescribed Outcomes**

Planning and performance monitoring in government have been predominantly characterised by a silo approach. This has resulted in a situation where planning, budgeting, reporting, and monitoring and evaluation functions are done by different sections in an institution. As a result, plans are not always aligned and synchronised with the budget allocations.

The government's outcome approach provides an opportunity for a perfect monitoring platform of public institutions in executing their legislative mandates, to ensure that government resources are used for purpose voted for by parliament. It further allows government to assess the impact of the services it renders to the society.

The Limpopo Provincial Government adopted its provincial master plan i.e. the Limpopo Development Plan (LDP) in 2015. The Plan demonstrates high level alignment with the NDP and the 14 government Outcomes for ensuring that the national priorities are realised, particularly the reduction of inequality, elimination of poverty and improving lives of the people.

The following are the key strategies expressed in the LDP that the 2017/18 budget seeks to address:

### **2.2.1. Quality Basic Education**

The Limpopo Provincial Government is dedicated to creating opportunities for children to remain in schools for as long as possible and have access to quality education. The attainment of these long-term targets lies in the ability of government to plan and implement its short-term programmes and strategies and alignment of resources. The Department of Education plans to utilise the 2017/18 budget allocation to:

- Improve delivery of Learner-Teacher Support Material (LTSM) to schools;
- Maintain the number of schools provided with school nutrition,
- Expand access to ECD programmes by 1.5 percent;

- Improve grade twelve results through learner attainment programmes;
- Delivery and maintenance of school infrastructure,
- Training and appointment of suitably qualified teachers and principals.

### **2.2.2. A long quality life for all**

The LDP requires all agencies in the province, public and private, to make commitments on their contributions towards improved health conditions in Limpopo. In providing a quality health care service that is accessible, comprehensive, integrated, sustainable and affordable, the Department of Health will focus on health outcomes as outlined in the Medium Term Strategic Framework 2014-2020. In 2017/18 and over the MTEF, the Department of Health will vigorously improve access to quality health care services by prioritizing the following:

- Conducting National Core Standards self-assessments at hospitals;
- Accelerating implementation of PHC re-engineering, the Department will strengthen Ward Based Outreach Teams and complete the appointment of District Clinical Specialist Teams in all five Districts and provide school health services to Grade 1 and Grade 8 learners;
- Preventing and reducing the burden of disease and health promotion – Reducing malaria case fatality rate from 1.04 percent in 2015/16 to 1.0 percent; Increasing clients remaining on ART from 232 506 in 2015/16 to 336 452 in 2017/18; Improving TB client treatment success rate from 81.4 percent to 83.0 percent; Improving antenatal client initiated on ART rate from 92.8 percent to 95.0 percent; Improving immunization coverage under 1 year from 79.2 percent to 85.0 percent; Improving Cervical cancer screening coverage from 50.1 percent to 60.0 percent; and Increasing overall Life Expectancy at Birth to 63 years (60.2 years - Males, 65.8 years - females)
- Preventing and controlling Communicable and Non-Communicable Diseases (NCDs) by reducing malaria incidence and case fatality rate to 1.0 percent.
- Providing and monitoring medicine availability in all facilities.
- Managing health infrastructure by completing 10 projects in 2017/18 and supporting districts to spend more than 90.0 percent of their maintenance budgets (i.e. preventative and unplanned).

### **2.2.3. All people in South Africa are safe**

As crime is dynamic in nature and ever adapting to the socio-economic dilemmas of the society, Limpopo crime has significantly changed from being the lowest amongst all the provinces to being number 5 on StatsSA 2015 National crime rating per province with 5.7 percent of the SA crime load. The crime trends profile on the top ten worst precincts in 2015 shows the following types of crime namely Contact-Related crime, Sexual Offences, Sexual Offences as a result of police actions and Shoplifting as the most prominent in the Province. The Department of Safety, Security and Liaison will continue to monitor police stations across the Province in order to contribute toward crime reduction. Various community mobilization programmes will be done through the CSF's and CPF with the view of strengthening relations between the community and the police.

### **2.2.4. Decent employment through inclusive economic growth**

The triple challenges of unemployment, inequality and poverty continues to be at the core of the provincial government agenda. Growing the provincial economy and creating job opportunities require the facilitation and promotion of trade and investment opportunities with both local and international investors. The Department of Economic Development, Environment and Tourism remains the coordinator of this Outcome. The other economic cluster departments contribute to support economic growth through capacity building and training interventions of the local SMMEs and Cooperatives, tourism promotion, establishment of agro-processing facilities, development of Agri-parks, Expanded Public Works Programmes (EPWP), Infrastructure maintenance and development and implementation of projects around the identified Special Economic Zones.

During the 2017/18 financial year, the Department of Economic Development, Environment and Tourism plans to develop four economic development strategies (Marula Development, Incubation, Broad-Based Black Economic Empowerment (BBBEE) and Township revitalization) in the province in line with the Limpopo Development Plan (LDP) and other government policies. The Department will again provide LED support to all municipalities in the province to ensure that provincial priorities are cascaded and implemented at the local level in the province.

### **2.2.5. A skilled and capable work force to support inclusive growth path**

A highly skilled labour force assists in reducing turnaround times during production of goods and services thereby promoting efficiencies in the system. Inefficiencies in government systems can be overcome through investment in capacitation and training of the current government workforce while further investments should be concentrated on skilling those who are outside the job market. The Office of the Premier is responsible for the evaluation of workplace skills plans implemented by provincial departments. These plans are funded through the allocation of one percent of the compensation of employee's budget to human resource development in each department.

### **2.2.6. An efficient, competitive and responsive economic infrastructure network**

Limpopo should focus on investing in a network of economic infrastructure designed to support medium and long term economic and social objectives of the growing population. This is a precondition for providing basic services such as electricity, water, sanitation, telecommunications and public transport, and it needs to be robust and extensive enough to meet industrial, commercial and household needs. In 2017/18 financial year the Department of Public Works, Roads & Infrastructure will continue to be at the forefront of ensuring that transport infrastructure development and services meet demands to ensure social development and economic growth. The Department is mandated to be the main Implementing Agent for the delivery of provincial infrastructure as per the approved Infrastructure Delivery Management System (IDMS).

The department will also implement the EPWP business plan for infrastructure projects. Build and maintain a sound and safe provincial roads infrastructure in partnership with the National Department of Transport and utilise the Roads Agency Limpopo (RAL) as leverage for speedy response in the management of the provincial road network.

### **2.2.7. Vibrant, equitable, sustainable rural communities contributing to food security for all.**

The Department of Agriculture, Forestry and Fisheries (DAFF) has approved the Agricultural Policy Action Plan (APAP) in 2014, which also gives effect to Chapter 6 of the NDP, developing an integrated and inclusive rural economy. The emphasis of APAP is on agricultural investment throughout the value chain of agriculture. The Limpopo department of Agriculture and Rural Development (LDARD) is coordinating the development of Agri-parks in Limpopo and the implementation of the revitalization of the agriculture and agro-processing value chain 9-point plan which is aimed at boosting the economy and increasing job creation. The Department will focus on the implementation of the Plan, particularly on priorities such as increasing the agricultural value chain and unlocking the potential of Small, Medium and Macro Enterprises (SMMEs), cooperatives in the sector as well as in rural enterprises.

Over the 2017/18-2019/20 MTEF period, the Department of Agriculture will target the following key priorities:

- Increase the availability of production infrastructure solutions, information and technology;
- Implementation of 4 610 natural resource management interventions in the sector through conservation agriculture and land care practices;
- Creation of green jobs through upstream and downstream agricultural activities with the target of 4 500 jobs created through agro processing, irrigation expansion and EPWP;
- Increasing comprehensive agricultural support provided to producers through cultivating 45 200 hectares for food production purpose, including land ploughed under the Festa Tlala Programme; and
- Providing 30 178 livestock and fish breeding material to farmers and ensure that 30 741 small holder producers are provided with agricultural technical advice.

### **2.2.8. Sustainable human settlements and improved quality of household life**

It is essential for government to transform the functioning of human settlements to observe meaningful and measurable progress in creating more functionally integrated, balanced and vibrant urban settlements by 2030. This requires institutional capabilities for effective coordination and spatial investment decisions to effect spatial transformation across all geographic scales supported by policies and plans to reduce travel distances and costs, especially for poor households. The Limpopo department of Co-operative Governance Human Settlements and Traditional Affairs (COGHSTA) guided by its multi-year Human Settlements Development Plan for 2014-2019, will continue to implement, amongst others, the following priorities during the 2017/18 financial year:

- Reduce housing backlogs by 9 072 new housing units;
- Acquiring 40 hectares of land in provincial growth points;
- Constructing 250 rental units through its Community Residential Units programme in Waterberg District, Lephalale Municipality; and
- Constructing of 300 units through the Finance Linked Subsidy Scheme (FLISP) in Thabazimbi and Polokwane Municipalities.

### **2.2.9. A responsive, accountable, effective and efficient local government system**

By 2030 Limpopo will have a developmental local state that is accountable, focused on citizen's priorities and capable of delivering high-quality services consistently and sustainably through cooperative governance. In this scenario, local government is at the forefront of participatory democracy involving citizens in meaningful deliberations regarding governance and development. Through the Department of Co-operative Governance Human Settlements and Traditional Affairs (COGHSTA) the provincial government plans to support 22 municipalities with the implementation of the Spatial Planning and Land Use Management Policy (SPLUMA), compliance with relevant legislations, improved financial performance and service delivery initiatives, inclusive of MIG.



The Provincial Treasury will also continue to strengthen their support to Municipalities to achieve sound financial management, attain unqualified audit outcomes, enforce and ensure compliance to financial prescripts, monitor and facilitate infrastructure spending through the Government Technical Advisory Centre (GTAC) programme.

#### **2.2.10. Protect and enhance environmental assets and natural resources**

The Limpopo province's transition to an environmentally sustainable, climate-change resilient, low-carbon economy and just society would have commenced by 2030. The Department of Economic Development, Environment and Tourism will intensify efforts in ensuring community compliance with the environmental laws and regulations. To that effect, capacity building and training programmes as well as awareness campaigns on environmental laws will be conducted with communities and all stakeholders. The fighting of rhino/lion poaching and exploitation of fauna and flora remains top of priorities for the Department in the 2017/18 financial year and beyond.

#### **2.2.11. Create a better South Africa, a better Africa and better world**

Government should strive to promote sound intergovernmental and international relations which remains key to development. The Office of the Premier is the custodian in ensuring alignment between different levels of government for better coordination and delivery of services in the Province. The Office will be coordinating Provincial Inter-governmental forums and Ministerial missions to Africa and beyond.

#### **2.2.12. An efficient, effective and development oriented public service**

An efficient and effective public service is a cornerstone for development and growth in any state. The provincial government is responsible for recruitment, skilling and development, retention and well-motivated personnel in Departments, Public Entities and Municipalities. The Office of the Premier is a key role player in ensuring that policies and procedures are developed and implemented in the province towards achieving a well-developed public service. In 2017/18, the Office will improve institutional efficiency and effectiveness and enhance monitoring and evaluation capacity of the provincial administration.

### **2.2.13. Social Protection**

Transformation of the society by building conscious and capable citizens remains a key challenge for government. The Department of Social Development in the Province is mandated to provide integrated social development services. During the 2017/18 financial year the Department will implement programmes to address the scourge of HIV/ AIDS, address the underlying causes of violence against woman and children, provide developmental and integrated services to people with disabilities, fund community based rehabilitation programmes and fund Isibindi programmes in an effort to provide prevention and early intervention services for children.

### **2.2.14. Nation building and Social cohesion**

The Department of Sport, Arts and Culture is responsible for championing programmes for social cohesion in the province. In 2017/18, the department will organise a social cohesion summit and nation building programmes, provide support to various sporting codes, promote museum and heritage services, provide language services, implement and manage the community mass participation programmes, support participation in inter-provincial sport competitions and school programmes.

## **2.3. Summary of Budget Aggregates**

The provincial budget comprises of two main sources which are transfer receipts from National government and provincial own receipts. As depicted below the province will receive, R59.845 billion in 2017/18, R63.764 billion in 2018/19 and R68.284 billion in 2019/20, from the National government. The province will collect provincial own receipts of R1.137 billion, R1.201 billion and 1.268 billion in 2017/18, 2018/19 and 2019/20 respectively. The overall total receipts available to the province is R60.983 billion for the year 2017/18. The province will further also allocate R475.5 million from the provincial reserves to supplement the 2017/18 provincial requirements. The year-on-year growth is 7.8 percent, 5.7 percent and 7.1 percent in 2017/18, 2018/19 and 2019/20 respectively against the national projected CPI-X of 6.1 percent in 2017/18, 5.9 percent in 2018/19 and 5.8 percent in 2019/20.

Provincial payments include current payments amounting to R51.909 billion, transfers and subsidies of R7.452 billion and payments for capital assets of R2.097 billion in the 2017/18 financial year. In total the province has made available R61.459 billion for spending during the 2017/18 financial year.

**Table 5: Provincial Budget Summary**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
<b>Provincial receipts</b>									
Transfer receipts from national	46 248 503	49 599 303	53 069 193	55 828 613	56 500 397	56 500 397	59 845 315	63 764 682	68 283 939
Equitable share	41 135 605	42 902 956	45 866 202	48 708 568	48 708 568	48 708 568	51 960 337	55 385 631	59 370 905
Conditional grants	5 112 898	6 696 347	7 202 991	7 120 045	7 791 829	7 791 829	7 884 978	8 379 051	8 913 034
Provincial own receipts	845 570	1 422 314	1 260 142	1 063 103	1 455 068	1 455 068	1 137 839	1 201 756	1 268 931
<b>Total provincial receipts</b>	<b>47 094 073</b>	<b>51 021 617</b>	<b>54 329 335</b>	<b>56 891 716</b>	<b>57 955 465</b>	<b>57 955 465</b>	<b>60 983 154</b>	<b>64 966 438</b>	<b>69 552 870</b>
<b>Provincial payments</b>									
Current payments	39 808 280	42 531 678	44 776 576	48 536 118	49 407 545	49 830 740	51 909 171	55 072 771	58 626 938
Transfers and subsidies	4 312 281	5 626 757	6 061 628	6 089 850	7 292 338	7 415 003	7 452 058	7 604 771	7 954 389
Payments for capital assets	1 726 367	2 185 906	2 097 639	2 343 067	2 349 317	2 340 561	2 097 497	1 632 762	1 498 479
Payments for financial assets	10 030	59 785	36 148	400	832	10 196	-	-	-
<b>Total provincial payments</b>	<b>45 856 958</b>	<b>50 404 126</b>	<b>52 971 991</b>	<b>56 969 436</b>	<b>59 050 032</b>	<b>59 596 501</b>	<b>61 458 726</b>	<b>64 310 305</b>	<b>68 079 806</b>
<b>Less: Unauthorised expenditure</b>	<b>4 498</b>	<b>-</b>	<b>-</b>	<b>49 376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Baseline Available for Spending</b>	<b>45 852 460</b>	<b>50 404 126</b>	<b>52 971 991</b>	<b>56 920 060</b>	<b>59 050 032</b>	<b>59 596 501</b>	<b>61 458 726</b>	<b>64 310 305</b>	<b>68 079 806</b>
<b>Financing</b>									
Provincial Cash Reserves	886 002	550 000	-	100 000	1 116 848	1 116 848	475 571	-	-
<b>Surplus/(deficit) after financing</b>	<b>2 123 117</b>	<b>1 167 491</b>	<b>1 357 344</b>	<b>22 280</b>	<b>22 279</b>	<b>(524 187)</b>	<b>-</b>	<b>656 133</b>	<b>1 473 063</b>

## 2.4. Financing

The provincial government has through the years accumulated surpluses from underspending of voted funds by departments. These were mainly utilised to fund unauthorised expenditure and to resource the Provincial Revenue Fund. During 2016/17, R1.116 billion was made available for spending to supplement provincial own revenue sources to address service delivery backlogs. In 2017/18, R475.6 million is made available to fund provincial priority projects as mandated by the Executive Council.

## **CHAPTER 3: BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK**

### **3.1. The relationship between Strategic planning and budget**

It is imperative for departments to align the Strategic Plans, Annual Performance Plans and the budget to improve operational effectiveness. In this Medium Term Expenditure Framework (MTEF) period, provincial departments have taken a step to re-align and focus on attaining the MTSF goals. 2017/18 budget allocation focuses on addressing targets that are still outstanding and those that were planned for the remainder of the MTSF period. The 2017/18 budget Key Performance Indicators (KPI's) are aligned to the 2017/18 APP's of provincial departments.

### **3.2. The Allocation Strategies**

The Executive Council Budget Committee continues to play a pivotal role in ensuring better alignment of budget allocations to policy priorities within the expenditure control framework. In this 2017 MTEF budget process, the Budget Committee engaged in phases to allocate available resources to provincial departments and entities. The first phase included allocations based on maintaining current baselines plus containing additional funding added to departments for recurring costs during the 2016/17 adjustment appropriation and adjusted by the CPI. The second phase included a process where departments received additional funding for provincial priorities. These bidding requests were considered in line with current government key priorities that would yield quick returns (enhance economic growth, reduce unemployment and poverty amongst the people of Limpopo) and improve government institutional capacity.

The Provincial Treasury supports the Executive Council Budget Committee by conducting Medium Term Expenditure Committee (MTEC) hearings. These hearings provide a platform through which departments can communicate their priorities, submit bids for additional funding, and demonstrate prioritization within their budgets. These interactions provide Provincial Treasury with the opportunity to present and discuss proposed departmental

budget allocations with the Executive Council Budget Committee for consideration and submission to the Executive Council for approval.

The fiscal consolidation package implemented by the Limpopo Provincial Government as part of the Fiscal Strategy includes both cost containment measures as well as revenue enhancement initiatives. The Provincial Treasury and Office of the Premier have taken a bold step through the implementation of the Provincial Personnel Management Framework (PPMF) that ensures personnel budget sustainability by reducing personnel numbers and containing personnel costs. Provincial departments have prioritised personnel budgets to provide for critical posts only and the budget for compensation of employees is ring-fenced. The implementation of the cost containment measures linked to procurement reforms has also been successfully applied to reduce and contain expenditure on goods and services items.

### **3.3. Provincial Budget Process**

The provincial budget process is aligned to the National Treasury budget process schedule which is issued every year. In addition to the budget process, the National Treasury issues MTEF Technical guidelines which provides provinces with specific requirements for the preparation of the MTEF budget. Key dates and activities for the provincial budget process are summarised as follows:

- National Treasury issues MTEF guidelines to Provincial Treasuries in June on how the MTEF 1<sup>st</sup> draft budgets should be prepared and submitted, the guidelines are customised by the Provincial Treasury and issued to provincial departments and public entities in July;
- Provincial Treasury conducts MTEC hearings in September;
- National Treasury issues preliminary allocation letters to Provincial Treasuries by November and the Provincial Treasury issues preliminary allocation letters to departments to submit the 2<sup>nd</sup> draft MTEF budget documents to Provincial Treasury after which the submissions are consolidated and submitted to National Treasury for analysis;

- Provincial Treasury attends the 1<sup>st</sup> Benchmark exercise at National Treasury in December where the allocation is analysed in terms of growth rates and alignment to the National outcomes.
- Provincial Treasury attends a 2<sup>nd</sup> Benchmark exercise In January of the following year as a follow-up on issues raised during the 1<sup>st</sup> Benchmark exercise in order to determine the final provincial MTEF allocations.
- The Provincial Executive Council Budget Committee convenes in January to consider the departmental allocations and recommendations made by the National Treasury;
- In February National Treasury issue final allocation to the Provincial Treasury to prepare the final budget for approval by the Executive Council for the coming MTEF period and tabling to Provincial Legislature.

### **3.4. The role of Provincial Treasury**

Provincial Treasury plays a crucial role in driving the budget reform process in the province. Section 18 sub-section 1 (a) and (b) of the Public Finance Management Act (PFMA) of 1999 (Act No.1 of 1999), mandates the provincial treasury to manage the provincial financial affairs within their jurisdictional areas through preparation of the provincial budget and exercising control over the implementation thereof by provincial departments and public entities.

During the preparation of budget for the 2017 MTEF period Limpopo Provincial Treasury played a significant role in ensuring that the process runs seamlessly. It is the responsibility of the Provincial Treasury to ascertain that all departments submit the required budget documents on time and in the correct formats. During the 2017 budget process provincial treasury performed the following roles:

- Issued customised provincial MTEF budget guidelines and formats to be used;
- Conduct workshops with all departments and public entities on guidelines, formats, database completion and key assumptions on budget preparations;
- Prepare presentations to the Executive Council recommending budget allocation per department for approval,
- Conducted MTEC hearings;
- Issued preliminary and final allocations letters to departments;

- Analyse each departments and public entities budget document submissions for alignment and corrections.
- Brief the Portfolio Committee on Finance on the provincial fiscal policy framework.

### **3.5. The role of departments**

Departments play significant roles during the budget process and the most critical role is planning and alignment of priorities within the available funding. It is the responsibility of each department and public entity to ascertain that activities and mandates are prioritised and funded adequately. This is achieved through departmental strategic planning exercises which are aligned to the budget process.

Departments are expected to participate in the budget process through:

- Consultation with relevant stakeholders;
- Alignment of strategic plans with the budget;
- Submission of budget bidding in line with the departmental mandate for consideration;
- Submission of budget documents as per the MTEF guidelines issued by Provincial Treasury;
- Participation during the MTEC hearings; and
- Ensuring allocated funds are spent prudently.

## CHAPTER 4: RECEIPTS

### 4.1. Overall Position

The provincial government derives funding from Equitable Share, Conditional Grants and Own revenue. The Equitable Share budget for the 2017/18 financial year is R51.9 billion. This amount is projected to grow to R55.4 billion in 2018/19 and R59.4 billion in 2019/20 financial year. The conditional grant allocation is R7.9 billion in 2017/18, R8.4 billion and R8.9 billion for the year 2018/19 and 2019/20 respectively. Provincial own revenue estimates increases from the original estimates of R1.0 billion in 2016/17 to R1.1 billion in 2017/18 financial year. This amount is projected to grow to R1.2 billion in 2018/19 and R1.3 billion in 2019/20 financial year.

**Table 6: Summary of Provincial Receipts**

R thousand	Outcome			Main appropriatio	Adjusted appropriatio	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		
<b>Transfer receipts from national</b>									
Equitable share	41 135 605	42 902 956	45 866 202	48 708 568	48 708 568	48 708 568	51 960 337	55 385 631	59 370 905
Conditional grants	5 112 898	6 696 347	7 202 991	7 120 045	7 791 829	7 791 829	7 884 978	8 379 051	8 913 034
<b>Total transfer receipts from national</b>	<b>46 248 503</b>	<b>49 599 303</b>	<b>53 069 193</b>	<b>55 828 613</b>	<b>56 500 397</b>	<b>56 500 397</b>	<b>59 845 315</b>	<b>63 764 682</b>	<b>68 283 939</b>
<b>Provincial own receipts</b>									
Tax receipts	318 911	358 874	409 938	427 193	453 877	453 877	475 120	502 277	530 404
Casino taxes	42 645	48 467	56 600	66 472	66 472	66 472	69 796	73 286	77 390
Horse racing taxes	8 773	14 089	18 001	13 031	18 728	18 728	13 813	14 395	15 201
Liquor licences	3 197	3 133	3 300	4 012	4 012	4 012	4 236	4 473	4 723
Motor vehicle licences	264 296	293 185	332 037	343 678	364 665	364 665	387 275	410 123	433 090
Sale of goods and services other than capital assets	220 224	240 349	241 103	336 432	287 837	287 837	357 246	377 815	398 880
Transfers received	2 000	-	149	-	-	-	-	-	-
Fines, penalties and forfeits	43 135	50 116	59 794	55 549	68 288	68 288	71 571	75 792	80 037
Interest, dividends and rent on land	196 456	298 353	318 739	182 327	363 157	363 157	190 616	200 411	211 632
Sale of capital assets	24 843	18 811	15 116	15 166	30 531	30 531	10 367	11 264	11 872
Transactions in financial assets and liabilities	40 002	455 811	215 303	46 435	251 378	251 378	32 920	34 198	36 106
<b>Total provincial own receipts</b>	<b>845 570</b>	<b>1 422 314</b>	<b>1 260 142</b>	<b>1 063 103</b>	<b>1 455 068</b>	<b>1 455 068</b>	<b>1 137 839</b>	<b>1 201 756</b>	<b>1 268 931</b>
<b>Total provincial receipts</b>	<b>47 094 073</b>	<b>51 021 617</b>	<b>54 329 335</b>	<b>56 891 716</b>	<b>57 955 465</b>	<b>57 955 465</b>	<b>60 983 154</b>	<b>64 966 438</b>	<b>69 552 870</b>



## **4.2. Equitable Share**

The Constitution provides that each sphere of government is entitled to an equitable share of revenue raised nationally to enable it to provide basic services and perform the functions allocated to it. This equitable share is an unconditional transfer from National Treasury to provincial governments to fund the gap that provinces encounter due to their limited fiscal capacity and the significant expenditure assigned to them. The province receives an equitable share allocation from the national funds. The equitable share is determined through a consultative process and the formula used prioritises the provision of social services such as education and health. The formula is redistributive and biased towards poorer provinces. The province received R51.9 billion for the year 2017/18 and the amount increases to R55.4 billion in 2018/19 and R59.4 billion in 2019/20.

## **4.3. Conditional Grants**

Conditional grants are allocations that provinces receive from the national share for specific purposes which will improve the standard of living and alleviate poverty within the province. These funds are made available to the province with conditions which each recipient department must adhere to.

Despite the mounting fiscal challenges, national government is maintaining core economic and social programmes by introducing new grants. A new grant for the provision of education to learners with profound intellectual disabilities is introduced in 2017/18 for department of Education. Two new grants (Early Childhood Development and Social Worker Employment) were introduced to the Department of Social Development over 2017 MTEF period. The grant for Social Worker Employment is introduced to ensure that social worker bursary holders are employed and it is funded through a reprioritization from within the social development sector.

The table below reflects the provincial conditional grants allocation over the MTEF period. The total conditional grants allocation for 2017/18 is R7.9 billion which represents an increase of R93.0 million or 9.7 percent from the original allocation of R7.1 billion in 2016/17 financial year. The grants allocation will increase to R8.4 billion in 2018/19 and R8.9 billion in 2019/20.

**Table 7: Summary of National Conditional Grant transfers by vote**

R thousand	Outcome			Main	Adjusted	Revised	Medium-term estimates		
	2013/14	2014/15	2015/16	appropriation	appropriation	estimate	2017/18	2018/19	2019/20
				2016/17					
Vote 3	2 079 542	2 331 102	1 919 683	1 997 326	2 200 304	2 200 304	2 064 788	2 182 221	2 302 204
National School Nutrition Programme	872 786	985 580	990 903	1 085 431	1 111 311	1 111 311	1 161 389	1 229 299	1 290 763
Dinaledi Schools Grant	8 498	2 678	-	-	-	-	9 853	24 565	29 243
HIV/AIDS (Life Skills Education)	13 704	9 610	24 239	33 310	33 310	33 310	35 339	37 388	39 482
Technical Secondary Schools Recapitalisation	3 395	18 060	-	-	-	-	-	-	-
Education Infrastructure Grant	1 147 022	1 296 217	863 797	830 532	1 007 630	1 007 630	810 523	845 828	895 026
of which	-	-	-	-	-	-	-	-	-
Education Infrastructure Grant (flood)	-	20 277	69 366	-	-	-	-	-	-
EPWP Incentive Allocation	-	-	2 671	2 000	2 000	2 000	2 000	-	-
Social Sector (EPWP) Grant	34 137	18 957	2 483	3 500	3 500	3 500	2 888	-	-
Maths, Science and Technology Grant	-	-	35 590	42 553	42 553	42 553	42 796	45 141	47 690
Vote 4	325 059	296 360	329 330	339 366	339 670	339 670	323 750	340 657	389 623
Disaster Management (Drought relief)	-	-	-	-	-	-	-	-	-
Land Care	16 153	9 988	9 903	10 438	10 438	10 438	13 672	12 873	13 700
Comprehensive Agriculture Support Programme	247 169	223 150	263 805	260 576	260 880	260 880	238 991	256 521	300 669
of which	-	-	-	-	-	-	-	-	-
Comprehensive Agriculture Support Programme	-	25 224	22 837	15 555	15 555	-	5 000	-	-
EPWP Incentive Allocation	19 384	14 898	5 285	4 476	4 476	4 476	3 731	-	-
EPWP Integrated-rural.	-	2 263	-	-	-	-	-	-	-
ILima/Letsema Projects	42 353	46 061	50 337	63 876	63 876	63 876	67 356	71 263	75 254
Vote 06	550	2 075	2 482	3 443	3 443	3 443	2 567	-	-
EPWP Incentive Allocation	550	2 075	2 482	3 443	3 443	3 443	2 567	-	-
Vote 7	1 501 208	1 920 244	1 879 185	2 053 864	2 086 849	2 086 849	2 390 605	2 545 486	2 840 570
Health Professions Training and Development	97 027	132 185	117 554	123 960	124 787	124 787	131 726	139 366	147 168
Health Facility Revitalisation	233 140	507 061	357 322	379 089	379 089	379 089	508 144	450 991	476 247
of which	-	-	-	-	-	-	-	-	-
Health Infrastructure	104 081	-	-	-	-	-	-	-	-
Health Revitalisation (flood damage)	-	-	6 921	-	-	-	-	-	-
Nursing Colleges and Schools component	6 925	-	-	-	-	-	-	-	-
Comprehensive HIV and AIDS	836 232	937 097	1 065 528	1 176 489	1 190 823	1 190 823	1 354 308	1 540 098	1 778 883
National Tertiary Services	310 480	331 647	312 393	344 723	362 361	362 361	366 314	387 560	409 263
Human Papillomavirus Vaccine Grant	-	-	-	-	-	-	-	27 471	29 009
EPWP Incentive Allocation	1 823	2 512	1 079	-	-	-	-	-	-
Social Sector (EPWP) Grant	13 649	2 577	17 826	22 060	22 060	22 060	30 113	-	-
National Health Insurance	8 857	7 165	7 483	7 543	7 729	7 729	-	-	-
Vote 8	795 121	294 161	298 298	326 129	326 129	326 129	345 610	361 761	382 020
Provincial Roads Maintenance Grant	505 849	-	-	-	-	-	-	-	-
EPWP Incentive Allocation	14 340	4 518	-	-	-	-	-	-	-
Public Transport Operations	274 932	289 643	298 298	326 129	326 129	326 129	345 610	361 761	382 020
Vote 9	3 000	1 176 113	976 853	999 935	1 024 964	1 024 964	1 146 284	1 239 036	1 188 088
Provincial Roads Maintenance Grant	-	1 173 861	969 733	995 109	1 020 138	1 020 138	1 140 387	1 239 036	1 188 088
of which	-	-	-	-	-	-	-	-	-
Transport Disaster Management	-	79 613	90 895	100 000	100 000	100 000	130 000	130 000	140 000
EPWP Incentive Allocation	3 000	2 252	7 120	4 826	4 826	4 826	5 897	-	-
Vote 10	-	-	2 078	-	-	-	2 000	-	-
EPWP Incentive Allocation	-	-	2 078	-	-	-	2 000	-	-
Vote 11	294 961	517 591	1 592 718	1 210 370	1 605 212	1 605 212	1 321 493	1 400 688	1 478 154
Human Settlement Development	294 961	517 031	1 591 889	1 208 370	1 603 212	1 603 212	1 319 493	1 400 688	1 478 154
of which	-	-	-	-	-	-	-	-	-
Human Settlement Development (flood repair)	-	5 701	34 182	29 678	29 678	29 678	-	-	-
Earmarked additions for the 11 mining towns	-	17 540	154 176	66 330	66 330	66 330	81 389	72 344	63 303
Thabazimbi	-	7 171	16 357	27 100	27 100	27 100	22 255	19 782	17 309
Greater Tubatse	-	1 684	36 520	6 430	6 430	6 430	32 180	28 604	25 029
Elias Motsoaledi	-	3 255	16 600	12 300	12 300	12 300	10 103	8 980	7 858
Lephalale	-	4 720	77 063	17 800	17 800	17 800	14 648	13 020	11 393
Fetakgomo( LIM 476)	-	710	7 636	2 700	2 700	2 700	2 203	1 958	1 714
Housing Disaster Management	-	560	-	-	-	-	-	-	-
EPWP Incentive Allocation	-	-	829	2 000	2 000	2 000	2 000	-	-
Vote 12	8 915	2 772	3 109	11 242	11 242	11 242	96 847	113 045	120 616
Social Sector (EPWP) Grant	8 915	2 772	3 109	11 242	11 242	11 242	8 978	-	-
Early Childhood Development	-	-	-	-	-	-	41 085	62 414	65 901
Social work employment grant	-	-	-	-	-	-	46 784	50 631	54 715
Vote 13	104 542	155 929	199 255	178 370	194 016	194 016	191 034	196 157	211 759
Mass Participation and Sport Development Grant	59 618	58 848	63 417	61 075	67 033	67 033	67 850	68 352	77 056
Community Library Services	44 441	95 024	133 897	115 295	124 983	124 983	121 184	127 805	134 703
EPWP Incentive Allocation	483	2 057	1941	2 000	2 000	2 000	2 000	-	-
Total conditional grants	5 112 898	6 696 347	7 202 991	7 120 045	7 791 829	7 791 829	7 884 978	8 379 051	8 913 034

**Specific grants within the various departments are outlined below.**

### **Vote 3: Department of Education**

The department will receive conditional grants amounting to R2.1 billion in 2017/18, the grant will increase to R2.2 billion in 2018/19 and further increase to R2.3 billion in 2019/20. The conditional grants will be used for Mathematics, Science and Technology, School Nutrition Programme, HIV/AIDS, Education Infrastructure, Learners with Profound Intellectual Disabilities, Social Sector and Integrated Extended Public Works Programmes.

### **Vote 4: Department of Agriculture**

The department is allocated R323.7 million, R340.6 million and R389.6 million in 2017/18, 2018/19 and 2019/20 respectively. The grants will be used mainly for Land care, Comprehensive Agriculture Support and Illima / Letsema projects, EPWP Integrated, EPWP for Rural Development.

### **Vote 6: Department of Economic Development, Environment and Tourism**

The department is allocated R2.6 million for EPWP Incentive grant in 2017/18 financial year.

### **Vote 7: Department of Health**

The Department is allocated R2.3 billion in 2017/18, R2.5 billion in 2018/19 and R2.8 billion in 2019/20. The 2017/18 conditional grants include Health Professional Training and Development, EPWP Social sector, Comprehensive HIV/AIDS, National Tertiary Services and Hospital Revitalization grants. The National Health Insurance grant has been discontinued and will be allocated to the province as an indirect grant from the National Department of Health. Commencement of the new Human Papillomavirus Vaccine grant is delayed to 2018/19 and an indicative amount of R27.4 million and R29.0 million is allocated in 2018/19 and 2019/20 respectively.

### **Vote 8: Department of Transport**

The department receives R345.6 million, R361.8 million and R382.0 million in 2017/18, 2018/19 and 2019/20 respectively for Public Transport Operations.

### **Vote 9: Department of Public Works, Roads and Infrastructure**

The departmental allocation amounts to R1.1 billion in 2017/18 financial year and increase to R1.2 billion in 2018/19 and 2019/20 financial years. Funding is for Provincial Roads Maintenance, Transport Disaster Management for repairing roads damaged by floods and EPWP Integrated grant.

### **Vote 10: Safety, Security and Liaison**

The department is allocated R2.0 million for EPWP Incentive grant for the 2017/18 financial year.

### **Vote 11: Department Cooperative Governance, Human Settlements & Traditional Affairs**

The department is allocated R1.3 billion in 2017/18. The grant will increase to R1.4 billion in 2018/19 and further increase to R1.5 billion in 2019/20. The conditional grant is mainly for Integrated Housing and Human Settlements Development and implementation of EPWP Integrated Programme. The allocation is inclusive of funds that are earmarked for disaster flood damage and mining towns. The identified towns are: Thabazimbi, Greater Tubatse, Elias Motswaledi, Lephalale and LIM 476

### **Vote 12: Department of Social Development**

The department is allocated R96.8 million in 2017/18, R113.0 million in 2018/19 and R120.6 million in 2019/20. The grants funding includes the newly introduced Early Childhood Development and Social Worker Employment grants as well as EPWP Social Sector Grant.

### **Vote 13: Department of Sports Arts and Culture**

The department is allocated funding for Mass Participation and Sport Development, Community Library Services and EPWP grants amounting to R191.0 million in 2017/18. The grant funding will increase to R196.1 million in 2018/19 and R211.7 million in 2019/20.

#### **4.4. Provincial Own Revenue**

Provincial own revenue forms part of the total provincial receipts that is allocated to departments to address provincial spending priorities. The provincial own revenue collection contributes R1.1 billion or 1.8 percent in 2017/18 financial year. The bulk of the revenue is generated from the Department of Transport at 43.4 percent mainly on motor vehicle licenses, followed by Provincial Treasury at 16.5 percent from interest earned on bank balances. Department of Health is the third largest revenue contributor at 16.1 percent mainly from the collection of patient fees, while Economic Development, Environment and Tourism contributes 13.4 percent primarily from casino and horse racing taxes. Other Departments contribute 10.6 percent of the total provincial own revenue collection.

The increasing socio-economic needs of citizenry make it a requirement for provinces to continuously put efforts to maximise own revenue generation and manage collections effectively. The Provincial Treasury collaborates with Departments and Public Entities to ensure maximisation of own revenue. Consequently, in 2017/18 financial year the Province will invest R22.0 million in infrastructure development of the wildlife resorts in the Department of Economic Development, Environment and Tourism; and R9.1 million in the procurement of Patient Verification System and Electronic data interchange for the Department of Health in response to the Provincial Own Revenue Enhancement Strategy.

**Table 8: Provincial Own Revenue per vote**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Vote 1: Office of the Premier	1 369	1 069	1 834	755	1 239	1 239	777	821	867
Vote 2: Provincial Legislature	176	189	316	207	331	331	219	234	246
Vote 3: Education	40 179	38 192	63 781	43 395	63 673	63 673	41 614	43 748	46 065
Vote 4: Agriculture and Rural Development	5 050	7 419	13 222	8 074	9 956	9 956	10 854	11 544	12 212
Vote 5: Provincial Treasury	190 996	299 232	302 970	180 128	362 528	362 528	188 133	197 884	208 965
Vote 6: Economic Development, Environmental Affairs and	97 576	146 424	124 556	143 324	156 883	156 883	152 240	159 503	168 435
Vote 7: Health	121 559	137 644	135 609	174 076	174 076	174 076	182 996	193 610	204 453
Vote 8: Transport	350 007	397 788	419 630	449 064	465 198	465 198	494 040	523 189	552 487
Vote 9: Public Works, Roads and Infrastructure	28 797	382 482	156 872	56 699	193 210	193 210	58 783	62 192	65 675
Vote 10: Safety, Security and Liaison	363	254	254	104	160	160	115	122	128
Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs	4 560	3 049	35 987	2 800	6 079	6 079	2 792	3 325	3 504
Vote 12: Social Development	3 831	6 889	3 424	3 273	18 948	18 948	3 438	3 637	3 841
Vote 13: Sport, Arts & Culture	1 108	1 683	1 687	1 204	2 787	2 787	1 839	1 947	2 052
<b>Total provincial own receipts</b>	<b>845 570</b>	<b>1 422 314</b>	<b>1 260 142</b>	<b>1 063 103</b>	<b>1 455 068</b>	<b>1 455 068</b>	<b>1 137 839</b>	<b>1 201 756</b>	<b>1 268 931</b>

The table above depicts the history of own receipts per vote from the 2013/14 financial year to 2015/16 financial year, and the collection estimates over the 2017 MTEF period. Overall, the revenue estimates increase from the original estimates of R1.0 billion in 2016/17 to R1.1 billion in 2017/18 financial year which represent an increase of 7.0 percent. The increase is influenced by inflationary related factors as well as continuous identification and implementation of own revenue enhancement projects. The positive growth referred hereto is arrived at after also considering once-off revenue collection items.

### **Vote 1: Office of the Premier**

Office of the Premier derives revenue from commission on insurance and parking fees. Over the MTEF period, the target is estimated to increase at an average growth of 4.7 percent in consideration of inflationary related factors.

## **Vote 2: Provincial Legislature**

The main source of revenue for Provincial Legislature is commission on insurance. The budget of the institution increases by 5.8 percent in 2017/18 and 6.0 percent over the MTEF due to inflation related factors.

## **Vote 3: Education**

The Department's revenue is mainly generated from commission on insurance and examination fees. The revenue estimate declines by 4.1 percent in 2017/18 financial year and a minimal growth of 2.0 percent over the MTEF. The decline is due to once off recovery of previous year debts in 2016/17.

## **Vote 4: Agriculture**

The revenue collection for the Department is mainly on sale of agricultural produce, boarding services and tuition fees from Colleges. The abnormal growth of 34.4 percent in 2017/18 and 14.8 percent over the MTEF is on boarding and tuition fees due to the anticipated increase in the intake of students in the agricultural colleges.

## **Vote 5: Provincial Treasury**

The departmental revenue is generated through commission on insurance, interest on bank balances, sale of tender documents, parking fees and previous year's debts recoveries. The revenue budget of the department increase by 4.4 percent in 2017/18 and 5.1 percent over the MTEF due to unpredictable nature of interest earned on bank balances.

## **Vote 6: Economic Development, Environment and Tourism**

The department generates a large portion of revenue from casino and horse racing taxes. The budget of the Department increase by 6.2 percent in 2017/18 and 5.5 percent over the MTEF. The increase is due to inflation related factors.

## **Vote 7: Health**

The main sources of revenue of the Department are patient and boarding fees. The revenue budget estimates increase by 5.1 percent in 2017/18 and 5.5 percent over the MTEF which is influenced by inflation related factors.

## **Vote 8: Transport**

Motor vehicle licences and traffic fines make the greater part of revenue generated by the Department of Transport. Other sources includes abnormal load fees and public permits. The revenue budget of the Department increases by 10.0 percent in 2017/18 and 7.2 percent over the MTEF. Significant growth is due to anticipated increase in the number of new motor vehicles, revision of tariffs and improvement of traffic management system.

## **Vote 9: Public Works**

A huge proportion of revenue is derived from rental of government properties. Other revenue sources are commission on insurance and sale of tender documents. The revenue budget of the Department increases by 3.7 percent in 2017/18 and 5.0 percent over the MTEF due to inflation related factors.

## **Vote 10: Safety, Security and Liaison**

The main departmental sources of revenue are commission on insurance and parking fees. The abnormal growth of 10.6 percent in 2017/18 is due to the anticipated increase in the collection of tender documents.

## **Vote 11: Cooperative Governance, Human Settlement and Traditional Affairs**

The main sources of revenue of the department are commission on insurance and parking fees. The revenue budget decreases by 0.3 percent in 2017/18, due to a once off sale of capital assets and a reduction on parking fees. However, the budget is anticipated to increase by 7.8 percent over the MTEF.



## Vote 12: Social Development

The main sources of revenue are commission on insurance, rentals and parking fees. The revenue estimates increase by 5.0 percent in 2017/18 and 5.5 over the MTEF. The normal growth is influenced by inflationary related factors.

## Vote 13: Sports, Arts and Culture

The Department derives its own revenue mainly on entrance fees from hosting Mapungubwe Arts Festival as well as commission on insurance. The revenue budget of the Department increases by 52.7 percent in 2017/18 and 19.4 percent over the MTEF. The abnormal increase is due to anticipated improvement in the collection of Entrance fees.

## 4.5. Donor Funding

**Table 9: Summary of provincial donor funding**

R thousand	Audited	Outcome Audited	Audited	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Vote 06: Economic Development, Environmental Affairs and Tourism	1 220	1 710	5 198	1 550	481	-	-
Vote 07: Health	5 225	750	-	-	-	-	-
Vote 12: Social Development	-	14 669	15 296	12 000	4 005	-	-
Vote 13: Sport, Arts & Culture	-	-	-	970	-	-	-
Total donor funding	6 445	17 129	20 494	14 520	4 486	-	-

An amount of R4.5 million will be received during the 2017/18 financial year by Department of Economic Development, Environment and Tourism for Students for the Advancement of Global Entrepreneurship (SAGE) program and Department of Social Development from HWSETA for training and development of interns.

## CHAPTER 5: PAYMENTS

### 5.1. OVERALL POSITION

An amount of R61.4 billion is made available for spending by provincial departments for 2017/18 financial year. This amount is projected to grow to R64.3 billion in 2018/19 and R68.1 billion in 2019/20. The allocation represents a positive growth of 7.9 percent in 2017/18 and 6.1 percent over the MTEF. The growth rate increase of 7.9 percent in 2017/18 which is above the national CPI-X of 6.1 percent is mainly influenced by the allocation of the total provincial own revenue and additional funding made available through cash reserves to fund provincial priority projects in an endeavour to reduce the unemployment rate, alleviate poverty and reduce inequality in the province.

**Table 10: Summary of Provincial Payments and Estimates per vote**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Vote 01: Office of the Premier	325 295	340 862	340 674	376 286	379 766	379 766	395 789	414 480	438 520
Vote 02: Provincial Legislature	249 271	273 323	297 960	316 243	351 818	351 818	341 810	358 926	379 744
Vote 03: Education	22 647 979	24 419 274	25 118 175	27 171 746	27 591 674	27 555 093	28 783 149	30 440 345	32 194 772
Vote 04: Agriculture and Rural Development	1 530 375	1 555 401	1 620 254	1 782 912	1 793 216	1 793 216	1 855 352	1 962 624	2 105 664
Vote 05: Provincial Treasury	358 534	346 305	363 722	412 604	455 241	452 484	474 620	448 614	474 633
Vote 06: Economic Development, Environmental Affairs and	1 071 242	1 112 393	1 153 443	1 332 930	1 350 120	1 341 264	1 500 308	1 293 360	1 368 375
Vote 07: Health	13 137 862	14 526 110	15 432 089	16 371 023	17 098 722	17 693 377	18 042 777	18 990 763	20 235 709
Vote 08: Transport	2 845 213	1 704 488	1 727 714	1 879 151	1 899 651	1 899 651	1 962 385	2 073 926	2 193 490
Vote 09: Public Works, Roads and Infrastructure	858 941	2 787 867	2 685 343	2 901 370	3 101 835	3 101 835	3 135 729	3 195 712	3 258 251
Vote 10: Safety, Security and Liaison	62 658	72 660	82 656	95 617	95 817	95 823	103 713	107 714	113 961
Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs	1 186 638	1 525 470	2 185 684	2 286 043	2 813 814	2 813 814	2 581 771	2 645 307	2 794 961
Vote 12: Social Development	1 324 137	1 455 600	1 585 497	1 633 719	1 679 839	1 679 839	1 821 036	1 920 534	2 032 940
Vote 13: Sport, Arts & Culture	258 813	284 373	378 780	409 791	438 520	438 520	460 288	457 999	488 788
<b>Total provincial payments by vote</b>	<b>45 856 958</b>	<b>50 404 126</b>	<b>52 971 991</b>	<b>56 969 436</b>	<b>59 050 032</b>	<b>59 596 500</b>	<b>61 458 726</b>	<b>64 310 304</b>	<b>68 079 807</b>
<b>Less: Unauthorised expenditure</b>	<b>4 498</b>	<b>-</b>	<b>-</b>	<b>49 376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Baseline available for spending</b>	<b>45 852 460</b>	<b>50 404 126</b>	<b>52 971 991</b>	<b>56 920 060</b>	<b>59 050 032</b>	<b>59 596 500</b>	<b>61 458 726</b>	<b>64 310 304</b>	<b>68 079 807</b>

## **5.2. PAYMENTS BY VOTE**

### **Vote 1: Office of the Premier**

The Office of the Premier is allocated R395.7 million in 2017/18. The allocation increase to R414.4 million in 2018/19 and R438.5 million in 2019/20. This is an increase of 5.2 percent in 2017/18 and 5.2 percent over the MTEF period. The funding includes allocation for provincial priorities such as Information Technology system development and Limpopo Integrated Infrastructure Master Plan.

### **Vote 2: Provincial Legislature**

The Provincial Legislature is allocated a budget of R341.8 million in 2017/18 financial year. The budget increases to R358.9 million in 2018/19 and R379.7 million for the 2019/20 financial years respectively. The allocation increase by 8.1 percent in 2017/18 and 6.3 percent over the MTEF period. The allocation makes provision for the implementation of the Enterprise Resources Planning (ERP) system, normalisation of constituency allowances and provision for security system upgrades.

### **Vote 3: Education**

The department is allocated R28.7 billion in 2017/18, R30.4 billion in 2018/19 and R32.2 billion in 2019/20 financial year respectively. The allocation increase by 5.9 percent in 2017/18 and 5.8 percent over the MTEF period. The allocation is funded from R26.2 billion equitable share, R2.1 billion conditional grants and R538.9 million from provincial own revenue.

Through this allocation, the department will implement policy priorities, which include funding of no-school-fee schools, teacher development, scholar transport, procurement of school furniture and school safety as well as provision of school nutrition programme. An amount of R30.0 million is allocated for ICT overhaul in the five districts.

#### **Vote 4: Agriculture**

The total allocation for the department is R1.8 billion for 2017/18, R1.9 billion for 2018/19 and R2.1 billion for 2019/20 financial year. This represents growth of 4.1 percent in 2017/18, 5.7 percent over the MTEF period. The 2017/18 allocation is funded by R1.5 billion equitable share and R323.7 million conditional grants. The department has reprioritised an amount of R50.0 million from compensation of employees to fund poverty alleviation projects within the agricultural sector.

#### **Vote 5: Provincial Treasury**

The Provincial Treasury receives a budget allocation of R474.6 million in 2017/18 financial year which represents 15.0 percent growth rate. The allocation decrease to R448.6 million in 2018/19 due to once-off allocation in 2017/18 and increases to R474.5 million in 2019/20 financial year. The once-off allocation is funding for the services of the Government Technical Advisory Centre (GTAC) which is providing support to provincial departments and Municipalities in infrastructure planning and implementation and a once-off allocation of R20.0 million to Musina Municipality.

#### **Vote 6: Economic Development, Environment and Tourism**

The department is allocated an amount of R1.5 billion in 2017/18, R1.3 billion in 2018/19 and R1.4 billion in 2019/20 financial years. The budget increases by 12.6 percent in 2017/18 and 0.9 percent over the MTEF. The departmental allocation in 2017/18 financial year includes provision for provincial priorities such as the upgrading of nature reserves, upgrading of ICT infrastructure, Marula beneficiation project, promotion of SMME's and Co-operatives, agri-business processing and broadband projects facilitated by Limpopo Economic Development Agency (LEDA), promotion of tourism and marketing of the Limpopo Province by Limpopo Tourism Agency (LTA) and compliance monitoring of casinos by Limpopo Gambling Board (LGB). Included in the allocation to the Department is amounts to be transferred to the departmental and public entities i.e. LEDA, the Tourism Agency and the Gambling Board are allocated R411.9 million, R103.1 million and R67.5 million respectively for 2017/18.

## **Vote 7: Health**

The allocation to the department is R18.0 billion in 2017/18, R18.9 billion in 2018/19 and R20.2 billion in 2019/20 financial years. The budget increases by 10.2 percent in 2017/18 and 7.3 percent over the MTEF. The budget allocation for 2017/18 consists of R15.1 billion equitable share, R2.3 billion conditional grants and R471.8 million provincial own revenue.

The allocation includes provision for purchase of essential medical and allied equipment, upgrading of IT infrastructure and procurement of patient verification system to enhance revenue collection.

## **Vote 8: Transport**

The total allocation for the department is R1.9 billion for 2017/18, R2.0 billion in 2018/19 and R2.2 billion in 2019/20 financial years, which represents an increase of 4.4 percent in 2017/18 and 5.3 percent over the MTEF. The departmental allocation is growing below the CPI-X rate of 6.1 percent due to previous year allocation of once-off projects. Included in the allocation for 2017/18 financial year is the 'transfer payments' of R47.5 million to the Department's public entity, Gateway Airport Authority Limited (GAAL).

## **Vote 9: Public Works, Roads and Infrastructure**

The department is allocated an amount of R3.1 billion in 2017/18, R3.2 billion in 2018/19 and R3.3 billion in 2019/20 financial years. The budget increases by 8.1 percent in 2017/18 and 3.9 percent over the MTEF. The 2017/18 allocation is funded by R2.0 billion equitable share and R1.1 billion conditional grants. Included in the allocation for 2017/18 financial year is a provision for infrastructure capacitation plan R30.0 million, procurement of new office space R60.0 million and R962.1 million to be transferred to the Departments public entity, Roads Agency Limpopo (RAL), for upgrading and maintenance of the provincial roads infrastructure.

### **Vote 10: Safety, Security and Liaison**

The allocation to the department is R103.7 million in 2017/18, R107.7 million in 2018/19 and R113.9 million in 2019/20 financial years. The budget increase by 8.5 percent in 2017/18 and 6 percent over the MTEF. The allocation includes R2.0 million for EPWP Incentives Grant. This funding will enable the department to deliver its mandate including provision of support to Community Safety Forums (CSF's) and Community Policing Forums (CSF's).

### **Vote 11: Co-operative Governance, Human Settlements and Traditional Affairs**

The department is allocated an amount of R2.6 billion in 2017/18, R2.6 billion in 2018/19 and R2.8 billion in 2019/20 financial years. The budget increases by 12.9 percent in 2017/18 and decrease by 6.9 percent over the MTEF. The 2017/18 allocation is funded by R1.3 billion equitable share and R1.3 billion conditional grant for housing and human settlements. The 2017/18 allocation includes an amount of R15.0 million for "Magoshi" to fund operational expenses and R70.0 million for construction of Traditional Council Offices.

### **Vote 12: Social Development**

The department receives an allocation of R1.8 billion in 2017/18, R1.9 billion in 2018/19 and R2.0 billion in 2019/20 financial years. The budget increases by 11.5 percent in 2017/18 and 7.6 percent over the MTEF. Included in the allocation, is an amount of R96.8 million for Early Childhood Development and Social Worker Employment grants as well as EPWP Social Sector Grant and a further R17.4 million for tools of trade for social welfare services.

### **Vote 13: Sport, Arts and Culture**

The department is allocated R460.2 million in 2017/18, R457.9 million in 2018/19 and R488.7 million in 2019/20 financial year which represents an increase of 12.3 percent in 2017/18 and 6.1 percent over the MTEF period. The allocation is funded from R259.2 million equitable share and R191.0 million conditional grants. The 2017/18 financial year budget includes funding to host national and historic day celebrations, promotion and development of the creative industry including artists, procurement of electronic records management system, planning for the construction of a provincial theatre and construction of community libraries.

### 5.3. PAYMENTS BY ECONOMIC CLASSIFICATION

The provincial budget is allocated to departments which in turn distributes to various items in line with the economic classification as prescribed by the Standard Chart of Account (SCOA) which are: Compensation of Employees, Goods and Services, Transfers and subsidies and Payments for Capital Assets.

**Table 11: Summary of Provincial Payments and Estimates by economic classification**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
<b>Current payments</b>	<b>39 808 280</b>	<b>42 531 678</b>	<b>44 776 576</b>	<b>48 536 118</b>	<b>49 407 545</b>	<b>49 830 740</b>	<b>51 909 171</b>	<b>55 072 771</b>	<b>58 626 938</b>
Compensation of employees	33 040 015	35 429 107	37 752 651	40 794 081	40 789 187	40 724 928	43 055 737	45 559 055	48 172 688
Goods and services	6 767 983	7 102 131	7 023 440	7 741 600	8 617 921	9 105 376	8 852 563	9 512 797	10 453 280
Interest and rent on land	282	440	485	437	437	437	870	920	970
<b>Transfers and subsidies to:</b>	<b>4 312 281</b>	<b>5 626 757</b>	<b>6 061 628</b>	<b>6 089 850</b>	<b>7 292 338</b>	<b>7 415 003</b>	<b>7 452 058</b>	<b>7 604 771</b>	<b>7 954 389</b>
Provinces and municipalities	47 146	113 223	96 537	83 387	145 532	137 998	109 153	87 616	76 623
Departmental agencies and accounts	1 093 136	1 711 578	1 405 801	1 281 400	1 638 213	1 650 213	1 675 302	1 550 712	1 590 932
Universities and technikons	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	599 236	652 956	651 890	680 875	691 979	691 875	711 054	741 786	783 326
Foreign governments and international organisations	-	67 581	79	-	-	-	-	-	-
Non-profit institutions	1 631 875	1 811 849	2 089 925	2 254 274	2 605 266	2 606 873	2 920 385	3 040 428	3 176 815
Households	940 888	1 269 570	1 817 396	1 789 915	2 211 347	2 328 043	2 036 165	2 184 230	2 326 693
<b>Payments for capital assets</b>	<b>1 726 367</b>	<b>2 185 906</b>	<b>2 097 639</b>	<b>2 343 067</b>	<b>2 349 317</b>	<b>2 340 561</b>	<b>2 097 497</b>	<b>1 632 762</b>	<b>1 498 479</b>
Buildings and other fixed structures	1 474 381	1 911 602	1 635 534	1 778 779	1 673 855	1 667 121	1 327 006	1 137 730	1 053 655
Machinery and equipment	251 699	273 506	461 755	550 888	661 974	659 951	768 441	492 864	442 612
Heritage assets	-	-	-	-	-	-	-	1	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	2 051	2 051	2 051	2 050	2 167	2 211
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	287	798	350	11 350	11 438	11 438	-	1	1
<b>Payments for financial assets</b>	<b>10 030</b>	<b>59 785</b>	<b>36 148</b>	<b>400</b>	<b>832</b>	<b>10 196</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>45 856 958</b>	<b>50 404 126</b>	<b>52 971 991</b>	<b>56 969 436</b>	<b>59 050 032</b>	<b>59 596 501</b>	<b>61 458 726</b>	<b>64 310 305</b>	<b>68 079 806</b>
<b>Less: Unauthorised expenditure</b>	<b>4 498</b>	<b>-</b>	<b>-</b>	<b>49 376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Baseline Available for Spending</b>	<b>45 852 460</b>	<b>50 404 126</b>	<b>52 971 991</b>	<b>56 920 060</b>	<b>59 050 032</b>	<b>59 596 501</b>	<b>61 458 726</b>	<b>64 310 305</b>	<b>68 079 806</b>

#### 5.3.1. Current Payments

The province has allocated R51.9 billion in 2017/18, R55.1 billion and R58.6 billion in 2018/19 and 2019/20 respectively for current payments. The allocation reflects a positive growth of 6.9 percent in 2017/18 and 6.5 percent over the MTEF.

Included in the current payments allocation for 2017/18 financial year is R43.1 billion for Compensation of Employees which represents 5.5 percent growth in 2017/18 and 5.7 percent over the MTEF. The province continues to contain the growth of the CoE budget through the implementation of the Provincial Personnel Management Framework without compromising service delivery.

A total amount of R8.9 billion, R9.5 billion and R10.4 billion is allocated to goods and services for 2017/18, 2018/19 and 2019/20 respectively. Goods and Services budget grows by 14.4 percent in 2017/18 and 10.5 percent over the MTEF. The increase is mainly influenced by savings realised from compensation of employees and additional funding made available from provincial own revenue and cash reserves for the promotion of programmes and projects that enhance economic growth within the province.

### **5.3.2. Transfers and Subsidies**

The provincial allocation on transfers and subsidies is mainly for transfers to Non-Profit Institutions and Organisations, households, departmental agencies and accounts and transfers to Public Entities and Municipalities. An amount of R7.4 billion, R7.6 billion and R7.9 billion is allocated in 2017/18, 2018/19 and 2019/20 respectively. The allocation grow by an average of 9.3 percent over the MTEF period.

### **5.3.3. Payments for Capital Assets**

An amount of R2.0 billion, R1.6 billion and R1.4 billion is allocated in 2017/18, 2018/19 and 2019/20 respectively. The allocation decrease by 10.5 percent in 2017/18 due to reduction of infrastructure allocations in departments of Education and Health. The classification includes allocation for building and other fixed structures, machinery and equipment and biological assets.



## 5.4. PAYMENTS BY POLICY AREA

**Table 12: Summary of Provincial Payments and Estimates**

R thousand	Outcome			Main appropriatio	Adjusted appropriatio	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
General public services	2 583 984	4 597 002	4 639 360	4 972 634	5 372 981	5 370 225	5 486 128	5 528 220	5 726 045
Public order and safety	62 658	72 660	82 656	95 617	95 817	95 823	103 713	107 714	113 961
Economic affairs	5 291 534	4 185 821	4 315 158	4 858 508	4 924 883	4 916 559	5 175 808	5 233 779	5 565 882
Environmental protection	155 296	186 461	186 253	136 485	118 104	117 572	142 237	96 130	101 647
Housing and community amenities	394 695	676 825	1 234 023	1 319 912	1 729 492	1 729 492	1 443 591	1 534 820	1 620 064
Health	13 137 862	14 526 110	15 432 089	16 371 023	17 098 722	17 693 377	18 042 777	18 990 763	20 235 709
Recreation, culture and religion	258 813	284 373	378 780	409 791	438 520	438 520	460 288	457 999	488 788
Education	22 647 979	24 419 274	25 118 175	27 171 746	27 591 674	27 555 093	28 783 149	30 440 345	32 194 772
Social protection	1 324 137	1 455 600	1 585 497	1 633 719	1 679 839	1 679 839	1 821 036	1 920 534	2 032 940
<b>Total provincial payments and estimates by functional area</b>	<b>45 856 958</b>	<b>50 404 126</b>	<b>52 971 991</b>	<b>56 969 436</b>	<b>59 050 032</b>	<b>59 596 500</b>	<b>61 458 726</b>	<b>64 310 304</b>	<b>68 079 807</b>

The table above depicts the allocation in terms functional areas. Departments are clustered in terms of services they provide within the province as per given mandates.

Included in General Public Service is Office of the Premier, Legislature and Provincial Treasury which provides support to departments and ensures that required legislations and policies are available to departments for implementation. Furthermore, the three departments provide support and training to other departments in order to effectively implement the plans as adopted by Legislature. These departments are allocated a total budget of R5.4 billion, R5.5 billion and R5.7 billion in 2017/18, 2018/19 and 2019/20 respectively.

Public order and safety is the responsibility of the department of Safety, Security and Liaison which is allocated R103.7 million in 2017/18 financial year while economic affairs and environmental protection remains the responsibility of the department of Economic Development, Environment and Tourism, Agriculture and Transport allocated R5.3 billion in 2017/18 financial year.

Housing development is the competency of the department of Cooperative Governance, Human Settlement and Traditional Affairs which is allocated R1.4 billion, R1.5 billion and R1.6 billion in 2017/18, 2018/19 and 2019/20 respectively. The Department of Sport, Arts and Culture oversees recreation, culture and religion programmes in the province. The department is allocated R460.2 million in 2017/18 financial year.

The department of Health, Education and Social Development are tasked with the responsibility to provide health care services, basic education and social security services.

These departments are allocated a total of R46.8 billion in 2017/18 representing 79.2 percent of the provincial budget.

## **5.5. INFRASTRUCTURE PAYMENTS**

The general observation is that progress and achievements in the implementation of infrastructure in Limpopo still face challenges. This is attributed to weak institutional arrangements between the User Departments and implementing agents. Currently support is in place to finalise the Service Delivery Agreements (SDA) process with implementing agents in line with the Infrastructure Delivery Management System (IDMS). One of the requirements in the SDAs is that LDPWRI should undertake condition assessments of the provincial immovable assets. It is envisaged to take until mid-2017 financial year for all the SDAs to be approved and for LDPWRI to react and implement the requirements of the relevant Departments; however, Limpopo Provincial Treasury is facilitating the acceleration of the condition assessments.

The lack of information on the condition of immovable assets in Limpopo Province is one of the obstacles facing departments in the preparation of the infrastructure plans. In order for departments to plan and budget for maintenance during the 2017/18 financial year and outer years of the MTEF, the assessment of the condition of immovable assets is of high priority. The added benefit of the envisaged process is the improvement of expenditure on infrastructure and to ensure that the immovable state assets are kept to the standard as required by User Departments to discharge their respective mandates. Partial and full condition assessments have been conducted in various departments to inform the 2017/18 MTEF budgeting.

The initial intention to establish, fund and operationalise the Infrastructure Strategic Planning Hub (ISPH) was to respond to a well-defined need identified by the Province to improve infrastructure delivery. Since the conceptualisation and inception of the ISPH, a number of years have passed and the general sense is that the ISPH has not contributed substantially to provide solutions to the need for improved and accelerated infrastructure service delivery in the Province. There seems to be challenges associated with procuring the required built

environment professionals. These challenges are mainly from a HR perspective, related to DPSA requirements, as well as remuneration and the ability to attract the resources to the Province. The inefficiencies in the management, design and resourcing of the ISPH seems to have contributed largely to the inability to discharge the mandate thereof. No proper business processes and resource model have been developed as part of the operationalisation. The current assistance that is leveraged from within the ISPH are mostly focussed at providing services to the departments of health and education, whilst the “other” departments are largely left unattended.

Engagements are at an advanced stage to operationalize the Infrastructure Strategic Planning Hub (ISPH) and conduct a strategic review. The objective is to immediately align and maximise current resources in the province. Interim arrangements have been made for the LDPWRI Infrastructure Hub to support the other departments under the Limpopo Provincial Treasury Infrastructure Support Programme by assigning officials. This ensures a point of entry and coordinated support from ISPH to the respective departments.

The GTAC support project commenced during July 2016. All the relevant departments have departmental work plans and are all in process of further review. The programme team, assisted by the respective departmental Counterparts have developed draft Work Plans, Infrastructure Profiling Reports, Infrastructure Plans, Capacity Plans, Service Delivery Agreement and Procurement Plans. There is a focus to develop departmental procurement strategies to meet the requirements of the National Treasury Standard for Infrastructure Delivery Management and Procurement (SIPDM).

The Limpopo Provincial Government has allocated R15.9 billion for the delivery of infrastructure over the 2017 Medium Term Expenditure Framework (MTEF) period. This allocation will fund infrastructure projects in line with the overall strategic objectives of the province and the project details are captured in the project list (Table B5) of each department.

**Table 13: Summary of provincial infrastructure payments and estimates by vote**

	Outcome			2016/17			Medium Term Estimates		
	2013/14	2014/15	2015/16	Main appropriatio	Adjusted appropriatio	Revised baseline	2017/18	2018/19	2019/20
<b>Rand thousand</b>									
Vote 03 - Education	1 133 198	1 139 322	1 064 384	910 609	1 113 630	946 610	810 523	845 828	895 026
Vote 04 - Agriculture and Rural Development	187 558	108 596	155 521	172 743	166 183	166 183	172 992	186 256	183 978
Vote 06: Economic Development, Environmental Affairs and Tourism	20 297	70 558	51 230	49 314	34 167	34 167	59 345	-	-
Vote 07: Health	635 168	595 518	602 206	735 668	735 668	735 668	652 027	796 648	714 510
Vote 08: Transport	36 876	2 285	4 857	26 000	26 000	26 000	2 353	4 815	11 421
Vote 09: Public Works, Roads and Infrastructure	39 101	36 861	2 059 075	1 597 303	1 838 925	1 838 925	1 949 853	2 107 622	2 090 797
Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs	697 028	583 021	1 128 309	1 210 370	1 605 212	1 604 899	1 319 493	1 400 688	1 478 154
Vote 12: Social Development	34 056	21 490	15 764	32 075	19 663	35 075	36 298	37 705	26 105
Vote 13: Sport, Arts & Culture	13 189	16 064	29 434	32 593	33 593	33 593	48 749	41 016	43 251
<b>Total department Infrastructure</b>	<b>2 796 471</b>	<b>2 573 715</b>	<b>5 110 780</b>	<b>4 766 675</b>	<b>5 573 041</b>	<b>5 421 120</b>	<b>5 051 633</b>	<b>5 420 578</b>	<b>5 443 242</b>

Table 13 above summarises the infrastructure budget allocation by vote over 2017 MTEF. Limpopo Provincial Government infrastructure is mainly funded through conditional grants and a smaller portion through the Provincial Equitable Share. The Department of Public Works Roads & Infrastructure is allocated a budget of R 1.9 billion or 38.5 percent, followed by CoGHSTA with an allocation of R1.3 billion or 26.1 percent, the Department of Education is allocated R810.5 million or 16.0 percent and the Department of Health R652.0 million or 12.9 percent.

**Table 14: Summary of provincial infrastructure payments and estimates by category**

	Outcome			2016/17			Medium Term Estimates		
	2013/14	2014/15	2015/16	Main appropriatio	Adjusted appropriatio	Revised baseline	2017/18	2018/19	2019/20
<b>Rand thousand</b>									
<b>Existing infrastructure assets</b>	<b>1 690 645</b>	<b>1 684 612</b>	<b>3 524 573</b>	<b>2 922 790</b>	<b>3 356 482</b>	<b>3 231 485</b>	<b>3 113 267</b>	<b>3 377 978</b>	<b>3 376 008</b>
Maintenance and repair	234 856	126 666	1 588 913	1 510 843	1 270 908	1 265 340	1 397 347	1 643 646	1 835 843
Upgrades and additions	1 319 869	1 530 894	1 605 632	1 076 605	1 130 588	1 279 738	1 495 828	1 381 560	1 256 687
Refurbishment and rehabilitation	135 920	27 052	330 028	335 343	954 986	686 408	220 092	352 772	283 478
<b>New infrastructure assets</b>	<b>313 548</b>	<b>223 473</b>	<b>321 454</b>	<b>497 219</b>	<b>442 564</b>	<b>415 953</b>	<b>439 763</b>	<b>527 512</b>	<b>450 858</b>
<b>Infrastructure transfers</b>	<b>792 279</b>	<b>665 630</b>	<b>1 264 753</b>	<b>1 346 666</b>	<b>1 728 965</b>	<b>1 728 652</b>	<b>1 454 657</b>	<b>1 464 688</b>	<b>1 561 129</b>
Infrastructure transfers - Current	-	-	-	-	-	-	-	-	-
Infrastructure transfers - Capital	792 279	665 630	1 264 753	1 346 666	1 728 965	1 728 652	1 454 657	1 464 688	1 561 129
<b>Infrastructure: Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Infrastructure: Leases</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non Infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48 091</b>	<b>48 091</b>	<b>43 946</b>	<b>50 400</b>	<b>55 247</b>
<b>Total department Infrastructure</b>	<b>2 796 471</b>	<b>2 573 715</b>	<b>5 110 780</b>	<b>4 766 675</b>	<b>5 576 103</b>	<b>5 424 182</b>	<b>5 051 633</b>	<b>5 420 578</b>	<b>5 443 242</b>

A budget of R1.4 billion is allocated towards new infrastructure mainly for construction of new clinics, libraries, schools, upgrades of gravel roads to tar, centres for place of safety and houses. The investment for Education include construction of education facilities to reduce backlog in terms of CSIR condition assessment, public ordinary schools supplied with sanitation facilities, classrooms built in public ordinary schools, storm damaged schools, electrification of schools, backlogs in terms of maintenance, eradication of pit latrines and rebuilding of damaged schools in Vuwani.

For Health the budget provision will address related Health Technology, replacement of electro-mechanical equipment in hospitals, water and sanitation, laundry equipment, new/replacement of standby generators, UPS Systems, chillers, refrigeration, kitchen unit supply etc. LDPWRI uses the Roads Assets Management System (RAMS) to prioritise projects and deal with the backlogs. RAMS is updated every five years by RAL to give a current condition of the provincial road network system for the upgrading of provincial roads to address the unpaved network backlog, rehabilitation of surfaced roads to maintain existing paved network, and re-gravelling of gravel roads for proper access. The 2017/18 budget allocation for rehabilitation and refurbishment is R220.1 million, upgrading and additions of existing facilities is R1.5 billion and R1.4 billion is allocated for maintenance.

The Standard for Infrastructure Delivery Management (SIPDM) came into effect from 01 July 2016. The Provincial Treasury has taken a central role in the development of Standard for Infrastructure Delivery Management (SIPDM) Provincial Guidelines and associated operationalization templates. The departments are being assisted in preparing readiness reports for the implementation of the SIPDM, as well as the proposed action plan to mitigate challenges.

## 5.6. TRANSFERS

**Table 15: Transfers to Public Entities**

R thousand	Outcome			Main appropriatio	Adjusted appropriatio	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Vote 06: Economic Development, Environmental Affairs and Tourism	485 959	478 016	466 083	435 788	506 151	435 788	582 533	616 903	652 683
Vote 08: Transport	657 984	35 000	45 300	59 838	59 838	59 838	47 573	50 380	53 302
Vote 09: Public Works, Roads and Infrastructure	1 235 812	1 107 316	836 954	737 330	1 029 935	1 029 935	962 151	970 968	977 765
<b>Total</b>	<b>2 379 755</b>	<b>1 620 332</b>	<b>1 348 337</b>	<b>1 232 956</b>	<b>1 595 924</b>	<b>1 525 561</b>	<b>1 592 257</b>	<b>1 638 251</b>	<b>1 683 750</b>

Total transfers to Public Entities amount to R1.5 billion in 2017/18, R1.6 billion in 2018/19, and R1.7 billion in 2019/20. The public entities include: Limpopo Economic Development Agency, Limpopo Gambling Board, Limpopo Tourism Agency in the Department of Economic Development, Environment & Tourism, Gateway Airports Authority Limited in the Department of Transport and Roads Agency Limpopo in the Department of Public Works, Roads & Infrastructure. The public entities are accountable to their respective departments for the implementation of government priorities as outlined in their strategic planning documents.

**Table 16: Provincial Transfer to Local Government**

R thousand	Outcome			Main appropriatio	Adjusted appropriatio	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Category B	1 942	5 961	3 832	2 972	27 972	19 634	22 663	2 979	3 146
Category C	481	6 720	16 705	23 708	23 708	23 708	24 913	15 759	739
<b>Total provincial transfers to local government</b>	<b>2 423</b>	<b>12 681</b>	<b>20 537</b>	<b>26 680</b>	<b>51 680</b>	<b>43 342</b>	<b>47 576</b>	<b>18 738</b>	<b>3 885</b>

An amount of R47.6 million will be transferred to municipalities in the province for payment of services such as municipal rates and taxes, motor vehicles licenses and water and electricity in 2017/18 financial year.

## 5.7. PERSONNEL NUMBERS AND COSTS

**Table 17: Summary of Provincial Personnel numbers and costs by vote**

R thousands	Actual					Medium-term expenditure estimate					
	2013/14	2014/15	2015/16	2016/17	Costs	2017/18	2018/19		2019/20		Costs
	Personnel numbers <sup>1</sup>	Personnel numbers <sup>1</sup>	Personnel numbers <sup>1</sup>	Personnel numbers <sup>1</sup>		Personnel numbers <sup>1</sup>	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	
<b>Vote</b>											
Vote 01: Office of the Premier	469	457	483	493	271 524	493	284 098	493	300 576	493	318 009
Vote 15: Provincial Legislature	212	202	205	216	171 841	214	187 968	227	198 318	226	209 426
Vote 03: Education	68 209	68 419	68 671	68 687	22 106 120	68 511	23 334 306	68 511	24 712 202	68 511	26 101 173
Vote 04: Agriculture and Rural Development	3 387	3 486	3 139	3 259	1 105 054	3 379	1 179 085	3 499	1 260 134	3 694	1 338 091
Vote 05: Provincial Treasury	477	424	524	575	292 682	625	312 795	613	327 510	605	351 746
Vote 06: Economic Development, Environmental Affairs and Tourism	1 274	1 290	1 488	1 463	491 237	1 536	515 756	1 494	539 435	1 578	569 106
Vote 07: Health	36 258	36 728	36 742	35 028	12 338 382	35 028	12 999 392	35 028	13 753 358	35 028	14 557 383
Vote 08: Transport	3 314	2 246	2 656	2 713	852 458	2 738	921 853	2 764	975 320	2 919	1 029 939
Vote 09: Public Works, Roads and Infrastructure	3 345	3 902	3 323	3 604	1 005 785	3 685	1 087 912	3 685	1 115 140	3 954	1 177 587
Vote 10: Safety, Security and Liaison	91	98	127	128	65 027	130	72 056	130	76 967	137	80 969
Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs	3 891	3 605	3 908	3 715	967 344	3 852	981 784	3 852	1 041 219	3 852	1 101 607
Vote 12: Social Development	3 346	3 115	3 440	3 028	904 612	3 028	991 314	3 028	1 059 058	3 028	1 123 744
Vote 13: Sport, Arts & Culture	398	398	407	512	171 966	512	187 418	512	199 818	537	213 907
<b>Total provincial personnel numbers</b>	<b>124 671</b>	<b>124 370</b>	<b>125 113</b>	<b>123 421</b>	<b>40 744 032</b>	<b>123 731</b>	<b>43 055 738</b>	<b>123 836</b>	<b>45 559 056</b>	<b>124 562</b>	<b>48 172 687</b>

The provincial personnel numbers will continue to reduce from 124 671 in 2013/14 to 123 731 in 2017/18. Personnel numbers will be reduced further due to the review of organisational structures in departments as mandated by the Provincial Personnel Management Framework. An amount of R43.0 billion has been allocated to service the current staff within government and filling of key and critical posts.

The province's percentage share of compensation of employees against the total budget is 70.0 percent which is a decrease as compared to 71.6 percent in 2016/17 financial year. The measures which have been put in place to monitor the provincial personnel numbers are bearing fruit and should be strengthened. Provincial Treasury together with Office of the Premier will strengthen monitoring of personnel matters in the province.

## 5.8. PAYMENTS ON TRAINING.

**Table 18: Summary of provincial payments on training**

R thousand	Outcome			Main appropriatio	Adjusted appropriatio	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Vote 01: Office of the Premier	2 715	2 023	2 351	2 462	2 462	2 462	2 613	2 765	2 920
Vote 02: Legislature	298	1 712	1 279	1 020	1 020	1 020	1 046	1 241	1 310
Vote 03: Education	83 292	70 302	64 550	67 971	67 971	67 971	71 370	75 509	79 738
Vote 04: Agriculture and Rural Development	13 425	12 737	10 259	11 729	11 535	11 535	11 791	12 601	13 381
Vote 05: Provincial Treasury	2 000	18 520	3 944	4 177	4 177	8 353	5 387	5 705	6 036
Vote 06: Economic Development, Environmental Affairs and Tourism	10 246	9 458	9 924	10 423	10 423	10 423	10 950	11 586	12 234
Vote 07: Health	433 314	483 321	489 622	574 206	540 298	647 813	671 910	686 903	680 097
Vote 08: Transport	3 093	3 093	2 822	7 084	7 084	7 084	8 726	9 232	9 749
Vote 09: Public Works, Roads and Infrastructure	-	-	1 542	10 159	10 159	10 159	10 710	11 130	11 757
Vote 10: Safety, Security and Liaison	1 165	1 416	1 054	1 027	1 027	1 027	1 027	1 061	1 120
Vote 11: Cooperative Governance, Human Settlements and Traditional	4 826	2 443	5 945	6 260	6 260	6 260	6 573	6 954	7 344
Vote 12: Social Development	8 050	8 801	9 362	9 858	9 858	9 858	5 936	4 571	4 669
Vote 21: Sport, Arts & Culture	368	1 117	966	1 166	1 166	1 166	1 250	1 315	1 390
<b>Total provincial expenditure on training</b>	<b>562 792</b>	<b>614 943</b>	<b>603 620</b>	<b>707 541</b>	<b>673 440</b>	<b>785 131</b>	<b>809 290</b>	<b>830 572</b>	<b>831 746</b>

Provincial departments have provided funds for employee training in order to close the gaps identified during personnel development planning. An amount of R809.2 million is made available for capacitation of employees in 2017/18 financial year. Training will focus on areas which will enhance service delivery and promotes a capable workforce in public service that contributes positively to economic growth.



# ANNEXURES

**Table A.1: Details of information on provincial own receipts**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
<b>Tax receipts</b>	<b>318 911</b>	<b>358 874</b>	<b>409 938</b>	<b>427 193</b>	<b>453 877</b>	<b>453 877</b>	<b>475 120</b>	<b>502 277</b>	<b>530 404</b>
Casino taxes	42 645	48 467	56 600	66 472	66 472	66 472	69 796	73 286	77 390
Horse racing taxes	8 773	14 089	18 001	13 031	18 728	18 728	13 813	14 395	15 201
Liquor licences	3 197	3 133	3 300	4 012	4 012	4 012	4 236	4 473	4 723
Motor vehicle licences	264 296	293 185	332 037	343 678	364 665	364 665	387 275	410 123	433 090
<b>Sale of goods and services other than capital assets</b>	<b>220 224</b>	<b>240 349</b>	<b>241 103</b>	<b>336 432</b>	<b>287 837</b>	<b>287 836</b>	<b>357 246</b>	<b>377 815</b>	<b>398 880</b>
Sales of goods and services produced by department	215 983	237 845	239 692	334 374	286 243	286 242	355 912	376 312	397 292
Sales by market establishments	52 466	31 790	37 440	56 851	33 406	33 406	57 746	61 095	64 517
Administrative fees	47 907	49 890	42 958	49 208	39 257	39 257	45 919	48 203	50 903
Other sales	115 610	156 165	159 294	228 315	213 580	213 579	252 247	267 014	281 872
<i>Of which</i>									
Health patient fees	55 348	72 508	67 482	100 000	100 000	100 000	113 467	120 048	126 771
Motor vehicle licences	264 296	293 185	332 037	343 678	364 665	364 665	387 275	410 123	433 090
Casino taxes	42 645	48 467	56 600	66 472	66 472	66 472	69 796	73 286	77 390
Horse racing taxes	8 773	14 089	18 001	13 031	18 728	18 728	13 813	14 395	15 201
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	4 241	2 504	1 411	2 058	1 594	1 594	1 334	1 503	1 588
<b>Transfers received from:</b>	<b>2 000</b>	<b>-</b>	<b>149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other governmental units	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	149	-	-	-	-	-	-
Households and non-profit institutions	2 000	-	-	-	-	-	-	-	-
<b>Fines, penalties and forfeits</b>	<b>43 135</b>	<b>50 116</b>	<b>59 794</b>	<b>55 549</b>	<b>68 288</b>	<b>68 288</b>	<b>71 571</b>	<b>75 792</b>	<b>80 037</b>
<b>Interest, dividends and rent on land</b>	<b>196 456</b>	<b>298 353</b>	<b>318 739</b>	<b>182 327</b>	<b>363 157</b>	<b>363 157</b>	<b>190 616</b>	<b>200 411</b>	<b>211 632</b>
Interest	195 931	298 184	318 450	181 913	362 718	362 718	190 077	199 839	211 030
Dividends	-	1	-	-	-	-	-	-	-
Rent on land	525	168	289	414	439	439	539	572	602
<b>Sales of capital assets</b>	<b>24 843</b>	<b>18 811</b>	<b>15 116</b>	<b>15 166</b>	<b>30 531</b>	<b>30 531</b>	<b>10 367</b>	<b>11 264</b>	<b>11 872</b>
Land and subsoil assets	285	-	-	-	-	-	-	-	-
Other capital assets	24 558	18 811	15 116	15 166	30 531	30 531	10 367	11 264	11 872
<b>Transactions in financial assets and liabilities</b>	<b>40 002</b>	<b>455 811</b>	<b>215 303</b>	<b>46 435</b>	<b>251 378</b>	<b>251 379</b>	<b>32 920</b>	<b>34 198</b>	<b>36 106</b>
<b>Total provincial own receipts</b>	<b>845 570</b>	<b>1 422 314</b>	<b>1 260 142</b>	<b>1 063 103</b>	<b>1 455 068</b>	<b>1 455 068</b>	<b>1 137 839</b>	<b>1 201 756</b>	<b>1 268 931</b>

**TABLE A.2: Details on information on Conditional Grants**

Vote and Grant	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Revised transfer estimate	Revised expenditure estimate	Medium-term estimates		
R thousand	2013/14			2014/15			2015/16			2016/17			2017/18	2018/19	2019/20
<b>Vote 3</b>	<b>2 168 635</b>	<b>2 168 635</b>	<b>2 079 542</b>	<b>2 187 342</b>	<b>2 187 342</b>	<b>2 331 102</b>	<b>1 908 026</b>	<b>1 908 026</b>	<b>1 919 683</b>	<b>2 200 304</b>	<b>2 200 304</b>	<b>2 200 304</b>	<b>2 064 788</b>	<b>2 182 221</b>	<b>2 302 204</b>
National School Nutrition Programme	932 050	932 050	872 786	991 153	991 153	985 580	1 030 799	1 030 799	990 903	1 111 311	1 111 311	1 111 311	1 161 389	1 229 289	1 290 763
Dineledi Schools Grant	23 312	23 312	8 498	11 340	11 340	2 678	-	-	-	-	-	-	9 853	24 565	29 243
HIV/AIDS (Life Skills Education)	42 022	42 022	13 704	31 085	31 085	9 610	25 875	25 875	24 239	33 310	33 310	33 310	36 339	37 388	39 482
Technical Secondary Schools Recapitalisation	16 901	16 901	3 395	29 859	29 859	18 060	-	-	-	-	-	-	-	-	-
Education Infrastructure Grant	1 125 382	1 125 382	1 147 022	1 108 625	1 108 625	1 296 217	805 128	805 128	863 797	1 007 630	1 007 630	1 007 630	810 523	845 828	895 026
of which															
Education Infrastructure Grant (flood)	-	-	-	20 277	20 277	20 277	69 366	69 366	69 366	-	-	-	-	-	-
EPWP Incentive Allocation	1 200	1 200	-	2 000	2 000	-	2 150	2 150	2 671	2 000	2 000	2 000	2 000	-	-
Social Sector (EPWP) Grant	27 768	27 768	34 137	13 280	13 280	18 957	3 095	3 095	2 483	3 500	3 500	3 500	2 888	-	-
Maths, Science and Technology Grant	-	-	-	-	-	-	40 979	40 979	35 590	42 553	42 553	42 553	42 796	45 141	47 690
<b>Vote 4</b>	<b>333 818</b>	<b>333 818</b>	<b>325 059</b>	<b>297 153</b>	<b>297 153</b>	<b>296 360</b>	<b>330 190</b>	<b>330 190</b>	<b>329 330</b>	<b>339 670</b>	<b>339 670</b>	<b>339 670</b>	<b>323 750</b>	<b>340 657</b>	<b>389 623</b>
Land Care	19 562	19 562	16 153	10 178	10 178	9 988	10 001	10 001	9 903	10 438	10 438	10 438	13 672	12 873	13 700
Comprehensive Agriculture Support Programme	239 978	239 978	247 169	225 873	225 873	223 150	264 567	264 567	263 805	260 880	260 880	260 880	238 991	256 521	300 669
of which															
Comprehensive Agriculture Support Programme (flood damage)	-	-	-	25 224	25 224	25 224	22 837	22 837	22 837	15 555	15 555	15 555	5 000	-	-
EPWP Incentive Allocation	21 477	21 477	19 384	12 777	12 777	14 898	5 285	5 285	5 285	4 476	4 476	4 476	3 731	-	-
EPWP Integrated-rural	-	-	-	2 263	2 263	2 263	-	-	-	-	-	-	-	-	-
ILIM/Letsame Projects	52 801	52 801	42 353	46 062	46 062	46 061	50 337	50 337	50 337	63 876	63 876	63 876	67 356	71 263	75 254
<b>Vote 6</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>2 102</b>	<b>2 102</b>	<b>2 075</b>	<b>2 482</b>	<b>2 482</b>	<b>2 481</b>	<b>3 443</b>	<b>3 443</b>	<b>3 443</b>	<b>2 567</b>	<b>-</b>	<b>-</b>
EPWP Incentive Allocation	550	550	550	2 102	2 102	2 075	2 482	2 482	2 481	3 443	3 443	3 443	2 567	-	-
<b>Vote 7</b>	<b>1 625 613</b>	<b>1 625 613</b>	<b>1 501 208</b>	<b>1 928 463</b>	<b>1 918 763</b>	<b>1 920 244</b>	<b>1 928 235</b>	<b>1 928 235</b>	<b>1 879 185</b>	<b>2 086 849</b>	<b>2 086 849</b>	<b>2 086 849</b>	<b>2 390 805</b>	<b>2 545 486</b>	<b>2 840 370</b>
Health Professions Training and Development	111 144	111 144	97 027	116 206	116 206	132 185	118 855	118 855	117 554	124 787	124 787	124 787	131 726	139 366	147 168
Health Facility Revitalisation	249 950	249 950	233 140	468 672	468 672	507 061	364 255	364 255	357 322	379 089	379 089	379 089	508 144	450 991	476 247
of which															
Health Infrastructure	234 680	234 680	104 081	-	-	-	-	-	-	-	-	-	-	-	-
Health Revitalisation (flood damage)	-	-	-	-	-	-	6 921	6 921	6 921	-	-	-	-	-	-
Nursing Colleges and Schools component	15 270	15 270	6 925	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive HIV and AIDS	911 867	911 867	836 232	998 502	998 502	937 097	1 084 340	1 084 340	1 065 528	1 190 823	1 190 823	1 190 823	1 354 308	1 540 098	1 778 883
National Tertiary Services	318 036	318 036	310 480	330 714	330 714	331 647	330 462	330 462	312 393	362 361	362 361	362 361	366 314	387 560	409 263
Human Papillomavirus Vaccine Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	27 471	29 009
EPWP Incentive Allocation	3 000	3 000	1 823	2 089	2 089	2 512	2 000	2 000	1 079	-	-	-	-	-	-
Social Sector (EPWP) Grant	20 964	20 964	13 649	2 580	2 580	2 577	20 650	20 650	17 826	22 060	22 060	22 060	30 113	-	-
National Health Insurance	10 652	10 652	8 857	7 700	-	7 165	7 673	7 673	7 483	7 729	7 729	7 729	-	-	-
<b>Vote 8</b>	<b>873 248</b>	<b>873 248</b>	<b>795 121</b>	<b>296 370</b>	<b>296 370</b>	<b>294 161</b>	<b>298 298</b>	<b>298 298</b>	<b>298 298</b>	<b>326 129</b>	<b>326 129</b>	<b>326 129</b>	<b>345 610</b>	<b>361 761</b>	<b>382 020</b>
Provincial Roads Maintenance Grant	572 344	572 344	505 849	-	-	-	-	-	-	-	-	-	-	-	-
EPWP Incentive Allocation	25 972	25 972	14 340	4 518	4 518	4 518	-	-	-	-	-	-	-	-	-
Public Transport Operations	274 932	274 932	274 932	291 852	291 852	289 643	298 298	298 298	298 298	326 129	326 129	326 129	345 610	361 761	382 020
<b>Vote 9</b>	<b>3 000</b>	<b>3 000</b>	<b>3 000</b>	<b>1 167 163</b>	<b>1 167 163</b>	<b>1 176 113</b>	<b>1 001 882</b>	<b>1 001 882</b>	<b>976 853</b>	<b>1 024 964</b>	<b>1 024 964</b>	<b>1 024 964</b>	<b>1 146 284</b>	<b>1 239 036</b>	<b>1 188 088</b>
Provincial Roads Maintenance Grant	-	-	-	1 164 911	1 164 911	1 173 861	994 762	994 762	969 733	1 020 138	1 020 138	1 020 138	1 140 387	1 239 036	1 188 088
of which															
Transport Disaster Management	-	-	-	79 613	79 613	79 613	90 895	90 895	90 895	100 000	100 000	100 000	130 000	130 000	140 000
EPWP Incentive Allocation	3 000	3 000	3 000	2 252	2 252	2 252	7 120	7 120	7 120	4 826	4 826	4 826	5 897	-	-
<b>Vote 10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 078</b>	<b>2 078</b>	<b>1 925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 000</b>	<b>-</b>	<b>-</b>
EPWP Incentive Allocation	-	-	-	-	-	-	2 078	2 078	1 925	-	-	-	2 000	-	-
<b>Vote 11</b>	<b>685 110</b>	<b>685 110</b>	<b>294 961</b>	<b>1 387 247</b>	<b>1 387 247</b>	<b>517 591</b>	<b>1 593 889</b>	<b>1 593 889</b>	<b>1 592 718</b>	<b>1 605 212</b>	<b>1 605 212</b>	<b>1 605 212</b>	<b>1 321 493</b>	<b>1 400 688</b>	<b>1 478 154</b>
Human Settlement Development	682 110	682 110	294 961	1 384 543	1 384 543	517 031	1 591 889	1 591 889	1 591 889	1 603 212	1 603 212	1 603 212	1 319 493	1 400 688	1 478 154
of which															
Human Settlement Development (flood repair)	-	-	-	5 701	5 701	5 701	34 332	34 332	34 182	29 678	29 678	29 678	-	-	-
Earmarked additions for the 11 mining towns	-	-	-	17 540	17 540	17 540	154 176	154 176	154 176	66 330	66 330	66 330	81 389	72 344	63 303
Thabazimbi	-	-	-	7 171	7 171	7 171	16 357	16 357	16 357	27 100	27 100	27 100	22 255	19 782	17 309
Greater Tlokatse	-	-	-	1 684	1 684	1 684	36 520	36 520	36 520	6 430	6 430	6 430	32 180	28 604	25 029
Eles Motsaaleli	-	-	-	3 255	3 255	3 255	16 600	16 600	16 600	12 300	12 300	12 300	10 103	8 980	7 858
Lephalele	-	-	-	4 720	4 720	4 720	77 063	77 063	77 063	17 800	17 800	17 800	14 648	13 020	11 393
Fetakgomo (LIM 476)	-	-	-	710	710	710	7 636	7 636	7 636	2 700	2 700	2 700	2 203	1 958	1 714
Housing Disaster Management	-	-	-	560	560	560	-	-	-	-	-	-	-	-	-
EPWP Incentive Allocation	3 000	3 000	-	2 144	2 144	-	2 000	2 000	829	2 000	2 000	2 000	2 000	-	-
<b>Vote 12</b>	<b>8 985</b>	<b>8 985</b>	<b>8 915</b>	<b>2 772</b>	<b>2 772</b>	<b>2 772</b>	<b>3 190</b>	<b>3 190</b>	<b>3 109</b>	<b>11 242</b>	<b>11 242</b>	<b>11 242</b>	<b>9 847</b>	<b>113 045</b>	<b>120 616</b>
Social Sector (EPWP) Grant	8 985	8 985	8 915	2 772	2 772	2 772	3 190	3 190	3 109	11 242	11 242	11 242	9 878	-	-
Early Childhood Development	-	-	-	-	-	-	-	-	-	-	-	-	41 085	62 414	65 901
Social Work Employment Grant	-	-	-	-	-	-	-	-	-	-	-	-	46 784	50 631	54 715
<b>Vote 13</b>	<b>120 632</b>	<b>122 561</b>	<b>104 542</b>	<b>156 572</b>	<b>156 572</b>	<b>155 929</b>	<b>199 356</b>	<b>199 356</b>	<b>199 255</b>	<b>194 016</b>	<b>194 016</b>	<b>194 016</b>	<b>191 034</b>	<b>196 157</b>	<b>211 759</b>
Mass Participation and Sport Development Grant	63 554	63 554	59 618	59 446	59 446	58 848	63 459	63 459	63 417	67 033	67 033	67 033	67 850	68 352	77 056
Community Library Services	56 528	58 457	44 441	95 024	95 024	95 024	133 897	133 897	133 897	124 983	124 983	124 983	121 184	127 805	134 703
EPWP Incentive Allocation	550	550	483	2 102	2 102	2 057	2 000	2 000	1 941	2 000	2 000	2 000	2 000	-	-
<b>Total conditional grants</b>	<b>5 819 591</b>	<b>5 821 520</b>	<b>5 112 898</b>	<b>7 423 184</b>	<b>7 415 484</b>	<b>6 696 347</b>	<b>7 267 626</b>	<b>7 267 626</b>	<b>7 202 837</b>	<b>7 791 829</b>	<b>7 791 829</b>	<b>7 791 829</b>	<b>7 884 978</b>	<b>8 379 051</b>	<b>8 913 834</b>

**Table A.3: Details of provincial payments and estimates**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16		2016/17		2017/18	2018/19	2019/20
<b>Current payments</b>	<b>39 808 280</b>	<b>42 531 678</b>	<b>44 776 576</b>	<b>48 536 118</b>	<b>49 407 545</b>	<b>49 830 740</b>	<b>51 909 171</b>	<b>55 072 770</b>	<b>58 626 938</b>
Compensation of employees	33 040 015	35 429 107	37 752 651	40 794 081	40 789 187	40 724 928	43 055 737	45 559 054	48 172 687
Salaries and wages	28 825 431	30 998 215	32 858 501	35 374 605	35 019 518	35 331 177	37 137 937	39 280 128	41 551 672
Social contributions	4 214 584	4 430 892	4 894 150	5 419 476	5 769 669	5 393 750	5 917 800	6 278 926	6 621 015
Goods and services	6 767 983	7 102 131	7 023 440	7 741 600	8 617 921	9 105 376	8 852 563	9 512 797	10 453 281
of which									
Administrative fees	7 445	9 834	10 315	7 812	8 002	8 669	7 679	7 152	7 417
Advertising	29 207	37 929	44 346	31 744	37 811	37 714	41 801	45 839	47 466
Assets less than the capitalisation threshold	40 374	40 668	53 963	58 118	57 963	55 328	99 001	68 080	80 397
Audit cost: External	57 248	82 957	78 554	74 502	88 542	84 989	83 344	86 847	91 161
Bursaries: Employees	59 146	35 247	21 347	24 883	18 283	17 654	26 031	26 088	27 535
Catering: Departmental activities	48 350	41 525	52 165	55 278	46 792	77 070	59 884	61 239	64 881
Communication (G&S)	168 294	170 507	176 238	146 313	167 070	188 190	183 476	189 839	199 754
Computer services	204 879	315 090	253 885	241 919	299 372	354 545	330 403	326 517	340 463
Consultants and professional services: Business and advisory services	163 160	161 026	95 878	165 101	130 801	153 173	219 358	185 559	195 405
Consultants and professional services: Infrastructure and planning	13 761	26 390	24 150	23 046	21 033	23 033	52 076	48 275	53 979
Consultants and professional services: Laboratory services	317 879	310 288	332 054	188 173	393 070	453 353	310 821	413 599	459 079
Consultants and professional services: Scientific and technological services	-	-	-	-	-	-4	-	-	-
Consultants and professional services: Legal costs	14 178	10 912	19 939	13 265	39 909	39 853	13 378	13 049	13 772
Contractors	496 122	425 673	510 503	583 297	784 100	784 362	697 874	861 776	945 285
Agency and support/ outsourced services	1 460 439	1 290 452	1 221 448	1 412 353	1 493 989	1 465 672	1 311 160	1 361 889	1 436 367
Entertainment	7 632	765	639	2 344	2 208	2 013	2 495	2 654	2 815
Fleet services (including government motor transport)	274 844	319 025	315 914	310 643	307 456	356 784	336 740	349 310	366 334
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	16 958	26 827	19 333	18 830	18 676	16 599	20 005	16 797	18 586
Inventory: Farming supplies	53 626	53 083	85 635	67 956	79 423	79 423	49 139	44 622	41 213
Inventory: Food and food supplies	30 358	37 591	46 402	54 514	78 563	63 293	84 857	85 983	89 672
Inventory: Fuel, oil and gas	59 815	58 319	44 986	67 276	73 444	61 206	80 264	83 992	78 682
Inventory: Learner and teacher support material	436 329	439 783	367 012	574 694	582 719	582 600	654 525	702 059	740 277
Inventory: Materials and supplies	33 211	34 336	49 822	69 584	76 159	45 796	51 457	55 949	51 036
Inventory: Medical supplies	192 844	227 168	217 856	263 034	239 227	314 807	305 657	334 597	401 775
Inventory: Medicine	915 576	901 586	825 067	1 026 037	1 096 010	1 155 518	1 173 699	1 264 805	1 497 324
Medas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	29 630	1 177	9 136	75 197	95 248	84 520	39 625	39 720	41 933
Consumable supplies	171 705	174 079	201 836	197 278	204 590	257 565	225 801	235 175	247 408
Consumable: Stationery, printing and office supplies	123 603	168 854	133 338	155 420	188 465	192 324	178 261	204 463	215 848
Operating leases	276 874	219 858	253 102	280 963	337 382	323 399	338 633	360 274	383 032
Property payments	435 412	730 450	747 788	844 278	776 896	901 063	939 076	1 060 246	1 294 374
Transport provided: Departmental activity	133 360	137 172	162 047	161 143	272 168	245 721	299 032	315 263	334 240
Travel and subsistence	386 604	473 332	490 736	350 781	397 405	466 844	415 569	435 691	460 241
Training and development	30 345	43 972	40 884	49 070	52 843	50 597	59 989	72 661	75 702
Operating payments	36 883	44 211	58 633	77 226	78 827	84 077	77 265	61 834	65 599
Venues and facilities	38 509	34 009	38 688	47 927	51 025	52 481	52 691	55 306	57 071
Rental and hiring	3 183	18 036	19 801	21 601	22 450	25 146	31 498	35 647	27 158
Interest and rent on land	282	440	485	437	437	437	870	920	970
Interest	-	-	98	-	-	-	-	-	-
Rent on land	282	440	387	437	437	437	870	920	970
<b>Transfers and subsidies to<sup>1</sup>:</b>	<b>4 312 281</b>	<b>5 626 757</b>	<b>6 061 628</b>	<b>6 089 850</b>	<b>7 292 338</b>	<b>7 415 003</b>	<b>7 452 058</b>	<b>7 604 771</b>	<b>7 954 390</b>
Provinces and municipalities	47 146	113 223	96 537	83 387	145 532	137 998	109 153	87 616	76 623
Provinces <sup>2</sup>	1 594	335	303	338	542	617	860	947	1 000
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	1 594	335	303	338	542	617	860	947	1 000
Municipalities <sup>3</sup>	45 552	112 888	96 234	83 049	144 990	137 381	108 293	86 669	75 623
Municipalities	42 978	111 162	74 602	81 500	125 978	118 225	105 156	80 964	69 600
Municipal agencies and funds	2 574	1 726	21 632	1 550	19 012	19 156	3 137	5 705	6 023
Departmental agencies and accounts	1 093 136	1 711 578	1 405 801	1 281 400	1 638 213	1 650 213	1 675 302	1 550 712	1 590 932
Social security funds	-	6	1 211	1 500	1 500	1 500	1 500	1 587	1 676
Provide list of entities receiving transfers <sup>4</sup>	1 093 136	1 711 572	1 404 590	1 279 900	1 636 713	1 648 713	1 673 802	1 549 125	1 589 256
Universities and technikons	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises <sup>5</sup>	599 236	652 956	651 890	680 875	691 979	691 875	711 054	741 786	783 326
Public corporations	599 236	651 283	651 755	680 875	691 875	691 875	711 054	741 786	783 326
Subsidies on production	324 289	359 436	353 457	354 746	365 746	365 746	365 444	380 025	401 306
Other transfers	274 947	291 847	298 298	326 129	326 129	326 129	345 610	361 761	382 020
Private enterprises	-	1 673	135	-	104	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	1 673	135	-	104	-	-	-	-
Foreign governments and international organisations	-	67 581	79	-	-	-	-	-	-
Non-profit institutions	1 631 875	1 811 849	2 089 925	2 254 274	2 605 266	2 606 873	2 920 385	3 040 428	3 176 815
Households	940 888	1 269 570	1 817 396	1 789 915	2 211 347	2 328 043	2 036 165	2 184 230	2 326 694
Social benefits	247 798	327 652	334 140	255 018	292 438	299 830	268 239	337 552	399 543
Other transfers to households	693 090	941 918	1 483 256	1 534 896	1 918 909	2 028 213	1 767 925	1 846 678	1 927 151
<b>Payments for capital assets</b>	<b>1 726 367</b>	<b>2 185 906</b>	<b>2 097 639</b>	<b>2 343 067</b>	<b>2 349 317</b>	<b>2 340 561</b>	<b>2 097 497</b>	<b>1 632 762</b>	<b>1 498 479</b>
Buildings and other fixed structures	1 474 381	1 911 602	1 635 534	1 778 779	1 673 855	1 667 121	1 327 006	1 137 731	1 053 655
Buildings	1 152 806	1 373 928	1 146 565	975 285	1 102 396	1 120 593	998 943	806 920	703 171
Other fixed structures	321 575	537 674	488 969	803 494	571 459	546 528	328 063	330 811	350 484
Machinery and equipment	251 699	273 506	461 755	550 888	661 974	659 951	768 441	492 863	442 612
Transport equipment	37 899	107 062	178 236	94 172	118 697	115 762	93 529	57 002	61 891
Other machinery and equipment	213 800	166 444	283 519	456 716	543 277	544 189	674 912	435 861	380 721
Heritage assets	-	-	-	-	-	-	-	1	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	2 051	2 051	2 051	2 050	2 167	2 211
Software and other intangible assets	-	-	-	-	-	-	-	0	-
Land and subsoil assets	287	798	350	11 350	11 438	11 438	0	1	1
<b>Payments for financial assets</b>	<b>10 030</b>	<b>59 785</b>	<b>36 148</b>	<b>400</b>	<b>832</b>	<b>10 196</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total economic classification</b>	<b>45 856 958</b>	<b>50 404 126</b>	<b>52 971 991</b>	<b>56 969 436</b>	<b>59 050 032</b>	<b>59 596 501</b>	<b>61 458 726</b>	<b>64 310 304</b>	<b>68 079 807</b>

**Table A.4 (a): Details of payments by functional area**

Function	Category	Department	Programme
General public services	Legislative	Premier	Administration Institutional Support Policy & Governance
		Provincial Legislature	Administration Facilities for Members and Political Parties Parliamentary Services
	Financial and fiscal affairs	Provincial Treasury	Administration Sustainable Resource Management Assets, Liabilities and Supply Chain Management Financial Governance
Public order and safety	Police services	Safety, Security and Liaison	Administration Civilian Oversight
Economic Affairs	General economic affairs	Economic Development, Environment and Tourism	Administration Economic and Development Tourism
	Agriculture	Agriculture	Administration Sustainable Resource Management Farmer Support and Development Veterinary Services Technology research and Development Agricultural Economics Structured Agricultural Training Rural Development Coordination
	Transport	Transport	Administration Transport operations Transport Regulations
	Environmental protection	Economic Development, Environment and Tourism	Environmental Affairs
Housing and community amenities	Housing development	Cooperative Governance, Human Settlement and Traditional Affairs	Administration  Human Settlements  Cooperative Governance Traditional Institutional Development
Health	Outpatient service  R&D health (CS) Hospital services	Health	Administration District health Services Emergency Medical Services Provincial Hospital Services Central Hospital Services Health Sciences and Training Health Care Support Services Health Facilities Management
Recreation, culture and religion	Recreational and sporting services Cultural services	Sport, recreation, arts and culture	Administration Cultural Affairs Library and Archives Sport and Recreation
Education	Pre-primary and primary Secondary education Subsidiary service to education Education not definable by level	Education	Administration Public Ordinary Schools Independent Schools Subsidies Public Special School Early Childhood Development Infrastructure Development Auxiliary and Associated Services
Social protection	Social security services	Social Development	Administration  Social welfare services  Children and Families  Restorative Services  Development and Research

**TABLE A.4 (b): Details of Provincial payments and estimates by function area**

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16				2017/18	2018/19	2019/20
<b>R thousand</b>									
<b>General Public Services</b>									
Executive and Legislature									
Office of the Premier	325 295	340 862	340 674	376 286	379 766	379 766	395 789	414 480	438 520
Provincial Legislature	249 271	273 323	297 960	316 243	351 818	351 818	341 810	358 926	379 744
Financial and Fiscal Services									
Provincial Treasury	358 534	346 305	363 722	412 604	455 241	452 484	474 620	448 614	474 633
General Services (Public Works, Local Government)	1 650 884	3 636 512	3 637 004	3 867 501	4 186 156	4 186 157	4 273 910	4 306 200	4 433 148
<b>Total: General Public Services</b>	<b>2 583 984</b>	<b>4 597 002</b>	<b>4 639 360</b>	<b>4 972 634</b>	<b>5 372 981</b>	<b>5 370 225</b>	<b>5 486 128</b>	<b>5 528 220</b>	<b>5 726 045</b>
<b>Public Order and Safety</b>									
Police Services	62 658	72 660	82 656	95 617	95 817	95 823	103 713	107 714	113 961
Safety and Liaison	62 658	72 660	82 656	95 617	95 817	95 823	103 713	107 714	113 961
<b>Total: Public Order and Safety</b>	<b>62 658</b>	<b>72 660</b>	<b>82 656</b>	<b>95 617</b>	<b>95 817</b>	<b>95 823</b>	<b>103 713</b>	<b>107 714</b>	<b>113 961</b>
<b>Economic Affairs</b>									
General Economic Affairs									
Dept of Economic Affairs	915 946	925 932	967 190	1 196 445	1 232 016	1 223 692	1 358 071	1 197 229	1 266 728
Agriculture and Rural Development									
Dept of Agriculture Affairs	1 530 375	1 555 401	1 620 254	1 782 912	1 793 216	1 793 216	1 855 352	1 962 624	2 105 664
Transport									
Department of Transport	2 845 213	1 704 488	1 727 714	1 879 151	1 899 651	1 899 651	1 962 385	2 073 926	2 193 490
<b>Total: Economic Affairs</b>	<b>5 291 534</b>	<b>4 185 821</b>	<b>4 315 158</b>	<b>4 858 508</b>	<b>4 924 883</b>	<b>4 916 559</b>	<b>5 175 808</b>	<b>5 233 779</b>	<b>5 565 882</b>
<b>Environmental Protection</b>									
Environmental Protection	155 296	186 461	186 253	136 485	118 104	117 572	142 237	96 130	101 647
<b>Total: Environmental Protection</b>	<b>155 296</b>	<b>186 461</b>	<b>186 253</b>	<b>136 485</b>	<b>118 104</b>	<b>117 572</b>	<b>142 237</b>	<b>96 130</b>	<b>101 647</b>
<b>Housing and Community Amenities</b>									
Housing Development									
Department of Housing	394 695	676 825	1 234 023	1 319 912	1 729 492	1 729 492	1 443 591	1 534 820	1 620 064
<b>Total: Housing and Community Amenities</b>	<b>394 695</b>	<b>676 825</b>	<b>1 234 023</b>	<b>1 319 912</b>	<b>1 729 492</b>	<b>1 729 492</b>	<b>1 443 591</b>	<b>1 534 820</b>	<b>1 620 064</b>
<b>Health</b>									
Outpatient services	1 060 831	1 295 028	1 352 322	1 588 586	1 556 524	1 670 245	1 618 897	1 649 331	1 697 291
R and D Health (CS)	10 078 559	11 782 508	12 505 257	13 075 307	13 742 483	14 167 602	14 515 247	15 318 876	16 380 898
Hospital Services	1 998 472	1 448 574	1 574 510	1 707 130	1 799 715	1 855 530	1 908 633	2 022 556	2 157 520
<b>Total: Health</b>	<b>13 137 862</b>	<b>14 526 110</b>	<b>15 432 089</b>	<b>16 371 023</b>	<b>17 098 722</b>	<b>17 693 377</b>	<b>18 042 777</b>	<b>18 990 763</b>	<b>20 235 709</b>
<b>Recreation, Culture and Religion</b>									
Sporting and Recreational Affairs									
Sport, Arts and Culture	258 813	284 373	378 780	409 791	438 520	438 520	460 288	457 999	488 788
<b>Total: Recreation, Culture and Religion</b>	<b>258 813</b>	<b>284 373</b>	<b>378 780</b>	<b>409 791</b>	<b>438 520</b>	<b>438 520</b>	<b>460 288</b>	<b>457 999</b>	<b>488 788</b>
<b>Education</b>									
Pre-primary & Primary Phases									
Secondary Education Phase									
Subsidised Services to Education									
Education not defined by level	22 647 979	24 419 274	25 118 175	27 171 746	27 591 674	27 555 093	28 783 149	30 440 345	32 194 772
<b>Total: Education</b>	<b>22 647 979</b>	<b>24 419 274</b>	<b>25 118 175</b>	<b>27 171 746</b>	<b>27 591 674</b>	<b>27 555 093</b>	<b>28 783 149</b>	<b>30 440 345</b>	<b>32 194 772</b>
<b>Social protection</b>									
Social Security Services	605 779	332 896	279 747	221 837	314 251	314 251	426 854	408 118	430 160
Social Services and Population Development	718 358	1 122 704	1 305 750	1 411 882	1 365 588	1 365 588	1 394 182	1 512 416	1 602 780
<b>Total: Social protection</b>	<b>1 324 137</b>	<b>1 455 600</b>	<b>1 585 497</b>	<b>1 633 719</b>	<b>1 679 839</b>	<b>1 679 839</b>	<b>1 821 036</b>	<b>1 920 534</b>	<b>2 032 940</b>
<b>Total provincial payments and estimates by policy area</b>	<b>45 856 958</b>	<b>50 404 126</b>	<b>52 971 991</b>	<b>56 969 436</b>	<b>59 050 032</b>	<b>59 596 500</b>	<b>61 458 726</b>	<b>64 310 304</b>	<b>68 079 807</b>

**TABLE A.5: Summary of provincial transfers to local government by category**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
<b>Category B</b>	<b>1 942</b>	<b>5 961</b>	<b>3 832</b>	<b>2 972</b>	<b>27 972</b>	<b>19 634</b>	<b>22 663</b>	<b>2 979</b>	<b>3 146</b>
Polokwane	1 942	5 961	3 832	2 972	2 972	2 972	2 663	2 979	3 146
Thabazimbi	-	-	-	-	25 000	16 662	-	-	-
Musina	-	-	-	-	-	-	20 000	-	-
<b>Category C</b>	<b>481</b>	<b>6 720</b>	<b>16 705</b>	<b>23 708</b>	<b>23 708</b>	<b>23 708</b>	<b>24 913</b>	<b>15 759</b>	<b>739</b>
Greater Sekhukhune District Municipality	61	6 277	9 434	9 534	9 534	9 534	10 031	-	-
Mopani District Municipality	140	148	6 968	13 774	13 774	13 774	14 449	15 292	246
Vhembe District Municipality	140	148	152	200	200	200	217	233	246
Capricorn District Municipality	-	-	-	-	-	-	-	-	-
Waterberg District Municipality	140	147	151	200	200	200	216	234	247
<b>Total provincial transfers to local government</b>	<b>2 423</b>	<b>12 681</b>	<b>20 537</b>	<b>26 680</b>	<b>51 680</b>	<b>43 342</b>	<b>47 576</b>	<b>18 738</b>	<b>3 885</b>