



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

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Overview of Provincial Revenue Expenditure

2018/19

Foreword

The 2018/19 budget is presented in a period marked by a peaceful transition of power within the ruling party. This has improved investor confidence, because it shows the maturity of our political dispensation. The positive investment sentiment augurs well for the economy going forward.

A number of achievements have been made by government in the past two decades. This includes, but not limited to, the increase in the number of people getting employed; this is witnessed by the growing working class population, average household income has risen notably, the number of people living in poverty has reduced and the number of households with access to formal dwellings and electricity connection has also increased. Albeit, the country and the province of Limpopo in particular is still faced with a number of developmental challenges.

Notwithstanding the constrained fiscal space we find ourselves in, the provincial administration is encouraged to achieve more outcomes per rand spent. The 2018/19 financial year budget is appropriated to accelerate economic growth which is vital to achieve economic development. The budget supports investment in catalytic infrastructure projects to facilitate spatial transformation across the province. This is evident in deliberate allocation of resources towards acceleration of economic infrastructure around the Special Economic Zone (SEZ) in Makhado and Economic Growth Points in the province. The expansion of IT infrastructure should enhance access to high speed internet connectivity making the province to be competitive in the high tech business environment.

It is an axiom that government expenditure has the potency of achieving targeted local economic development. It is for this reason the provincial administration is finalising the provincial procurement strategy with the objective to develop Small Micro and Medium Enterprises (SMME's) in townships/rural communities pioneered by youth, woman and people living with disability, amongst others.

Much of the development in the province is anchored on good cooperative governance and prudent financial management at all tiers of government. Evidence based resource allocation and elimination of unwanted expenditure will allow government to stretch each rand to achieve more in the coming fiscal year.

In aggregate, the provincial budget amounts to R65.373 billion in 2018/19, R68.569 billion in 2019/20 and R72.600 billion in 2020/21 financial years. The Province remains committed to creating an all-inclusive economy that reduces poverty, inequality and unemployment.

Hon. RWN Tooley (MPL)

MEC for Finance

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ABBREVIATIONS

AIDS	-	Acquired Immune Deficiency Syndrome
CDR	-	Crude Death Rate
CPFs	-	Community Policing Forums
CSF	-	Community Safety Forum
CSIR	-	Council for Scientific and Industrial Research
DM	-	District Municipality
ECD	-	Early Childhood Development
EPWP	-	Expanded Public Works Programme
GDP	-	Gross Domestic Product
GHS	-	General Household Survey
GPs	-	General Practitioners
GVA	-	Gross Value Added
HDI	-	Human Development Index
HIV	-	Human Immunodeficiency Virus
IMF	-	International Monetary Fund
IMR	-	Infant Mortality Rate
IP	-	Industrial Policy
IRR	-	Institute of Race Relations
LDP	-	Limpopo Development Plan
LDP	-	Limpopo Development Plan
LED	-	Local Economic Development
MACSA	-	Medical Aid Council of South Africa
NCD	-	Non-Communicable Disease
NDP	-	National Development Plan
QLS	-	Quarterly Labour-Force Survey
SA	-	South Africa
SACC	-	South African Competition Commission
SADC	-	Southern Africa Development Community
SDG	-	Sustainable Development Goals
SDGs	-	Sustainable Development Goals

StatsSa	-	Statistics South Africa
TB	-	Tuberculosis
U5MR	-	Under-Five Mortality Rate
UN	-	United Nations
UNDP	-	United Nations Development Programme's
WHO	-	World Health Organization's

CHAPTER 1: Economic Overview

The World Economy continued to grow at more than 3 percent during 2017. The majority of governments have managed to normalize their fiscal policy situation in terms of the ratio of debt to GDP. The debt ratio for many of the countries increased to concerning levels during the 2009 global economic downturn where the fiscus was used to bail out some of the important financial and other institutions.

1.1. World Economic Outlook

According to the latest International Monetary Fund (IMF) World Economic Outlook published in October 2017, global growth for 2017 was 3.6 percent and it will continue to increase to 3.7 percent in 2018 and 2019. In 2017, advanced economies recorded economic growth of nearly 2.2 percent and it is expected to marginally decline to 2.0 percent in 2018. The World economic growth is significantly boosted by the performance of the Emerging Market (EM) and Developing Economies (DE). Ems, which experienced growth of 4.6 percent in 2017 which is 2.5 percentage points above advanced economies. The Sub-Saharan economies have experienced a perennial decline in economic growth from a 7.0 percent growth in 2010 to 2.6 percent in 2017. However, growth in the region is anticipated to reach 3.4 percent in 2018.

Table 1: Gross domestic product, constant prices and Investment as a percent of GDP

Country Group Name	2014	2015	2016	2017*	2018*	2019*	2020*
World	3.6	3.4	3.2	3.6	3.7	3.7	3.7
Advanced economies	2.1	2.2	1.7	2.2	2.0	1.8	1.7
Emerging market and developing economies	4.7	4.3	4.3	4.6	4.9	5.0	5.0
Sub-Saharan Africa	5.1	3.4	1.4	2.6	3.4	3.4	3.7
South Africa	1.7	1.3	0.3	0.7	1.1	1.6	2.2
Côte d'Ivoire	8.8	8.9	7.7	7.6	7.3	7.1	6.9
Guinea	3.7	3.5	6.6	6.7	5.8	5.9	6.0
Nigeria	6.3	2.7	-1.6	0.8	1.9	1.7	1.7
Uganda	4.6	5.7	2.3	4.4	5.2	5.7	6.2

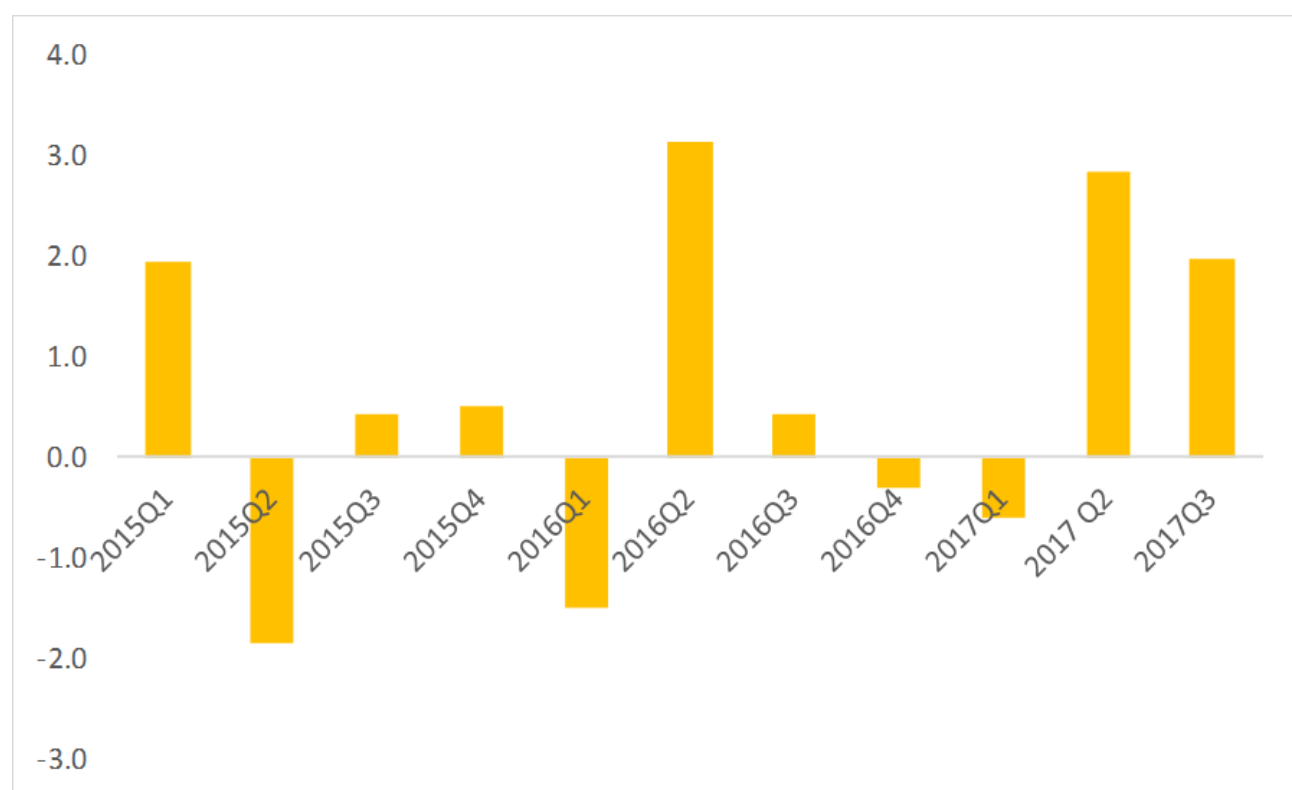
Source: International Monetary Fund (IMF)

An increase in trade barriers and regulatory realignments are likely to weigh on global investment and production efficiency, exerting a drag on potential growth in advanced, emerging market, and developing economies. A failure to make growth more inclusive and the widening of external imbalances in some countries, including the USA, could increase pressures for inward-looking policies.

1.2. South African Economic Outlook

The South African economy has been growing at a relatively low level in the last few years. The National Development Plan (NDP) has a growth target of 5.4 percent per annum, which is much higher than the actual growth rate that is being experienced. During 2016 the growth rate in the national economy was only 0.3 percent, this will be followed by a growth rate of 1 percent in 2017. The growth performance of the South African economy is indicated in Fig 1.

Figure 1: The Growth Performance in the South African Economy.



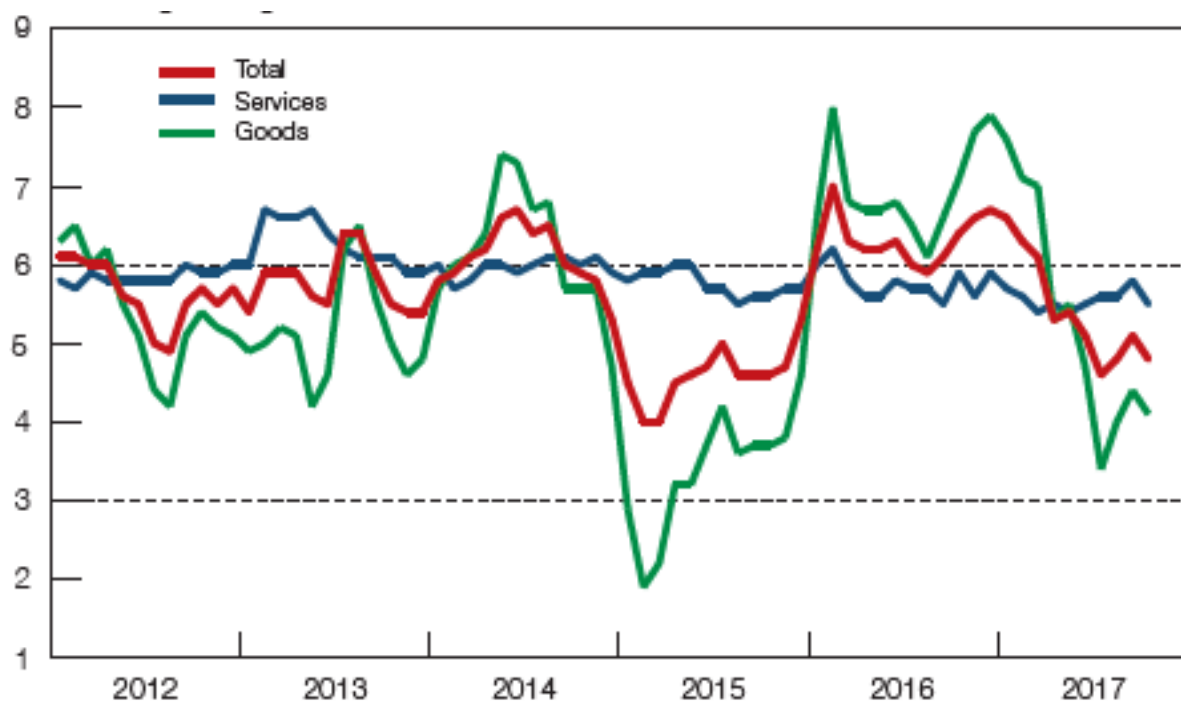
Source: StatsSA GDP Q3

From Fig 1, it is clear that the relatively poor growth performance of 2016 continued with a decline in in the first quarter of 2017. The two consecutive quarters of negative growth caused South Africa to experience a technical recession. The fortunes luckily turned around in the second and third quarters with improved growth performances, mainly due to improvements in the mining and agricultural sectors.

1.2.1. Inflation

The South African Reserve Bank (SARB) is using an inflation targeting regime to determine interest rates, based on the expected changes in the future inflation rate. The target band for inflation is between 3-6 percent. Figure 2 indicates that the inflation rate declined over time to be safely in the middle of the target band at a rate of 4.7 percent in December 2017.

Figure 2: Percentage change in inflation over 12 months

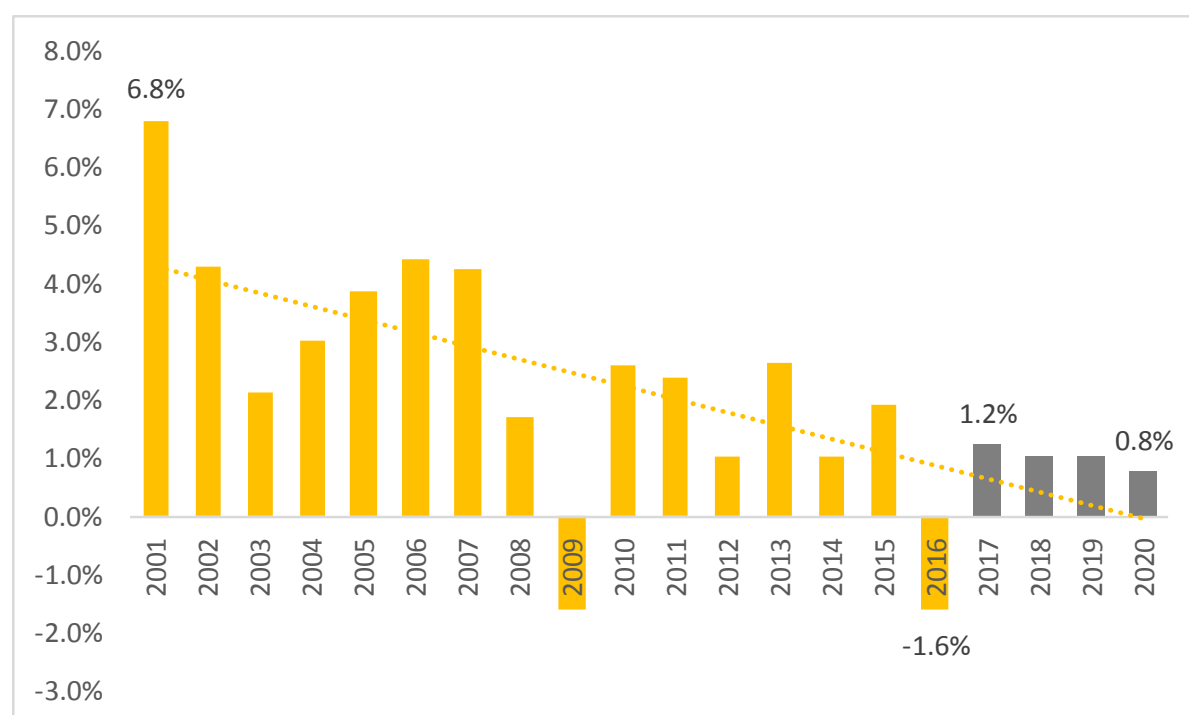


Source: SARB

1.3. Limpopo Economic Outlook

The growth performance of the Limpopo economy is very important to determine the potential to address the triple challenge of unemployment, poverty and inequality. Figure 3 indicates that the growth rate declined to a negative 1.6 percent in 2016 after the positive growth rate of 1.9 percent in 2015. The growth performance of the provincial economy can, to a large extent, be explained by the volatile growth performance in the mining industry and its relative contribution, as a specific sector, to the provincial economy. The mining sector declined by 5.9 percent in 2016 and contributed 1.7 percent to the decline of the economy in 2016, due to the base effects.

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



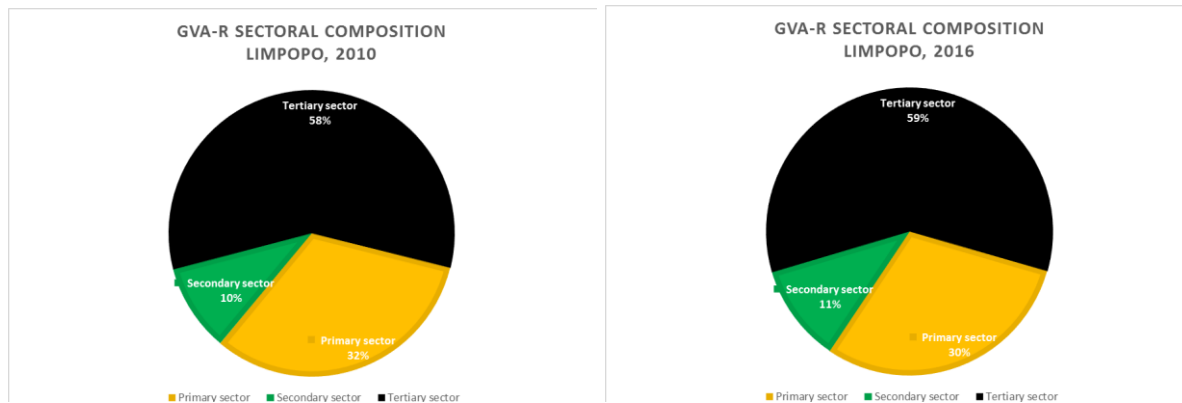
Source: IHS Regional Explorer 2016 (Forecast by Limpopo Treasury)

1.3.1. The economic structure of the Limpopo Economy

Since 1994 the main contributors to the GDP in Limpopo is the Tertiary sector and the Primary sector, especially mining. The contribution of community services i.e.

provincial and local government in the provincial economy should be noted. The contributions of the different sectors are shown graphically as follows:

Figure 4: Sector contributions in 2010 and 2016

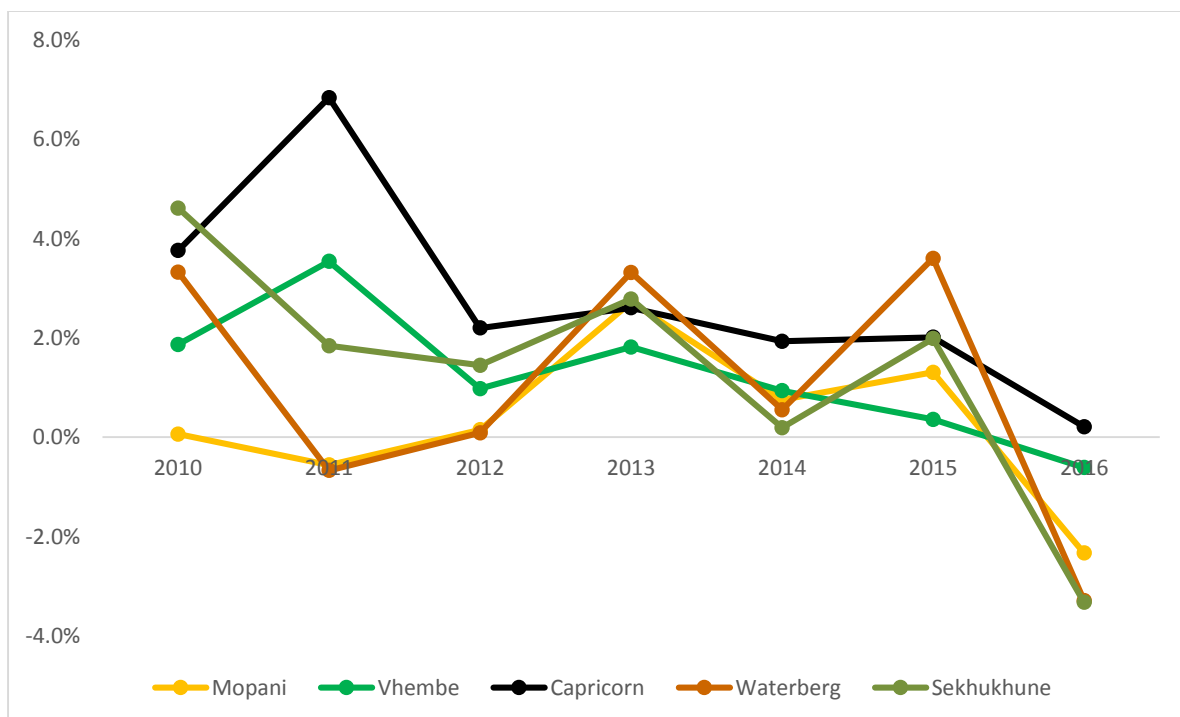


Source: IHS Regional Explorer

1.4. District Economic Overview

The relative growth rates in the different districts in Limpopo is indicated in Figure 5 and all the districts showed an economic decline during 2016.

Figure 5: Relative growth rate in the Districts



Source: IHS Regional Explorer

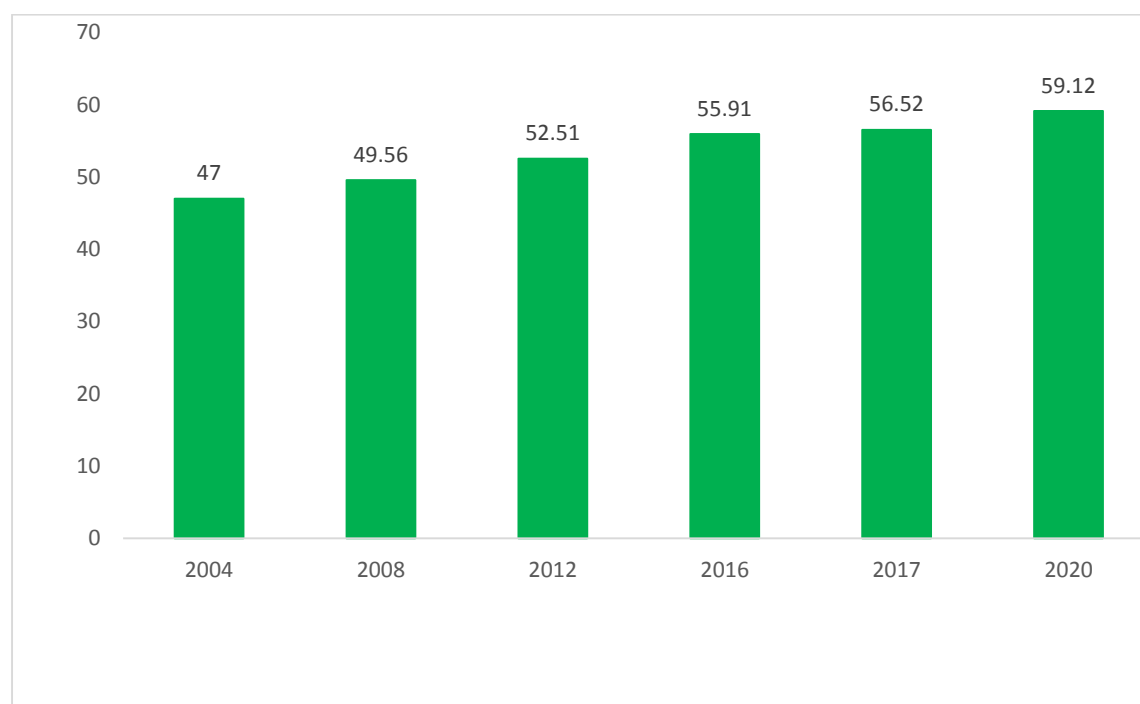
As can be expected mining contributes the biggest share in Mopani, Waterberg and Sekhukhune, while in Vhembe and Capricorn, community services are the biggest sector. Trade and Finance is two of the other sectors that is making significant contributions in most of the districts.

1.5. Population Outlook

1.5.1. South African population estimates

According to StatsSA, understanding the population dynamics of a country or a region is not simply a problem of breaking down the numbers. Figure 6 below, shows that the South African population has been on a rise in recent years, the national population grew from 47.0 million in 2004 to 56.5 million in 2017. It is projected to grow to 59.1 million in 2020. The growth is stimulated by a number of factors, among others, the increase in life expectancy of the South African population, reduction in mortalities and inward migration from neighbouring countries such as Lesotho and Zimbabwe.

Figure 6: South African population growth (Million)



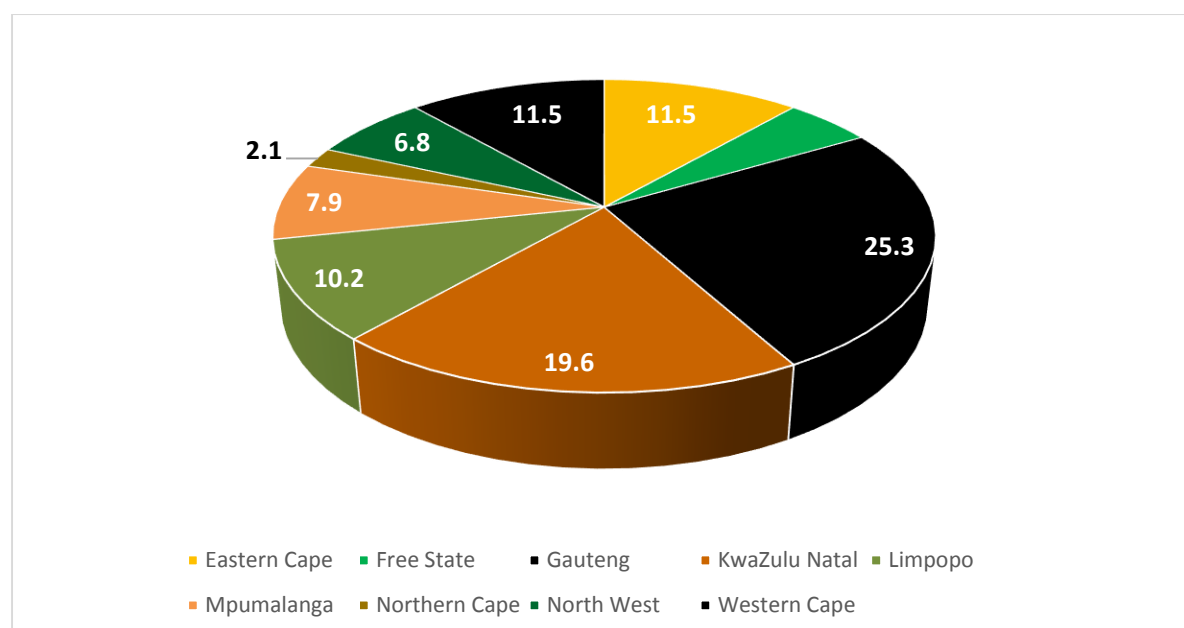
Source: StatsSA_Mid-year population estimates 2017

The increase in population numbers generate pressures on the limited fiscus in the country, the higher population will increase demand for public goods such as roads, schools and clinics.

1.5.2. Population estimates by province

As indicated below, Limpopo has a population of approximately 5.8 million which represents 10.2 percent of the national population. Limpopo has the fifth largest population in the country after Gauteng with 14.2 million (25.3 percent), KwaZulu Natal with 11 million (19.6 percent), Western Cape with 6.5 million (11.5 percent) and Eastern Cape at 6.4 million (11.5 percent). The province with the least number in terms of population numbers is Northern Cape at 1.2 million (2.1 percent).

Figure 7: 2017 Mid-year population estimates by province and Percentage contribution of total population



Source: StatsSA Mid-year population estimates 2017

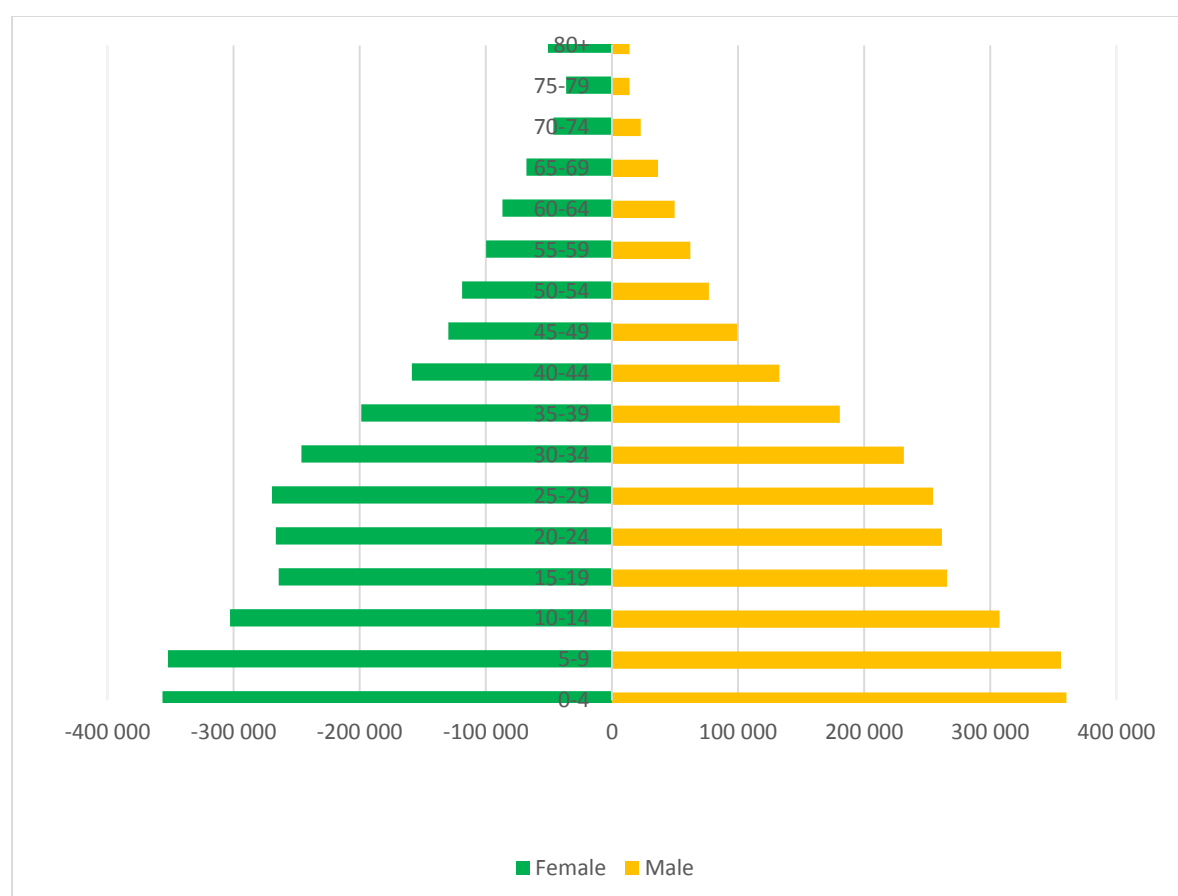
1.5.3. Limpopo Population

Limpopo province has experienced a positive growth in its population over a period from 2002 to 2017. In 2002 the provincial population was recorded at 5.0 million and

it rose by around 800 thousand to 5.8 million in 2017. The increase in the population numbers of 800 thousand will require the province to restructure its budget priorities as there are more people who will be demanding government services in the province given the high unemployment challenges facing the youth and working age population.

The population structure of Limpopo province is skewed towards the youth population. This indicates that the composition of the population is growing especially among infants, teenagers and youth. This raises very important policy questions in terms of government services in general. More investments will be required to ensure that Sustainable Development Goals (SDGs) on access to universal education is achieved. Given the high unemployment rate, child dependency will eventually become state responsibility. Growth in the young population increases the level of total dependency ratio in a country.

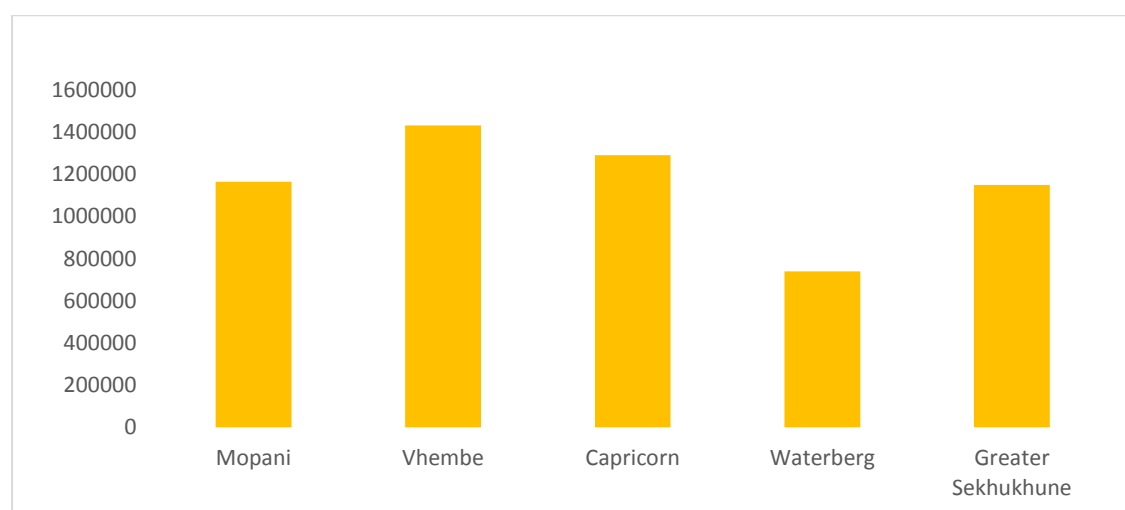
Figure 8: Limpopo population, age and gender



Source: StatsSA Midyear population 2017

The above diagram shows the provincial population by district, Vhembe (1.43 Million) and Capricorn (1.29 million) are the biggest in terms of the provincial population share, followed by Mopani (1.16 Million), Greater Sekhukhune (1.29 Million) and Waterberg (740 thousand) respectively.

Figure 9: Limpopo total population by districts



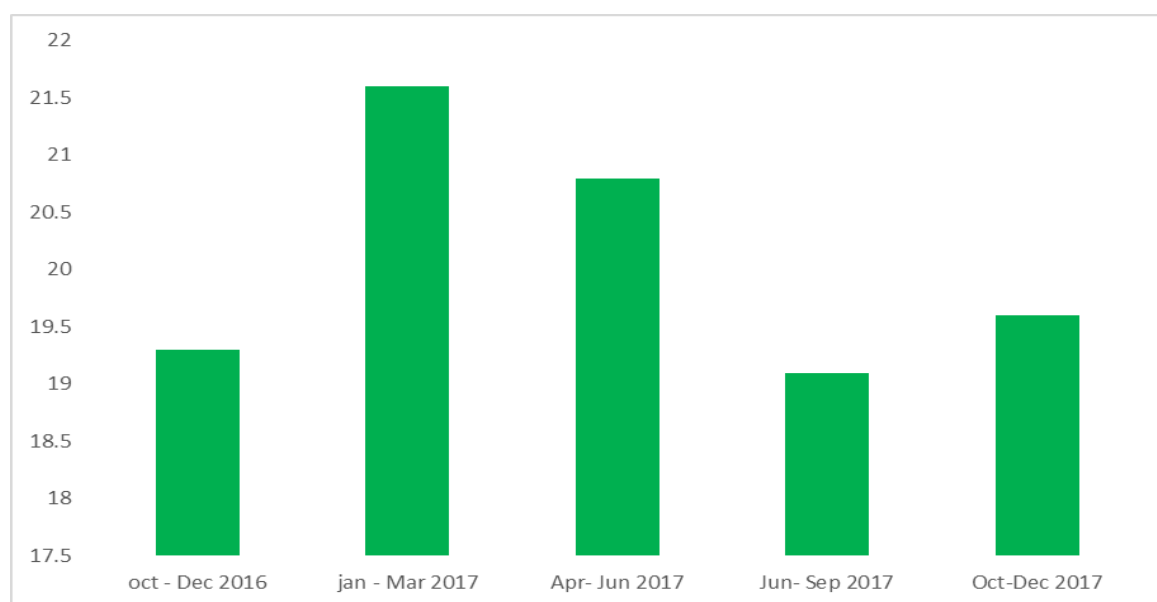
Source: StatsSA Midyear population 2017

1.6. Labour Market Outlook

1.6.1. Unemployment

The unemployment rate in Limpopo increased from 19.3 percent in quarter 4 in 2016 to 19.6 percent in the same quarter in 2017. This slight increase in the unemployment rate is seen in the increase in the actual number of unemployed people from 337 thousand to 346 thousand.

Figure 10: Number of unemployed people and unemployment rate in Limpopo



Source: StatsSA QLFS Q4 2017

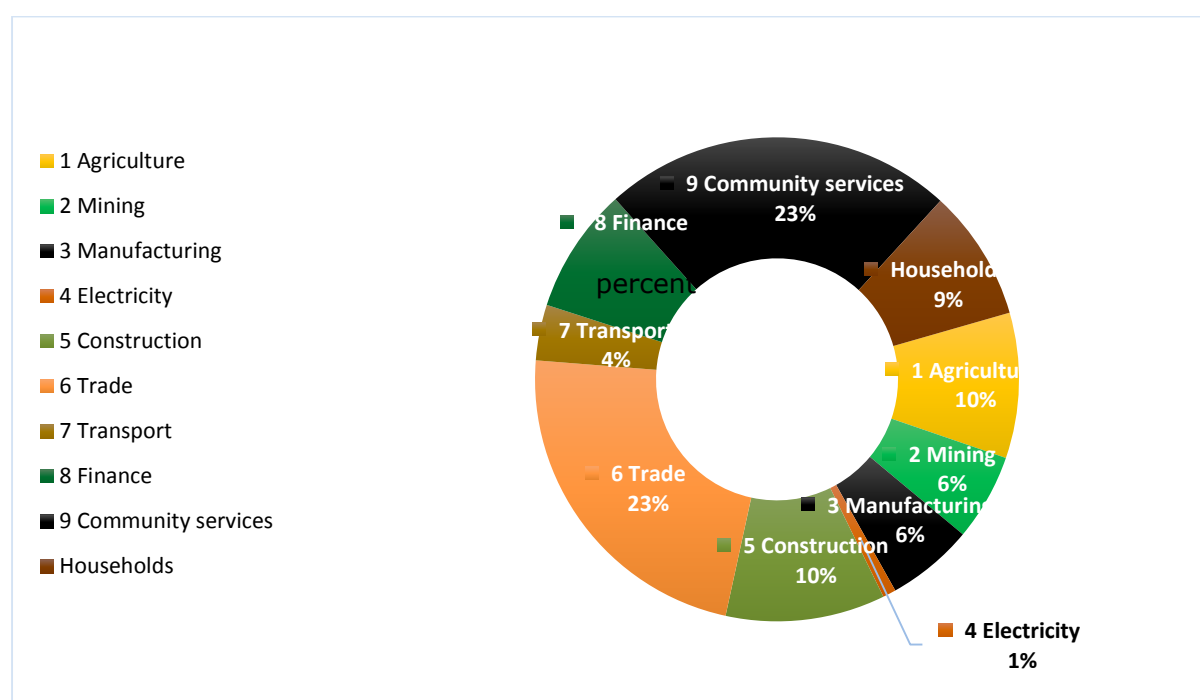
The increase in unemployment highlights the issues that still needs to be addressed in terms of creating employment. The first issue is to increase the labour force participation and absorption rates in the provincial economy. In the third quarter of 2017 the labour force participation rate¹ was 48.6 percent and absorption rate was 39.3 percent in the province. More than 2 million people were deemed not to be economically active and 377 thousand job seekers deemed to be discouraged and not actively looking for work.

1.6.2. Employment by economic sectors

The contribution of the different sectors to job creation in Limpopo is indicated in Figure 11. From the pie chart it is clear that the biggest contributors to job creation in the province is Community services and Trade, who combined contribute 46 percent of the jobs. Despite the fact that agriculture is only contributing about 3 percent to the local economy in terms of production, it is contributing 10 percent of the jobs. It can also be concluded that the mining sector is very capital intensive. Although mining contributed 27 percent to GDP in 2016, the sector only contributed 6 percent of the jobs.

¹ Employed/labour force ratio

Figure 11 Total Employment Composition Limpopo, 2016

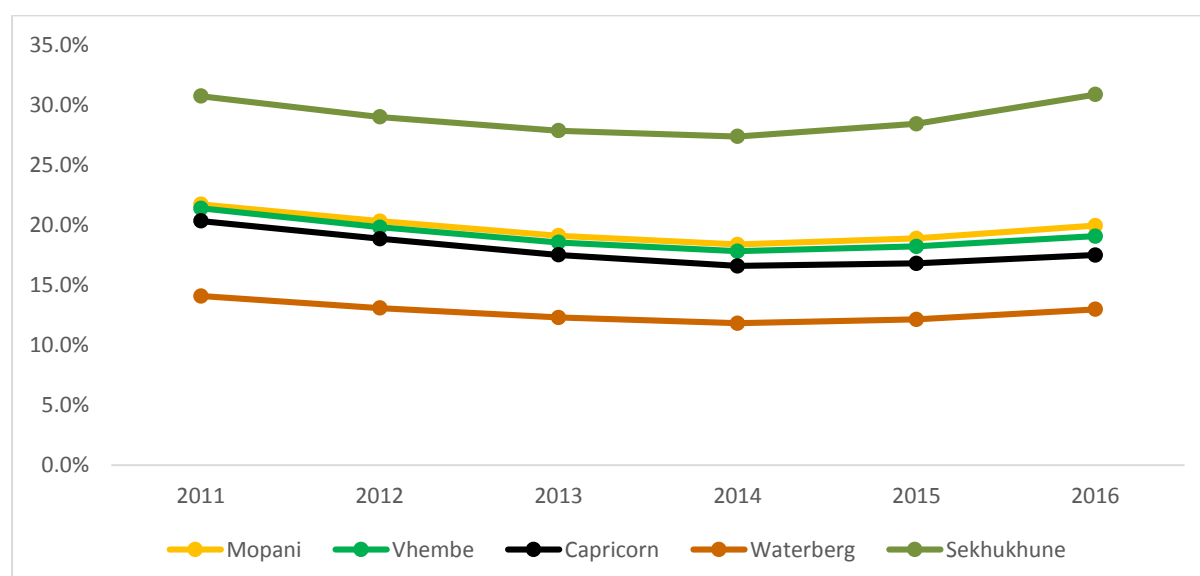


Source: IHS Regional Explorer

1.7. Limpopo unemployment per district

Figure 12 indicates that the Sekhukhune district have the highest level of unemployment in the province in 2016 at 30.8 percent, while Waterberg only had an unemployment rate 13.0 percent at the same period.

Figure 12: Unemployment rate per districts



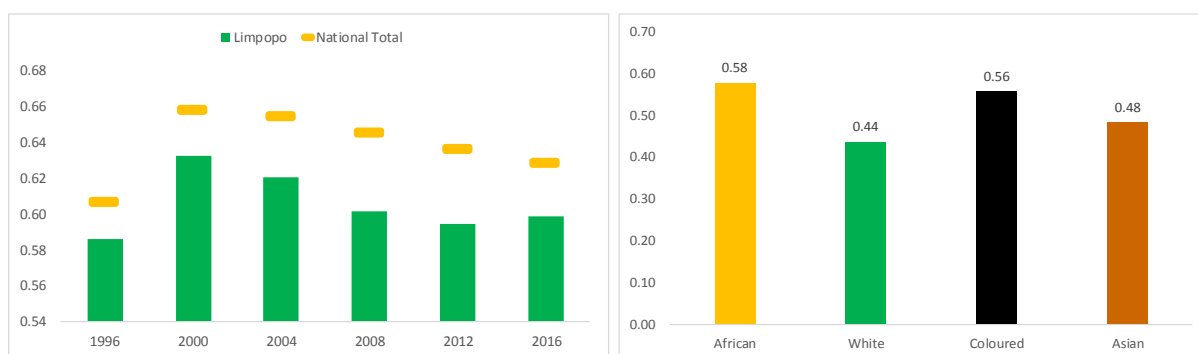
Source IHS Global Insight

1.8. Development Indicators

1.8.1. Income Inequality

The provincial Gini Coefficient has shown an improvement over the years. In 2000, the provincial Gini Coefficient was recorded at 0.63, which declined over the years to 0.60 in 2016. The improvement is correlated to the rise in actual total disposable income in the province. A rise in income levels will not automatically lead to an improved Gini Coefficient and the condition is that the income must be attributed to low or none income earners.

Figure 13: Gini Coefficient of the South Africa



Source: Regional Explorer (IHS)

1.8.2. Human Development Index

The provincial HDI has been on an upward trend over the past years, moving from 0.45 in 2000 to 0.60 in 2016. The national HDI is relatively higher than what was recorded in the province. In 2000 national HDI was 0.53 (0.08 points higher than the provincial index). The national index improved in 2017, recording an index of 0.65. A figure closer to 1 indicates a higher level of HDI.

Figure 14: Human Development Index (HDI) of South Africa and Limpopo province



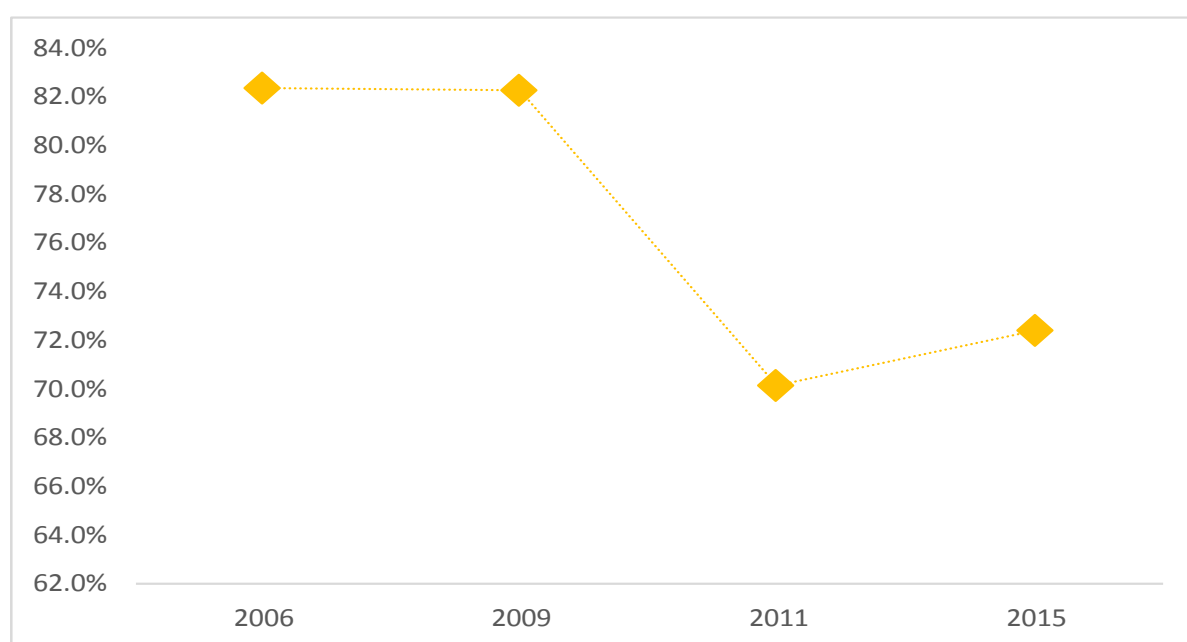
Source: Regional Explorer (IHS)

Limpopo is striving to further reduce inequalities among the population groups and narrowing the gap between the gender groups and increasing the HDI.

1.8.3. Poverty

According to Statistics SA, an individual's educational level is closely related to poverty. Statistics SA's data showed that 79.2 percent of individuals with no formal education were poor, compared to only 8.4 percent of individuals who had a post-matric qualification in 2015. The percentage of people living in poverty (Upper Bound Poverty Line) decreased from 82.4 percent in 2006 to 70.1 percent in 2011. However, in 2015 the percentage grew to 72.4 percent. Despite the declines over time, the percentage of people living in poverty in Limpopo is still very high.

Figure 15: Limpopo poverty measure (UBPL)



StatsSA Poverty Report 2016

1.9. Health

An insight into the extent of the burden of risk factors affecting health of the population in rural communities of South Africa and the province is crucial for effective planning, advocacy and action. This could mainly contribute to the establishment of concerted and inclusive actions to improve disease management irrespective of the cause by closely linking the development and global health agendas. Surveillance of the major modifiable Non-Communicable Disease (NCD) risk factors in the population is indispensable to the planning, implementation and evaluation of health programmes using good policies. Therefore, this chapter will determine the prevalence of risk factors and to identify their demographic and behavioural determinants in the province. This will range from chronic illness such as HIV/AIDS to depression.

1.9.1. Chronic Health Conditions

For millions of people in the country and the province, chronic illnesses and depression are facts of life, as they last for a very long time and usually cannot be cured completely. Some illnesses can be controlled or managed through lifestyle (diet

and exercise) and certain medications. Examples of chronic illnesses that are highly prevalent in the province include hypertension/high blood pressure, HIV/AIDS, diabetes, asthma, mental illness, heart disease, arthritis, epilepsy, tuberculosis, stroke, cancer, kidney disease, meningitis and sinusitis, pneumonia and bronchitis.

1.9.2. Place of consultation and Medical Aid Coverage

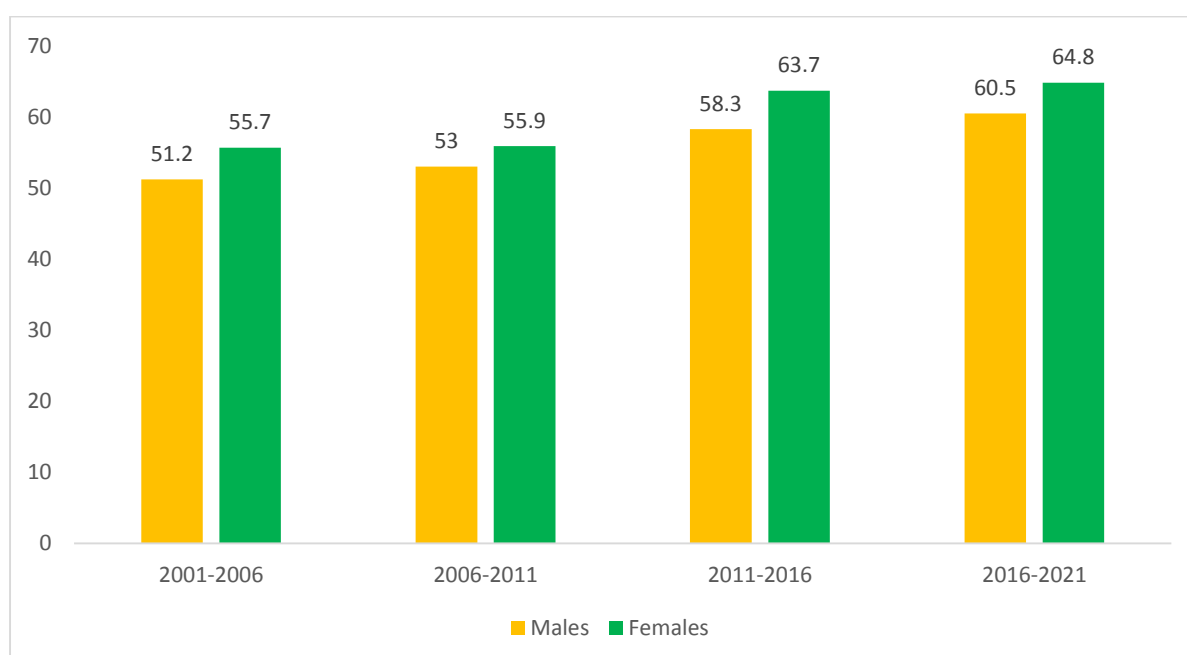
Statistics which was recently published by the Institute of Race Relations (IRR) show that millions of South Africans are not covered by a medical aid or a basic healthcare provider. According to the report, out of South Africa's population of over 56.5 million people, only 17.1 percent are covered by a medical scheme. This means that only 9.5 million South Africans have access to private medical care while more than 46 million do not have access to these services.

The leading barrier to private healthcare in South Africa continues to be the high price charged by the private health providers and medical aid fees. This lead to millions of South Africans to living without medical cover and putting increasing pressure on the public health system. This in turn also puts more pressure on the provincial budget in Limpopo.

1.9.3. Limpopo average life expectancy at birth (males and females)

Figure 16 below show that the average provincial life expectancy at birth in Limpopo for males and females increased from an average of 51 years and 55 years for males and females respectively for the period between 2001 and 2006 and has increased to an average of 58 and 64 years respectively for the period between 2011 and 2016. It is expected to improve further in the outer years.

Figure 16: Limpopo average life expectancy at birth (males and females)



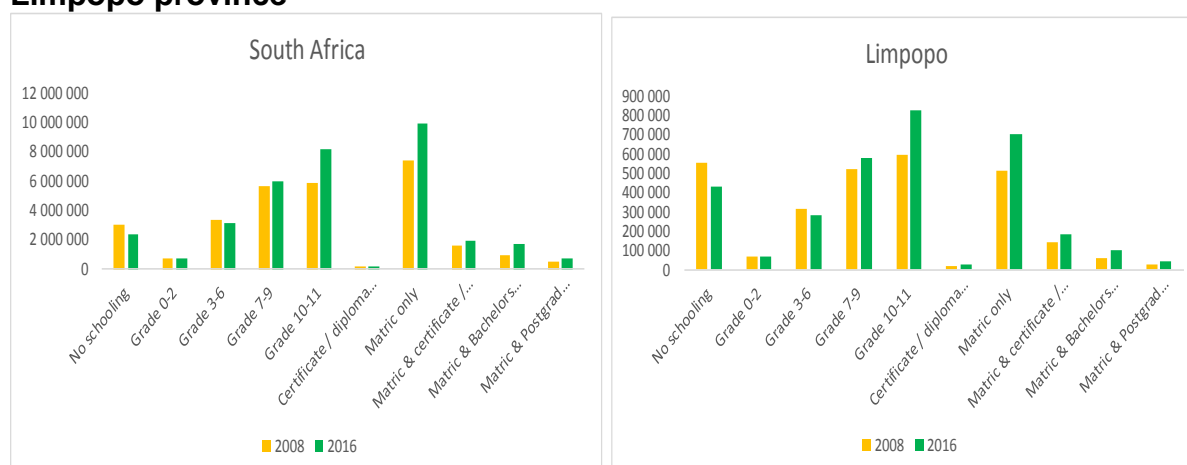
Source: StatsSA 2017

1.10.Education

1.10.1. Limpopo highest level of education: age 20+

The cumulative number of people possessing different qualifications in the country is increasing year-on year. The number of people with qualifications up to matric is the highest in the country, in the past 10 years for instance, the number rose from 7.4 million in 2008 to 10 million in 2016. This represent a 35 percent increase. Unlike the national picture, the number of people in Limpopo with Grade 10 and or 11 is higher than any other level of education, this number grew from 594 thousand in 2008 to 827 thousand in 2016. They are followed by people with matric only which is at 704 thousand in 2016. The strategic question is whether the province, and the country at large is ready to cater for the growing number of matriculants graduating annually. Research indicates that less than 4 out of 10 learners with matric will get a job in the formal labour market.

Figure 17: Number of people with the highest qualification in South Africa and Limpopo province



Source: Limpopo Department of Education

1.10.2. District highest level of education: age 20+

Over the years, the provincial government has invested significantly in the education fraternity, this is vindicated by the decline in the number of people with no education. The largest reduction in the number of people with no schooling was in Mopani, Sekhukhune and Vhembe reducing by 33 thousand, 30 thousand and 27 thousand respectively between 2008 and 2016. The number of people with matric only are dominant in Capricorn and Sekhukhune district.

Table 2: Number of people with the highest qualification in Limpopo by district

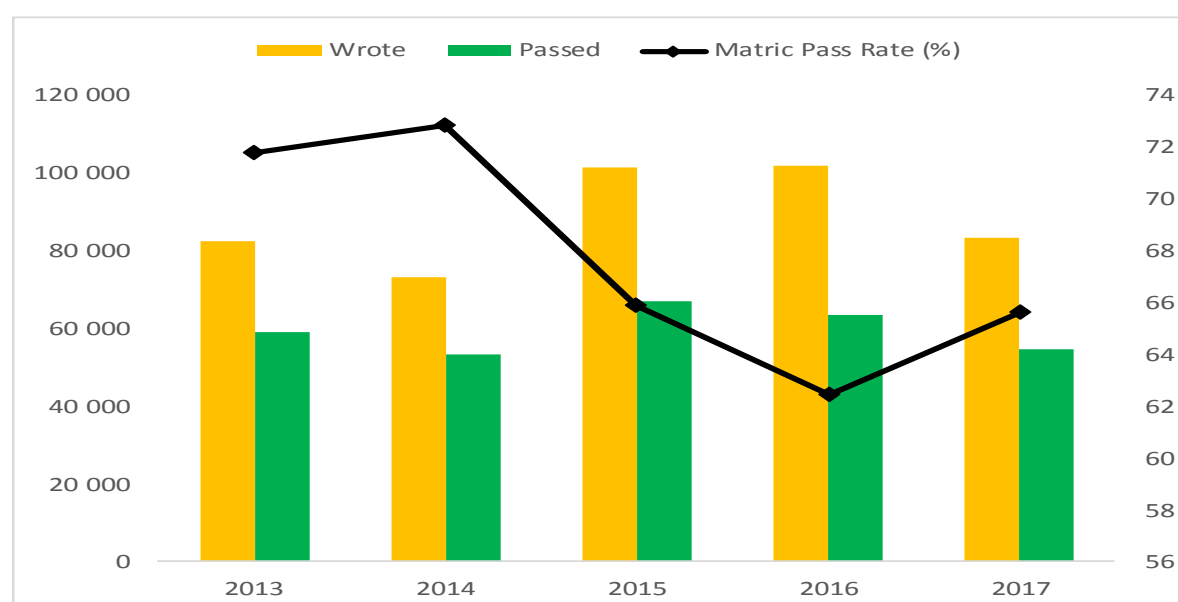
Category	Mopani			Vhembe			Capricorn			Waterberg			Sekhukhune		
	2008	2016	Difference	2008	2016	Difference	2008	2016	Difference	2008	2016	Difference	2008	2016	Difference
No schooling	140 237	106 700	-33 538	130 034	102 565	-27 469	97 598	83 753	-13 845	57 285	38 460	-18 826	132 374	101 686	-30 689
Grade 0-2	14 158	12 728	-1 430	16 261	15 126	-1 135	13 961	12 862	-1 099	11 875	12 371	497	13 086	13 675	589
Grade 3-6	65 389	56 254	-9 136	70 615	64 540	-6 075	70 124	61 492	-8 631	54 947	51 932	-3 015	55 905	52 466	-3 439
Grade 7-9	106 702	112 245	5 543	125 744	138 613	12 869	118 715	125 633	6 918	80 629	92 877	12 248	89 892	108 358	18 466
Grade 10-11	120 998	161 225	40 227	136 015	183 698	47 683	134 997	177 879	42 882	81 995	118 820	36 825	120 089	186 124	66 034
Certificate / diploma without matric	3 632	3 795	163	4 889	6 800	1 912	4 865	7 727	2 863	2 613	3 732	1 119	2 668	3 563	894
Matric only	98 696	132 014	33 318	119 270	153 418	34 148	138 414	187 072	48 659	73 512	102 845	29 333	84 788	128 945	44 157
Matric & certificate / diploma	27 258	32 859	5 601	32 722	40 863	8 141	42 849	54 312	11 463	19 441	25 100	5 659	19 921	28 106	8 185
Matric & Bachelors degree	12 157	17 781	5 624	16 294	28 890	12 596	21 880	36 575	14 694	7 500	12 360	4 861	7 067	10 927	3 860
Matric & Postgrad degree	4 420	7 407	2 987	6 596	11 038	4 442	8 432	13 871	5 439	3 255	5 361	2 106	2 483	4 795	2 312

Source: Regional Explorer (IHS)

1.11.Limpopo matric examination outcomes

The number of matriculants sitting for exams and passing the examinations experienced a temporary upward swing before declining to the 2013 levels. The number of learners sitting for examinations increased from 82 thousand in 2013 to 83 thousand in 2017. While the number of learners passing matric decreased from 59 thousand in 2013 to 54 thousand in 2017. The provincial matric performance regressed from the 72.9 percent in 2014 to 65.6 percent in 2017. This is at the backdrop of the LDP aspiring for an annual matric pass rate of 80 percent.

Figure 17: Total number of matriculants who set for exams and Pass rate in Limpopo



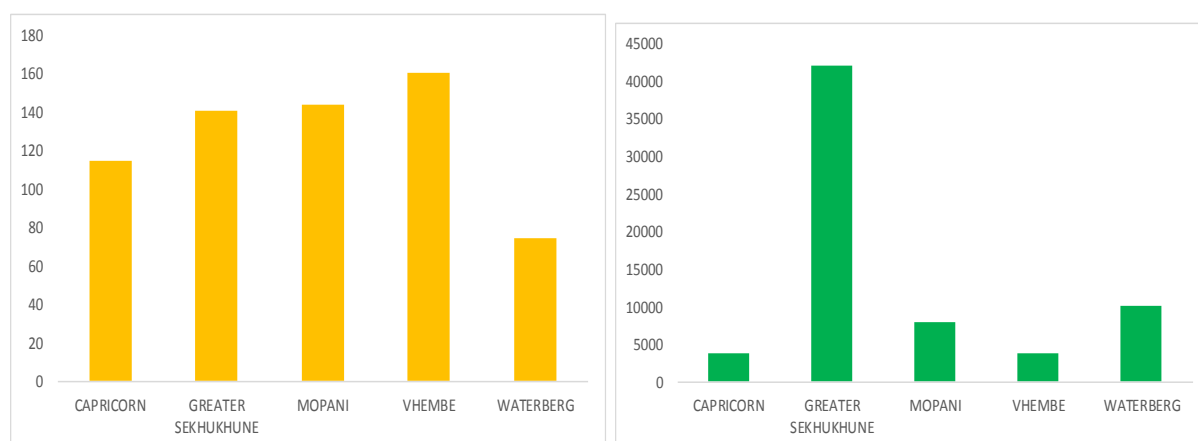
Source: Limpopo Department of Education

1.12.Libraries at schools per District in Limpopo

The province has made strides in ensuring that each district has libraries for learners, however the distribution of the libraries is asymmetric. Greater Sekhukhune district for example has 141 libraries for a population of 518 thousand learners in public schools. This therefore implies a very high ratio of learner per library at 42 thousand learners per library; which is the highest ratio in the province. The average ratio of learners per library (excluding Greater Sekhukhune) is 42 thousand. The lowest ratio is in

Capricorn sitting at 3 thousand learners per library, understandably so due to its relative ease of rolling out the infrastructure in the district.

Figure 18: Number of libraries and library per learner ratio in public schools per district



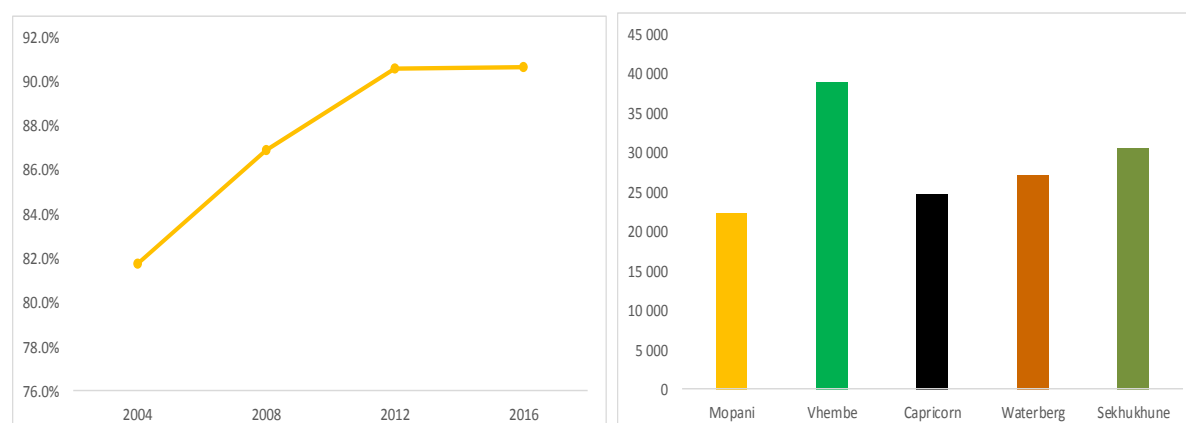
Source: Limpopo Department of Education

1.13.Provisioning of Basic Services

1.13.1. Housing

The share of households occupying formal dwellings increased from 81 percent in 2004 to 90 percent in 2016. This is indicative of sustained efforts by the Department of Co-operative Governance, Human Settlements and Traditional Affairs in providing the economically excluded population with decent dwellings. Furthermore, the growth in the average household income has afforded certain households to be in a position to build themselves decent dwellings. About 39 thousand households in Vhembe and 30 thousand households in Sekhukhune districts do not live in formal dwellings. These are districts that require attention in future housing plans

Figure 19: Share of household occupying formal dwellings and Housing backlog per district

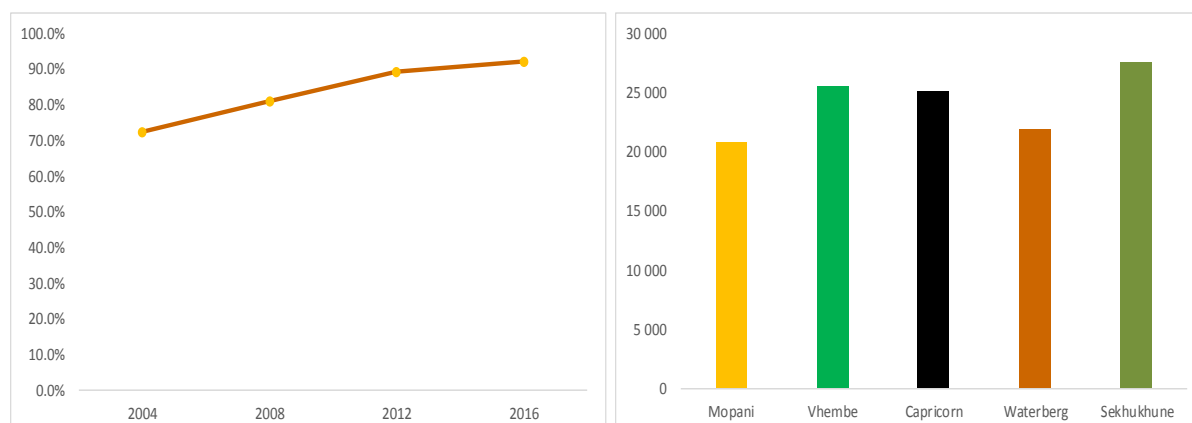


Source: Regional Explorer (IHS)

1.13.2. Electricity Connection

This basic service grew much quicker and covered many households in a rapid fashion. By 2016, 92.2 percent of households in the province were connected to electricity. The number is likely not to reach 100 percent as there are emerging settlements mushrooming in the province. However, rural and marginalised settlements that have been established for a long time should be given preference as this will support government efforts in rolling out rural development programmes. A handful of households in Sekhukhune (27 thousand) Vhembe (26 thousand), and Capricorn (25 thousand) are without connection to electricity.

Figure 20: Share of households with electrical connections (percent) and Electrical connection backlog per district.

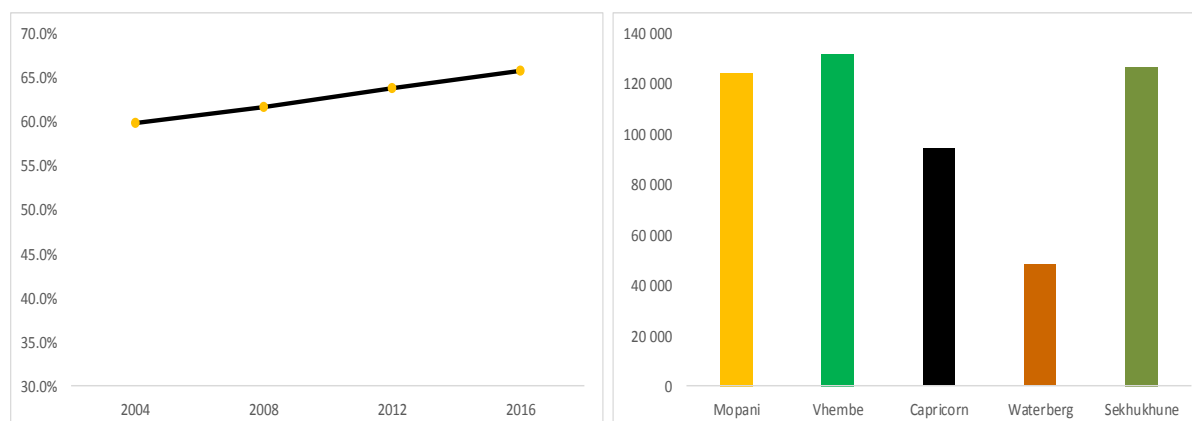


Source: Regional Explorer (IHS)

1.13.3. Water Provision

At least 66 percent of households in the province have access to water (piped water at or above RDP-level). This indicator has been growing but at a slow pace, between 2004 and 2016 only 38 thousand new households had access to water. Water is becoming a scarce resource in the country, exacerbated by global warming. Municipalities across the province should instigate water retention methodologies to ensure sustained supply of water even during drought periods; the Western Cape is a case in point.

Figure 21: Share of households with piped water at or above RDP-level (percent) and Water backlog



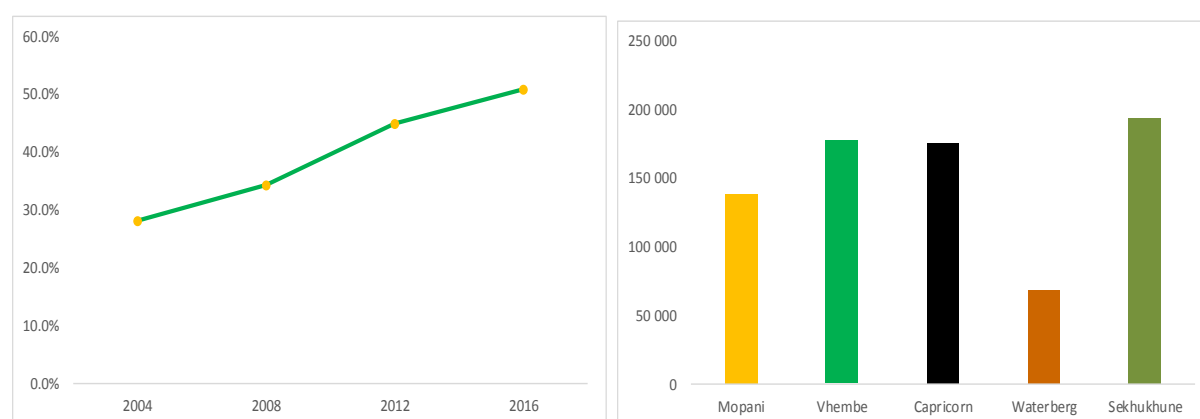
Source: Regional Explorer (IHS)

The rural districts such as Mopani, Vhembe, and Sekhukhune have a large number of households without access to water recorded at 124 thousand, 131 thousand and 126 thousand respectively.

1.13.4. Sanitation

In 2016, 51.1 percent of households had access to hygiene toilets. However, almost half of the population are still without sanitation. Most of the households that still require service delivery prioritisation are in Sekhukhune, Vhembe and Capricorn districts.

Figure 22: Share of households with Hygienic toilets (percent) and Sanitation backlog per district



Source: Regional Explorer (IHS)

Conclusion

The South Africa economy continued its subdued growth performance during 2017, influenced by the local political instability and international economic performance and our country managed to avoid recession during the year. Though the economic outlook for the country looks positive after the changes in the national administration, attention still need to be given to key policy issues which will appease the credit rating agencies as this will boost foreign investor confidence. If the rating agencies are not convinced another downgrade might be experienced during 2018.

The Limpopo economy has managed to sustain a positive growth of 1.2 percent in 2017, which was a recovery from the 2016 negative growth rate of 1.6 percent and the provincial outlook looks positive moving towards 2020, though it is still below the aspiration of the 3 percent as set out in the LDP. The provincial economy is dependent on national economic development and it is likely that the provincial economy will benefit from the national and international spill-offs. It is worth noting that, since 1994 the main contributors to the GDP in Limpopo is the Tertiary sector and the Primary sector, this situation need to be addressed through stimulation of the secondary sector performance. The secondary sector is also seen as an important contributor to job creation.

Limpopo province has continued to experience a positive growth in its population over time, while still faced with the triple challenge of unemployment, inequality and poverty. This has put strain on the provincial fiscus as the growing numbers continue to be dependent on the state coffers for provision of free education and access to health. The key policy to address these challenges is to create higher level of economic growth. The higher growth will lead to higher level of job creation, which in turn will help to address the concerns of poverty and inequality. The provincial government need to pay more attention to the positive role that the informal sector can play in addressing unemployment in the province.

For millions of people in the province, chronic illnesses and depression are facts of life and most citizens continue to be side-lined in terms of accessing private health facilities as they can't afford the high cost of medical aids. The provincial government through the department of Sport, Arts and Culture needs to encourage its citizens to participate in sporting activities and change their lifestyles as this can assist in controlling and minimising some illnesses.

The province has experienced an increase in the number of matriculants enrolling for mathematics from 37 thousand in 2013 to 45 thousand in 2017. On average, the matriculants enrolling for mathematics was just about 44 percent of the total number of matriculants in the province in 2017. The enrolment for mathematics was boosted by the increase in total number of learners enrolling for matric year on year.

Independent schools have experienced a gradual decline in the number of candidates enrolling for mathematics from 2 276 in 2015 to 2 124 in 2017. This situation need to be improved as the province need to encourage its learners to take mathematics as a learning area from the development phases in their schooling career.

The role of libraries in our communities cannot be emphasised but given the resource strained fiscus, it is expedient to adapt new ways of rolling out library infrastructure in the province. Shifting from the original structure of libraries as depositories of books to technological knowledge and innovation centres, by so doing promoting maximum utilisation of libraries given the dawn of technology and gadgets we are living in.

CHAPTER 2: BUDGET STRATEGY AND AGGREGATES

2.1. Introduction

The 2018 Medium Term Expenditure Framework (MTEF) budget is prepared under a constrained domestic economic environment and an uncertain global economic outlook. Over the MTEF period, growth is projected to average 1.5 percent and the sluggish economic growth implies the same for tax revenue growth. At the beginning of 2016 the economy was expected to grow by 0.9 percent; however, during the Medium Term Budget Policy Statement (MTBPS) the Minister of Finance has adjusted the growth forecasts to 0.5 percent. The Provincial fiscal framework is mainly influenced by the national economic outlook.

The Province received a preliminary allocation letter in November 2017 where the Limpopo Equitable Share was reduced due to changes in data updates, mainly due to the implementation of the LURITS system in the Education component and the population migration patterns that affected the province. These reductions ultimately had a negative impact on the Limpopo's baseline of the national equitable share allocation to provinces as our share was reduced from 11.8 percent in 2017/18 to 11.7 percent. The impact of these reductions was that Limpopo's equitable share baseline allocation was reduced by R61.8 million in 2018/19, R56 million in 2019/20 and R129.1 million in 2020/21. The Department of Social Development will however receive an additional R25.1 million and R26.4 million in 2019/20 and 2020/21 respectively to address the concerns raised in the NAWANGO Court Case judgment.

A further R23.6 million (2018/19), and R33.5 million (2019/20) and R35.3 million in 2020/21 is made available again to the Department of Social Development for Violence against Women and Children. The province is further allocated additional funding amounting of R1.131 billion to cater for wage inflation adjustments 2020/21.

In December 2017 Cabinet resolved to further reduce government spending by R85.2 billion across government over the 2018 MTEF in order to place its finances on a sustainable path. This decision resulted in the provincial fiscal framework being

reduced further by a total of R24.9 billion over the 2018 MTEF period. The impact of this reduction on the Limpopo equitable share was as follows:

- ✓ R7.6 billion - 2018/19, - Limpopo Reduction (R168.6 million)
- ✓ R8.6 billion - 2019/20, - Limpopo Reduction (R185.6 million)
- ✓ R8.7 billion - 2020/21, - Limpopo Reduction (R197.1 million)

The final revised provincial equitable share allocation is as per table below:

Table 3: National Allocation to Limpopo Province

Revised National Allocation	2017/18	2018/19	2019/20	2020/21
Equitable Share Baseline	52,086,555	55,385,632	59,370,905	62,636,304
Adjustment to baseline ¹ : New data updates	(67,410)	(61,836)	(56,038)	(129,140)
Revised allocation	52,019,145	55,323,796	59,314,867	62,507,164
Less: Fiscal Framework reduction	(58,808)			
Plus: Baseline Adjustment for Wage Inflation	-	-	-	1,131,377
Plus: Social Dev Related: NAWANGO Court Case	-	-	25,111	26,463
Plus: Social Dev Related: Violence against Woman and Children	-	23,587	33,490	35,293
Total Preliminary Provincial Equitable Share	51,960,337	55,347,383	59,373,468	63,700,297
Cabinet resolution budget cuts - December 2017	-	(168,608)	(185,648)	(197,148)
Revised Equitable share allocation	51,960,337	55,178,775	59,187,820	63,503,149
Equitable Share year-on-year growth		6.2%	7.3%	7.3%

After implementation of the budget cuts, the provincial equitable share allocation was revised to R55.179 billion, R59.188 billion and R63.503 billion in 2018/19, 2019/20 and 2020/21 financial years respectively. The equitable share allocation growth was revised to 6.2 percent in 2018/19, 7.3 percent in 2019/20 and 2020/21 respectively.

The reduction in the provincial equitable share allocation necessitated that the departmental 2018 MTEF allocations be revised to align with the available funds. In an endeavour to protect service delivery in the province, the reduction was implemented in the Department of Health which was allocated top-up funding of R513.9 million in 2018/19, R542.2 million and R571.4 billion in 2019/20 and 2020/21 during the preliminary allocation process. This was done in an effort to sustain baseline allocations in other departments and to protect service delivery in the province.

In ensuring attainment of Limpopo Development Plan (LDP), provincial departments were encouraged to allocate more funds towards addressing the triple challenges of eradicating poverty, inequality and unemployment. The budget has been allocated in an effort to respond to the socio-economic challenges as reported in the Socio-Economic Review and Outlook of the province. The allocation of the budget to the 14 outcomes will now be discussed in more detail.

2.2. Aligning Provincial Budget to achieve Governments Prescribed Outcomes

The Limpopo provincial government in 2015 adopted the Limpopo Development Plan (LDP) to assist the provincial administration in aligning its plans to the national plans. The LDP is a master plan which demonstrates high level of alignment with the National Development Plan (NDP) and the 14 government Outcomes and thereby ensures that the national priorities are realised and are cascaded in the provincial government. This plan focuses particularly on the issues of reducing inequality, eliminating poverty and improving the lives of the people in the province.

The LDP is advocating for effective planning and performance monitoring in government, as it encourages coordinated planning, alignment and synchronisation of the budget allocations from all tiers of government. This approach to planning in government provides an opportunity for a perfect monitoring platform of public institutions in executing their legislative mandates and to ensure that government resources are used for purposes voted for by parliament. It further allows government to assess the impact of the services it renders to the society. The following are the key strategies expressed in the LDP that the 2018/19 budget seeks to address:

2.2.1 Quality Basic Education

The Limpopo Provincial Government through the Department of Education will continue to utilise the 2018/19 budget allocation to advance and create opportunities for children to attain their grade 12 pass and have access to quality education. The Department will strive to deliver quality education in an innovative, effective and

efficient way by giving maximum monitoring and support to districts, circuits and schools, continuous development of educators and officials, maximizing accountability, fostering community participation and governance in education, ensuring equitable, efficient allocation and utilization of resources, and striving for a competent and motivated workforce. The Department of Education plans to utilise the 2018/19 budget allocation to:

- Provide quality education in public ordinary and special schools;
- Deliver and maintain school infrastructure;
- Improve the quality of school nutrition through provision of proper infrastructure, storage facilities and utensils;
- Provide scholar transport to needy learners;
- Improve delivery of Learner-Teacher Support Material (LTSM) to schools;
- Improve grade twelve results through learner attainment programmes;
- Appoint qualified educators and provision of training.

2.2.2 A long quality life for all

The Limpopo Department of Health is committed to providing quality health care service that is accessible, comprehensive, integrated, sustainable and affordable. To enable the Department of Health to provide this services, the Department will focus on health outcomes as outlined in the Medium Term Strategic Framework (MTSF) 2014-2020. In addition, the Department will remain focused on increasing Life Expectancy; Decreasing Maternal and Child mortality; Combating HIV and decreasing the burden of diseases from Tuberculosis (TB); and Strengthening Health System Effectiveness. Further attention will be on strengthening Primary Health Care through a re-engineering model with emphasis on District Clinical Specialists, Integrated School Health and Ward-based Outreach Teams.

In 2018/19 and over the MTEF, the Department will continue to improve access to quality health care services by prioritizing the following:

- Conducting self-assessments by hospitals on the National Core Standards.

- Accelerating implementation of Public Health Care (PHC) re-engineering and Ideal Clinic status;
- Preventing and reducing the burden of disease and health promotion:
 - ✓ Increasing clients remaining on ART from 305 421 in 2016/17 to 352 973 in 2018/19;
 - ✓ Improving Multi drug Resistant TB (MDR) treatment success rate from 59.1 percent to 65.0 percent;
 - ✓ Improving antenatal client initiated ART rate from 95.2 percent to 97.0 percent;
 - ✓ Improving immunization coverage under 1 year from 64.5 percent to 90.0 percent; and
 - ✓ Improving Cervical cancer and screening coverage from 55.7 percent to 65.0 percent.
- Preventing and controlling Communicable and Non-Communicable Diseases (NCDs) by reducing malaria incidence and case fatality rate to 1.1 percent.
- Managing health infrastructure by completing 20 projects in 2018/19 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

The department of Community Safety in Limpopo will continue to strive for a safe and secure Limpopo in the 2018/19 financial year, as the department will intensify the fight against crime and corruption through an integrated approach, partnerships and effective oversight on the South African Police Services.

To achieve a safe and secure Limpopo as outlined in the LDP, the department will continue co-coordinating provincial government departmental initiatives related to the prevention of crime as well as co-ordinating local government crime prevention initiatives in the Province. Community participation in crime prevention and policing initiatives in the form of CPF's and CSF will be strengthened as this helps to improve

relations between communities and the police. The department will conduct research on safety and security matters and continue to raise public awareness and enhance public education on safety and security.

The Department will give attention to 2015-2020 Medium Term Strategic Framework (MTSF) sub outcomes outlined below:

- Reduced levels of contact crime
- An efficient and effective Criminal Justice System
- South Africa's borders effectively defended, protected, secured and well-managed
- Secure cyber space
- Domestic stability ensured; and
- Secure identity of all persons in South Africa

2.2.4 Decent employment through inclusive economic growth

Addressing the triple challenges of unemployment, inequality and poverty continues to be essential for the provincial government, as these issues continue to affect the majority of the provincial citizens who are mostly rooted in the rural areas. For the provincial government to address these challenges effectively it needs to grow the economy and create job opportunities where the rural communities will have access to these employment opportunities. The Department of Economic Development, Environment and Tourism, during the next financial year, will intensify its efforts to promote and facilitate growth in the provincial economy, create decent job opportunities, protect and manage the environmental assets and natural resources as well as promote tourism growth through collaborations and prioritisation within the given limited resources.

Clear departmental priorities have been set for implementation during the course of this financial year. Growing the provincial economy and creating job opportunities requires the facilitation and promotion of trade and investment opportunities with both local and international investors. It further requires continuous support of the SMMEs and Cooperatives through capacity building and training interventions. In effect, the

Department will ensure that SMMEs and Cooperatives are financially and non-financially supported to ensure their development and sustainability in line with Limpopo SMMEs & Cooperative Strategy. It is worth noting that the financial and non-financial support is, however, provided for the Department through Limpopo Economic Development Agency (LEDA) and other government institutions such as SEDA as implementing agents. As it is responsible for developing strategies and policies, the Department will ensure that it monitors the business development support offered to SMMEs and Cooperatives by these government agencies.

It is anticipated that the Limpopo Township and Village Revitalisation Strategy will be approved for implementation this financial year to realise the government agenda of radical economic transformation for township and rural based enterprises to fully participate in the mainstream economy and contribute to the GDP of the Province.

During this financial year, the Department has planned to develop four Economic Development Strategies for the prioritized sectors in the province in line with the Limpopo Development Plan 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

Skills development helps to enhance labour force participation in an economy, as it assists in reducing turnaround times during production of goods and provision of services. Development of a capable and skilled workforce assists in reducing inefficiencies in the provision of government services. The Office of the Premier in Limpopo will continue to advance and advocate for investment in capacity building, training and development of the current government workforce and those who are outside the employment of the provincial government. The office will also coordinate and monitor implementation of Workplace Skills Plans within the Provincial Departments.

2.2.6 An efficient, competitive and responsive economic infrastructure network

During the 2018/19 financial year the Department of Public Works, Roads & Infrastructure will continue to be at the forefront of ensuring that transport infrastructure development and related road infrastructure services meet demands of the growing population in the province. The department will continue to ensure investment in social development and economic growth, by investing in a network of economic infrastructures designed to support medium and long term economic and social objectives of the growing population. The Department will implement projects as per the 2018/19 User Asset Management Plans (U-AMPs) and it will continue to implement the multi-year projects through the Infrastructure Programme Management Plans (IPMPs) from client departments. The Planning and Design unit will be engaged with the designs for the 2018/19 financial year to enable implementation to start during the third quarter of 2018/19 financial year.

The department will also implement the EPWP business plan for infrastructure projects. A major priority is to build and maintain a sound and safe provincial road network infrastructure in partnership with the National Department of Transport and to utilise the Roads Agency Limpopo (RAL) as a leverage for speedy response to the management of the provincial road network as well as finalise the review of the RAL Act of 1998.

The department will conduct conditional assessment on all infrastructure programmes and projects, cost it and submit to Provincial Treasury for consideration. It will also continue with implementation of the Artisan Development Programme and the Contractor Development Programme through planned interventions which are aligned to the supply chain management frameworks. The department of public works will also implement and enhance capability of the Infrastructure Strategic Planning Hub in the Provincial Infrastructure planning, delivery and management.

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

The participation of smallholder farmers in the agricultural sector and the value chain at large has not reached the desired level due to structural challenges. Access to markets and agricultural finance remain the main hurdles for the historically excluded farmer's meaningful participation in the sector. The Limpopo department of Agriculture and Rural Development (LDARD) will provide support through its various support packages, such as farm infrastructure development, provision of production inputs, capacity building programmes and technical and economic advice, with the aim of assisting smallholder farmers to overcome these challenges. The prevailing climate conditions and drought were also taking into consideration and plans were developed to address the situation.

Food security remains a key focus area for government. As part of the NDP implementation, National Cabinet has approved a national policy on Food and Nutrition Security. This policy outlines the roles and contribution of government departments in addressing food insecurity in South Africa. It calls for integrated programmes and improved coordination of resources to increase the impact of government programmes on food security. LDARD is the lead department, coordinating activities and working closely with the Departments of Social Development, Rural Development and Land Reform, Basic Education, COGHSTA, Water Affairs and Sanitation, National Development Agency, this coordination is done through the Limpopo Food and Nutrition Security Coordinating Committee.

The Department has four goals (improved service delivery environment, improved food security and agrarian transformation, sustained management of natural agricultural resources and improved livelihoods. These goals are supported by nine strategic objectives. The Department of Agriculture will target the following key priorities:

- Establish 27 agricultural infrastructures, equip 133 hectares with infield irrigation, manage 18 disaster risk reduction services, assist 1000 farmers through disaster relief schemes and develop 1 GIS product.
- Rehabilitate 14 400 hectares and implementation of 5 120 natural resource management interventions.
- Create 4 500 green jobs through agro - processing, irrigation expansion and Expanded Public Works Programme (EPWP).
- Support and train 1 100 small holder producers, provide 27 835 small holder farmers with agricultural advice.
- Conduct 148 sessions of FMD vaccinations and 4 470 dipping sessions on communal cattle.

2.2.8 Sustainable human settlements and improved quality of household life

Provision of sustainable and decent human settlements for the citizens remain a priority in the Limpopo provincial government as outlined in the LDP. The provincial government, through the Limpopo Department of Co-operative Governance Human Settlements and Traditional Affairs (COGHSTA) guided by the multi-year Human Settlements Development Plan for 2014-2019, will continue to implement, amongst others, the following priorities during the 2018/19 financial year:

- Through the Rural Housing programme, the Department will continue to reduce the housing backlog by completing 8 250 new housing units during the 2018/19 financial year.
- The Department plans to acquire 40 Hectares of land in provincial growth points in an effort to increase the delivery of housing in the Province.
- The Department planned to construct 808 rental units through its Community Residential Units (CRU) programme during 2018/19 financial year, of which 250 units will be implemented in Lephalale Municipality in Waterberg District.
- Through the Finance Linked Subsidy Scheme (FLISP), the Department plans to construct 100 units in Thabazimbi and Polokwane Municipality.

2.2.9 A responsive, accountable, effective and efficient local government system

The Limpopo development plan aspires that, 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 achieving this target, the provincial government, through the Department of Co-operative Governance, Human Settlements and Traditional Affairs (COGHSTA) plans to continue with the provision of support to 27 municipalities on compliance with relevant legislation, improved financial performance and service delivery initiatives inclusive of Municipal Infrastructure Grant (MIG) implementation and spending. The department will also facilitate 2 sittings of the Provincial House of Traditional Leaders, 10 sittings by Local House of Traditional Leaders and prepare 3 reports on Traditional Leadership disputes referred to the House of Traditional Leaders.

The Provincial Treasury will continue to improve its strategies in supporting and monitoring Municipalities to improve compliance to the MFMA and other policies and legislation thereby contributing towards improved audit outcomes. The Provincial Treasury will continue with the implementation of key priorities strengthening support to Municipalities to achieve sound financial management, attain Unqualified Audit Outcomes, enforce and ensure compliance, monitor & facilitate infrastructure spending and revenue enhancement strategies.

2.2.10 Protect and enhance environmental assets and natural resources

The Department of Economic Development, Environment and Tourism (LEDET) will intensify efforts in ensuring sustainable environmental management, utilisation and regulation of natural resources in the environmental space. The Department will intensify its 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 in communities and all stakeholders. The fighting of rhino/lion poaching and exploitation of fauna and flora remains top priorities and the Department will continue to intensify its compliance and

enforcement programmes in partnership with other law enforcement agencies such as the SAPS and SANDF.

2.2.11 Create a better South Africa, a better Africa and better world

The Office of the Premier will continue to champion and to promote sound intergovernmental and international relations in the provincial government, by ensuring alignment between different levels of government for better coordination and delivery of services in the Province. In 2018/19 financial year, the Office of the Premier will coordinate and report on two (2) ministerial missions and report the progress on the implementation of the signed MOU's.

2.2.12 An efficient, effective and development oriented public service

The Office of the Premier will continue to play a major role in the provincial government in terms of recruitment, skilling and development, retention and well-motivated personnel in Departments, Public Entities and Municipalities to ensure an efficient and effective public service. 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. During the 2018/19 financial year, the Office of the Premier will improve institutional efficiency and effectiveness and enhance monitoring and evaluation capacity of the provincial administration as it will strive to:

- Coordinate the implementation of five (5) objectives of the clean audit strategy in partnership with Provincial Treasury.
- Coordinate and monitor implementation of Workplace Skills Plans within the Provincial Departments.
- Coordinate and monitor filling of funded vacant posts as well as compliance to HR MPAT standards within the Provincial Departments.
- Monitor and evaluate the implementation of HR policies and practices.

- Analyse the performance trends of Provincial Departments on MPAT in an endeavour to diagnose areas for improvement

2.2.13 Social Protection

The Department of Social Development's key goal is the transformation of the society by building conscious and capable citizens and this remains a key challenge for government and the department. In addressing the challenge, the department has identified the following key outputs for the financial year 2018/19:

- Improve Early Childhood Development (ECD) programmes for children between 0-5 years old by implementing cognitive learning and protection services.
- Render psycho-social support services and care to persons with substance disorders to change behaviour patterns and a total of 23 000 households will be profiled.
- Reduce incidence of gender based violence and social crime through improvement in the monitoring and evaluation of probation programmes for children and adults. The department is targeting to reach 16 320 victims of crime and violence through victim empowerment and Isibindi programmes.
- Provide funding for 4 754 beneficiaries through community based rehabilitation programmes/ projects, protective workshops and residential facilities for people with disabilities.

2.2.14 Nation building and Social cohesion

The Department of Sport, Arts and Culture is responsible for supporting programmes for social cohesion in the province through the provision of Sport, Arts, and Culture and Heritage services for sustainable development. As the custodian of social cohesion and national identity in the province, during 2018/19 financial year, the Department of Sport, Arts and Culture will continue to host two significant days (Freedom & Heritage day) in the cultural calendar as well as three social cohesion events. The Department will continue to support statutory and non-statutory bodies.

2.3. Summary of Budget Aggregates

The provincial spending is funded via two main sources, i.e. transfer receipts from national (comprised of the Provincial Equitable Share and Conditional Grants) and provincial own receipts (made up of tax receipts, fines and sale of capital assets).

Transfer receipts from National Government increased nominally by R3.9 billion or 6.5 per cent from the 2017/18 budget of R59.8 billion to R63.7 billion in 2018/19 estimated to grow to R67.9 billion in 2019/20 and R73.1 billion in 2020/21. The province will collect provincial own receipts of R1.2 billion in 2018/19, R1.4 billion in 2019/20 and R1.5 billion in 2020/21.

The total receipts available for the 2018/19 financial year amounts to R64.9 billion and an amount of R403.3 million is made available from the provincial reserves to support fiscal stabilisation in dealing with the deterioration of the economic environment and its related impact. The overall amount of R65.4 billion is available for spending by province during the 2018/19 financial year. The table below refers:

Table 4: Provincial Budget Summary

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Provincial receipts									
Transfer receipts from national	50,551,332	53,213,827	56,600,397	59,845,315	60,043,092	60,043,092	63,723,044	67,971,710	73,058,076
Equitable share	43,274,194	45,866,202	48,708,568	51,960,337	51,960,337	51,960,337	55,178,775	59,187,820	63,503,149
Conditional grants	7,277,138	7,347,625	7,891,829	7,884,978	8,082,755	8,082,755	8,544,269	8,783,890	9,554,927
Provincial own receipts	1,422,313	1,260,142	1,468,966	1,137,839	1,295,488	1,295,126	1,247,168	1,382,199	1,485,997
Total provincial receipts	51,973,645	54,473,969	58,069,363	60,983,154	61,338,580	61,338,218	64,970,213	69,353,910	74,544,073
Provincial payments									
Current payments	42,531,940	44,776,572	48,460,867	51,909,170	52,440,570	53,292,171	55,460,764	58,347,424	61,717,080
Transfers and subsidies	5,626,757	6,061,628	7,408,763	7,452,058	8,095,379	8,108,398	7,827,311	8,171,381	8,567,819
Payments for capital assets	2,185,906	2,097,641	1,865,901	2,097,498	2,207,997	2,637,342	2,085,419	2,050,323	2,315,807
Payments for financial assets	59,785	36,154	167,823	-	22,176	21,903	-	-	-
Unallocated contingency reserve	-	-	-	-	-	-	-	-	-
Total provincial payments	50,404,388	52,971,995	57,903,354	61,458,726	62,766,123	64,059,814	65,373,493	68,569,128	72,600,706
Less: Unauthorised expenditure	-	-	49,376	-	-	-	289,004	-	-
Baseline Available for Spending	50,404,388	52,971,995	57,853,978	61,458,726	62,766,123	64,059,814	65,084,489	68,569,128	72,600,706
Financing									
Provincial Cash Reserves	550,000	-	1,116,848	475,571	1,427,545	1,427,545	403,281	-	-
Surplus/(deficit) after financing	2,119,257	1,501,974	1,282,857	-	-	(1,294,051)	-	784,779	1,943,367

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 2017/18, R1.4 billion was made available for spending to augment the provincial receipts. In 2018/19, an amount of R403.3 million is made available to fund provincial priority projects that promote economic development across the province.

The province is retaining surpluses of R784.8 million and R1.9 billion in 2019/20 and 2020/21 respectively to caution against any unforeseen and/or unavoidable circumstances that may arise in the future.

CHAPTER 3: BUDGET PROCESS AND THE MEDIUM TERM EXPENDITURE FRAMEWORK

3.1. The relationship between Strategic planning and budget

The relationship between the process of planning, budgeting and reporting cycle describes the accountability of the executive authority of the department. The choices of the department, when it comes to choosing policies, are quite constrained, therefore, the department is required to produce a five-year Strategic and Performance Plan in the first planning cycle following an election. The basis of preparing the Annual Performance Plan (APP) is to set out what the department intends to achieve in the coming financial year and the following two years of the MTEF. The strategic planning and prioritisation is the starting point for the preparation of the departmental budget submission. While budgets tend to focus on short term perspectives, strategic planning generally takes a longer view.

3.2. The Budget Allocation Strategies

Limpopo Treasury remains committed to reprioritising the limited resources between competing priorities of provincial departments through extensive consultation with departments and public entities. The Executive Budget Committee continues to play fundamental role in ensuring better alignment of the budget allocations to policy priorities within the expenditure control framework.

The Medium Term Expenditure Committee Hearings (MTEC's) are the discussions that happen between the Provincial Treasury and departments/ public entities to examine the departmental priorities within the context of applicable baseline allocations. The consultative and collaborative budget hearings (MTEC's) are held to provide support to the Executive Council Budget Committee. These hearings provide a strong basis in ensuring that jointly agreed allocations achieve key policy priorities while maintaining fiscal discipline. These interactions give Provincial Treasury an opportunity to discuss the proposed departmental budget allocations with the

Executive Council Budget Committee for considerations and approval by the Executive Council.

The Provincial Government is implementing the fiscal consolidation package as part of the fiscal strategy with the aim of stabilising the economy and limiting government spending. This fiscal strategy includes cost containment measures which calls for sound expenditure controls and revenue enhancement initiatives which aim to boost the provincial revenue. The Limpopo Provincial Treasury continues to ensure personnel budget sustainability by implementing the PERSAL block approach and approval is given if the request complies with the conditions set in the Provincial Personnel Management Framework and the Instruction Note 7 of 2016. 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 non-essential goods and services.

3.3. Provincial Budget Process

The provincial budget process is a continuous cycle that runs from April to March every year. The provincial budget process is aligned to the National Treasury budget process schedule which is issued every year together with MTEF Technical guidelines. The following outline illustrates the timetable for one year's budget process:

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

- Provincial Treasury attends the 1st Benchmark exercise at National Treasury in December where the allocation is analysed in terms of growth rates and alignment to National outcomes;
- Provincial Treasury attends a 2nd Benchmark exercise in January mainly focusing on Public Entities and to respond to issues raised during the 1st Benchmark;
- The Provincial Executive Council Budget Committee convenes in January to consider the departmental allocations and recommendations made by National Treasury;
- In February National Treasury issues the final allocation letters to Provincial Treasury to prepare the final budget for approval by the Executive Council for the coming MTEF period and tabling to the Provincial Legislature.

3.4. The role of Provincial Treasury

The Provincial Treasury drives the budget reform process and ensures the efficient use of the scarce resources through realisation of public sector objectives such as poverty reduction and support towards national growth and prosperity. In its efforts to promote good governance, Limpopo Provincial Treasury attaches great focus in the management and utilisation of public resources. 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 Treasuries to manage the provincial financial affairs within their jurisdictional areas, through the preparation of a provincial budget and exercise control over the implementation thereof by provincial departments and public entities.

Limpopo Provincial treasury played a significant role of ensuring that the budget preparation process for 2018 MTEF was seamless. As one of its responsibilities, Provincial Treasury lays down the budget submission instructions and ensures that the required budget documents are submitted on time and in the correct format. The following activities were performed by Provincial Treasury during the 2018 budget process:

- Issued customised provincial MTEF guidelines and formats to be used by departments;
- Conducted workshops with all departments and public entities on guidelines, formats, database completion and key assumptions on budget preparations;
- Prepared presentations to the Executive Council recommending the budget allocation per department for approval;
- Conducted MTEC Hearings;
- Issued preliminary and final allocation letters;
- Analysed each departments and public entities budget document submissions for alignment and corrections; and
- Briefed the Portfolio committee on Finance on the provincial fiscal policy framework.

3.5. The role of Departments

Departments play a pivotal role in the budget process, both in terms of planning and alignment of priorities within the available funding. Departments and public entities are responsible for ensuring activities and mandates of their organisations are prioritised and funded adequately. This include assessing the credibility of the plans and alignment of the sectoral programmes with the budget. The primary responsibilities of the departments and public entities in the budget process include:

- 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 hearing; and
- Ensuring that allocated funds are spent prudently.

CHAPTER 4: RECEIPTS

4.1. Overall Position

The provincial sources of funding comprise of equitable share, conditional grants, provincial own revenue and reserves. The equitable share allocation of the province is R55.2 billion in 2018/19 and grows to R63.5 billion in 2020/21. The conditional grant allocation for 2018/19 financial year is R8.5 billion. The provincial own revenue increased from R1.1 billion in 2017/18 to R1.2 billion in 2018/19 supported by the provincial revenue enhancement strategies. The provincial own revenue grows by 9.6 percent in 2018/19 to 7.5 percent in 2020/21 financial years.

These estimates are derived at after rigorous discussions with departments. In 2018/19 financial year, the Provincial Treasury will be implementing the revenue retention strategy to further motivate provincial institutions to increase their revenue baselines. The province also allocated an amount R403.3 million from the provincial revenue fund reserves to make available total receipts of R65.3 billion.

Table 5: Summary of Provincial Receipts

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Transfer receipts from national									
Equitable share	43,274,194	45,866,202	48,708,568	51,960,337	51,960,337	51,960,337	55,178,775	59,187,820	63,503,149
Conditional grants	7,277,138	7,347,625	7,891,829	7,884,978	8,082,755	8,082,755	8,544,269	8,783,890	9,554,927
Total transfer receipts from national	50,551,332	53,213,827	56,600,397	59,845,315	60,043,092	60,043,092	63,723,044	67,971,710	73,058,076
Provincial own receipts									
Tax receipts	358,874	409,938	458,530	475,120	508,534	506,130	518,779	547,833	579,572
Casino taxes	48,467	56,600	58,749	69,796	69,166	69,796	73,774	77,906	82,191
Horse racing taxes	14,089	18,001	26,130	13,813	29,992	26,313	31,855	33,641	35,488
Liquor licences	3,133	3,300	3,424	4,236	3,591	4,236	3,800	4,013	4,983
Motor vehicle licences	293,185	332,037	370,227	387,275	405,785	405,785	409,350	432,273	456,910
Sale of goods and services other than capital	240,348	240,565	261,365	357,246	280,959	292,407	285,349	300,770	345,491
Transfers received	-	149	204	-	-	-	-	-	-
Fines, penalties and forfeits	50,116	59,797	71,833	71,571	63,961	63,961	78,763	82,883	85,222
Interest, dividends and rent on land	298,353	319,257	406,197	190,616	333,279	330,782	300,742	383,702	405,960
Sale of capital assets	18,811	14,993	17,972	10,367	13,714	13,835	11,748	12,265	12,934
Transactions in financial assets and liabilities	455,811	215,443	252,865	32,920	95,041	88,011	51,787	54,747	56,818
Total provincial own receipts	1,422,313	1,260,142	1,468,966	1,137,839	1,295,488	1,295,126	1,247,168	1,382,199	1,485,997
Total provincial receipts	51,973,645	54,473,969	58,069,363	60,983,154	61,338,580	61,338,218	64,970,213	69,353,910	74,544,073

4.2. Equitable Share

Section 214 of the Constitution requires that an Act of Parliament provides for the equitable division of revenue raised nationally among the spheres of government and for the determination of each province's equitable share of the that revenue. Each province's equitable share is determined through the equitable share formula which is reviewed and updated annually using new data and taking into account recommendations from the Financial and Fiscal Commission (FFC). The province received R55.2 billion in 2018/19, R59.2 billion in 2019/20; and R63.5 billion in 2020/21 financial year.

4.3. Conditional Grants

Conditional grants are the allocation that provinces receive from the national share designed to achieve specific objectives with conditions that each recipient department must adhere to. The purpose of conditional grants is to address inter-governmental policy matters in all provinces.

The province is allocated R8.5 billion in 2018/19, R8.8 billion in 2019/20 and R9.5 billion in 2020/21 financial years. As alluded above, Cabinet resolved to reduce government spending and as a result R22.5 billion is reduced from conditional grants nationally over the MTEF period. The grants which are negatively affected in the province include HIV and AIDS life skills grant (Education), Human Settlements grant (CoGHSTA), Provincial Roads Maintenance grant (Public Works and RAL) and Public Transport Operations grant (Transport). The table below refers:

Table 6: Summary of National Conditional Grant transfers by vote

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
R thousand									
Vote 3	2,539,169	1,919,982	2,088,243	2,064,788	2,115,390	2,490,821	2,349,648	2,461,364	2,766,053
National School Nutrition Programme	984,442	991,122	1,087,090	1,161,389	1,176,754	1,176,754	1,229,299	1,290,763	1,382,453
Dinaledi Schools Grant	2,678	-	-	-	-	-	-	-	-
HIV/AIDS (Life Skills Education)	9,610	24,238	23,486	35,339	35,339	35,339	27,116	29,124	31,137
Technical Secondary Schools Recapitalisation	18,061	-	-	-	-	-	-	-	-
Education Infrastructure Grant	1,096,322	863,797	938,072	810,523	844,109	1,219,540	1,011,680	1,068,836	1,275,292
EPWP Incentive Allocation	-	2,672	1,876	2,000	2,000	2,000	2,134	-	-
Social Sector (EPWP) Grant	18,955	2,482	3,175	2,888	2,888	2,888	14,355	-	-
Learners with profound intellectual Disabilities Grant	-	-	-	9,853	9,853	9,853	21,700	26,839	28,932
Maths, Science and Technology Grant	-	35,671	34,544	42,796	44,447	44,447	43,364	45,802	48,239
Vote 4	294,097	329,331	332,349	323,750	326,730	326,730	345,387	343,686	365,654
Land Care Programme	9,988	9,903	10,429	13,672	13,672	13,672	12,603	12,863	13,570
Comprehensive Agriculture Support Programme	223,150	263,806	253,570	238,991	241,971	241,971	256,521	255,569	272,692
EPWP Incentive Allocation	14,898	5,285	4,475	3,731	3,731	3,731	5,000	-	-
EPWP Integrated-Rural	-	-	-	-	-	-	-	-	-
ILima/Letsema Projects	46,061	50,337	63,875	67,356	67,356	67,356	71,263	75,254	79,393
Vote 06	2,075	2,481	3,443	2,567	2,567	2,567	3,376	-	-
EPWP Incentive Allocation	2,075	2,481	3,443	2,567	2,567	2,567	3,376	-	-
Vote 7	1,853,310	1,879,185	2,066,168	2,390,605	2,422,567	2,402,407	2,720,840	2,810,771	3,065,326
Health Professions Training and Development	116,206	117,554	124,779	131,726	131,726	131,726	139,366	147,168	155,262
Health Facility Revitalisation	431,852	357,322	378,900	508,144	508,144	508,144	536,898	461,000	486,355
Comprehensive HIV and AIDS	962,844	1,065,528	1,170,424	1,354,308	1,374,468	1,354,308	1,600,516	1,764,331	1,956,421
National Tertiary Services	330,568	312,393	362,361	366,314	366,314	366,314	387,560	409,263	436,684
Human Papillomavirus Vaccine Grant	-	-	-	-	-	-	27,471	29,009	30,604
EPWP Incentive Allocation	2,085	1,079	-	-	-	-	2,000	-	-
Social Sector (EPWP) Grant	2,577	17,826	21,975	30,113	30,113	30,113	27,029	-	-
Malaria Control	-	-	-	-	11,802	11,802	-	-	-
National Health Insurance	7,178	7,483	7,729	-	-	-	-	-	-
Vote 8	291,847	298,298	326,129	345,610	345,610	345,610	356,809	376,790	402,035
Public Transport Operations	291,847	298,298	326,129	345,610	345,610	345,610	356,809	376,790	402,035
EPWP Incentive Allocation	-	-	-	-	-	-	-	-	-
Vote 9	1,180,631	976,853	997,357	1,146,284	1,173,549	1,149,357	1,131,500	1,105,360	1,165,989
Provincial Roads Maintenance Grant	1,173,861	969,733	992,531	1,010,387	1,037,652	1,010,960	994,146	965,360	1,165,989
Transport Disaster Management Grant	-	-	-	130,000	130,000	130,000	130,000	140,000	-
EPWP Integrated Grant	6,770	7,120	4,826	5,897	5,897	8,397	7,354	-	-
Vote 10	-	2,078	-	2,000	2,000	2,000	2,000	-	-
EPWP Incentive Allocation	-	2,078	-	2,000	2,000	2,000	2,000	-	-
Vote 11	583,021	1,129,138	1,518,880	1,321,493	1,406,461	1,256,461	1,312,187	1,355,011	1,439,299
EPWP Incentive Allocation	-	829	636	2,000	2,000	2,000	2,000	-	-
Human Settlement Development	583,021	1,128,309	1,518,244	1,319,493	1,404,461	1,254,461	1,287,681	1,331,247	1,414,229
<i>of which</i>									
Human Settlement Development (flood repair)	-	5,701	34,182	29,678	29,678	29,678	-	-	-
Earmarked additions for the 11 mining towns	-	17,540	66,330	66,330	66,330	66,330	165,217	165,217	165,217
Thabazimbi	-	7,171	27,100	27,100	27,100	27,100	32,364	32,364	32,364
Greater Tzabatsi	-	1,684	6,430	6,430	6,430	6,430	59,102	59,102	59,102
Elias Motsoaledi	-	3,255	12,300	12,300	12,300	12,300	25,613	25,613	25,613
Lephalale	-	4,720	17,800	17,800	17,800	17,800	28,138	28,138	28,138
Fetakgomo(LIM 476)	-	710	2,700	2,700	2,700	2,700	-	-	-
Mogalakwena	-	-	-	-	-	-	20,000	20,000	20,000
Housing Disaster Management	-	-	-	-	-	-	-	-	-
Title DeedsRegistration Grant	-	-	-	-	-	-	22,506	23,764	25,070
Vote 12	2,749	3,188	11,197	96,847	96,847	96,847	127,200	127,104	135,621
EPWP Incentive Allocation	2,749	3,188	11,197	8,978	8,978	8,978	8,008	-	-
Early Childhood Development	-	-	-	41,085	41,085	41,085	68,561	72,389	77,240
Social work employment grant	-	-	-	46,784	46,784	46,784	50,631	54,715	58,381
Vote 13	118,491	183,762	192,774	191,034	191,034	191,034	195,322	203,804	214,950
Mass Participation and Sport Development Grant	58,848	63,417	66,391	67,850	67,850	67,850	67,679	71,490	75,450
Community Library Services	57,585	118,404	124,544	121,184	121,184	121,184	125,643	132,314	139,500
EPWP Incentive Allocation	2,058	1,941	1,839	2,000	2,000	2,000	2,000	-	-
Total conditional grants	6,865,390	6,724,296	7,536,540	7,884,978	8,082,755	8,263,833	8,544,269	8,783,890	9,554,927

Specific grants within the various departments are outlined below.

Vote 3: Department of Education

The department will receive conditional grants amounting to R2.3 billion in 2018/19, the grants will increase to R2.5 billion in 2019/20 and further increase to R2.8 billion in 2020/21. The conditional grants will be used for National School Nutrition Programme, HIV/AIDS, Education Infrastructure, Learners with Profound Intellectual Disabilities, Social Sector Extended Public Works Programme (EPWP), Extended Public Works Programme and Integrated, Math, Science and Technology. The conditional grants increase throughout the outer years of the MTEF except the Social Sector EPWP and EPWP Incentive grants as these allocations are based on performance.

Vote 4: Department of Agriculture

The department will receive conditional grants amounting to R345.4 million in 2018/19, the amount will decrease to R343.7 million in 2019/20 and increase to R365.7million in 2020/21. The conditional grants will be used mainly for Land care, Comprehensive Agriculture Support Programmes and Ilima / Letsema projects and EPWP Incentives.

Vote 6: Department of Economic Development, Environment and Tourism

The department has been allocated R3.4 million for EPWP Incentive grant for the year 2018/19 financial year.

Vote 7: Department of Health

An amount of R2.7 billion has been allocated to the department as a conditional grant for the year 2018/19. The grant will increase to R2.8 billion in 2019/20 and increase to R3.1 billion in 2020/21. For the 2018/19 MTEF the department will have the following conditional grants; - Health Professional Training and Development Grant, Health Facility Revitalisation, Comprehensive HIV/AIDS, National Tertiary Services, Hospital

Revitalisation, Human Papillomavirus Vaccine, EPWP Incentive and EPWP Social Sector. The largest grant in the Department in 2018/19 is the Comprehensive HIV/AIDS grant at R1.6 billion followed by Hospital Revitalization Grant at R536.9 million.

Vote 8: Department of Transport

The department will receive conditional grants amounting R356.8 million in 2018/19 financial year, R376.8 million in 2019/20 and R402.0 million in 2020/21. The conditional grant is for Public Transport Operations.

Vote 9: Department of Public Works, Roads and Infrastructure

The department will receive conditional grants amounting R1.1 billion in 2018/19 and 2019/20 financial year and increase to R1.2 billion in 2020/21. The department is allocated two grants which are Provincial Roads Maintenance Grant part of which will be for Transport Disaster Management for repairing roads that are damaged by floods and EPWP Integrated grant.

Vote 10: Community Safety

The department has been allocated R2.0 million for EPWP Incentive grant for the year 2018/19 financial year.

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

The department will receive grant amounting to R1.3 billion in 2018/19. The grant will increase to R1.4 billion in 20120/21. The conditional grant is mainly for Integrated Housing and Human Settlements Development and implementation of EPWP Integrated programme. The allocation includes funds that are earmarked for flood disaster damage and funds for mining towns. The identified mining towns are:

Thabazimbi, Greater Tubatse, Elias Motswaledi, Lephalale and LIM 476. The grant is meant to meet the high demand for housing within the province.

Vote 12: Department of Social Development

The department has been allocated conditional grant of R127.2 million for 2018/19. The grant funding will decline to R127.1 million in 2019/20 and increase R135.6 million in 2020/21. The grants funding will be used for Early Childhood Development, Social Worker Employment and EPWP Social Sector Grant.

Vote 13: Department of Sports Arts and Culture

The department has been allocated conditional grant amounting to R 195.3 million in 2018/19. The grants funding will grow to R 203.8 million in 2019/20 and R214.9 million in 2020/21. The grant will be used mainly for Community Library Services, Mass Participation and Sport Development and EPWP.

4.4. Provincial Own Receipts (Own Revenue)

In South Africa, the expenditure budget over the 2018 MTEF period is anticipated to be below the set projected national revenue targets which raises a risk of financing the current expenditure through debt financing thereby exposing the country to financial market risks. As a result, the provincial share of the national revenue allocation is faced with reductions year-on-year despite the increasing population and developmental needs of citizens.

The Provincial government is mandated by the Constitution of the Republic of South Africa to generate revenue that would be spent for the purpose of augmenting the Provincial Share of National Revenue allocated to Departments to address provincial spending priorities. In 2018/19 financial year, the Limpopo own revenue collection is projected at R1.3 billion or 1.8 percent of the total provincial receipts. The bulk of revenue is generated from the Department of Transport at 42.0 percent mainly on

motor vehicle licenses taxes, followed by Provincial Treasury at 24.1 percent from interest earned on bank balances. The interest earned on bank balances is volatile since the more departments spend, the lower the accumulation of Provincial cash balances.

Department of Health is the third largest revenue contributor at 13.5 percent mainly from the collection of patient fees, while Economic Development, Environment and Tourism provides 12.9 percent primarily from casino and horse racing taxes. Other Departments contribute 7.5 percent with Departments of Agriculture & Rural Development and Public Works, Roads & Infrastructure having potential to generate more revenue on boarding services & tuition fees and property rentals respectively.

The increasing expenditure trend over the MTEF period which is not commensurate to the national revenue collection, makes it compulsory for the provinces to continuously put more efforts to maximise own revenue generation and manage collection effectively. Limpopo Provincial Treasury works jointly with departments and public entities to ensure maximisation of own revenue. As such, the Limpopo Provincial Own Revenue Enhancement Strategy has been reviewed to include the Revenue Retention Strategy that shall encourage Departments and Public Entities to manage revenue collection effectively through the retention of revenue surpluses.

In 2018/19 financial year, the Province will allocate a Revenue Enhancement allocation of R32.0 million to the Department Limpopo Economic Development, Environment and Tourism for infrastructure development in the wildlife resorts in order to improve revenue collection from these resorts. The Department of Transport is also provisionally allocated a Revenue Enhancement Allocation of R3.1 million to implement the extension of multipurpose centre project.

Table 7: Provincial Own Revenue per vote

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Vote 1: Office of the Premier	1,069	1,834	1,186	777	550	777	567	583	608
Vote 2: Provincial Legislature	189	316	186	219	477	508	234	246	260
Vote 3: Education	38,192	63,781	67,488	41,614	61,408	62,507	41,264	43,826	46,597
Vote 4: Agriculture and Rural Development	7,419	13,222	13,101	10,854	12,225	12,219	12,579	12,865	12,894
Vote 5: Provincial Treasury	299,231	302,970	407,906	188,133	330,410	330,410	300,000	382,965	405,184
Vote 6: Economic Development, Environmental Affairs	146,424	124,557	123,473	152,240	152,240	152,252	160,918	169,929	179,275
Vote 7: Health	137,644	135,609	169,761	182,996	182,996	181,271	168,177	177,672	216,205
Vote 8: Transport	397,788	419,631	472,466	494,040	503,528	503,528	524,149	553,478	582,876
Vote 9: Public Works, Roads and Infrastructure	382,482	156,871	187,679	58,783	42,060	42,060	28,355	29,323	30,326
Vote 10: Community Safety	254	253	168	115	116	116	232	117	135
Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs	3,049	35,987	8,715	2,792	4,845	4,845	4,784	4,977	5,180
Vote 12: Social Development	6,889	3,424	14,752	3,438	2,794	2,794	3,969	4,182	4,292
Vote 13: Sport, Arts & Culture	1,683	1,687	2,085	1,839	1,839	1,839	1,940	2,036	2,165
Total provincial own receipts	1,422,313	1,260,142	1,468,966	1,137,839	1,295,488	1,295,126	1,247,168	1,382,199	1,485,997

The table 6 above depicts the history of own receipts per vote from the 2014/15 financial year to 2016/17 financial year, and the collection estimates for 2017/18 and over the MTEF period. Overall, the revenue estimates increase from the original estimates of R1.1 billion in 2017/18 to R1.2 billion in 2018/19 financial year which represent an increase of 13.9 percent. An increase is mainly due to interest generated from positive bank balances by Provincial Treasury and improved collection of motor vehicle licenses & registration by the Department of Transport.

Vote 1: Office of the Premier

Office of the Premier derives its main sources of revenue from commission on insurance and parking fees. A negative growth of 27.0 percent in 2018/19 is due once off sale of capital assets /scraps, once off recovery of previous year debts and parking fees. Over the MTEF period, the target is estimated to decline at an average of 7.6 percent.

Vote 2: Provincial Legislature

The main source of revenue for Provincial Legislature is commission on insurance. The budget of the institution increase by 6.8 percent in 2018/19 and 5.9 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 estimates decline by 0.8 percent in 2018/19 financial year and a minimal growth of 3.8 percent over the MTEF. The decline is mainly on commission on insurance.

Vote 4: Agriculture and Rural Development

The revenue collection for the department is mainly on sale of agricultural produce, boarding services and tuition fees from Colleges. The abnormal growth of 15.9 percent in 2018/19 and a growth of 5.9 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 balance, sale of tender documents, parking fees and previous year's recoveries. The revenue budget of the department increases abnormally by 59.5 percent in 2018/19 and 29.1 percent over the MTEF due to improved projections of interest earned on bank balances.

Vote 6: Economic Development, Environment and Tourism

The major source of revenue is generated from casino and horse racing taxes. The budget of the Department increases by 5.7 percent in 2018/19 and 5.6 percent over the MTEF. The increase is due to inflation related factors.

Vote 7: Health

The main sources of revenue for the department is patient and boarding fees. The revenue budget estimates decrease by 8.1 percent in 2018/19 and growth of 5.7 percent over the MTEF. The decline 2018/19 is due to constant decline of patient fees in previous years and the increase over the MTEF is inflationary related.

Vote 8: Transport

Motor vehicle licences and traffic fines contribute a major part of revenue generated by the Department of Transport. Other sources include abnormal load fees and public permits. The revenue budget of the Department increases by 6.1 percent in 2018/19 and 5.7 percent over the MTEF due to inflation related factors.

Vote 9: Public Works, Roads and Infrastructure

Main source 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 decreases significantly by 51.8 percent in 2018/19 and 19.8 percent over the MTEF due to poor collection of property rentals.

Vote 10: Community Safety

The main departmental sources of revenue are commission on insurance and parking fees. The abnormal growth of 101.7 percent in 2018/19 and 5.5 percent over the MTEF. The abnormal growth is due to anticipated sale of capital assets in 2018/19 and inflation related factors over the MTEF.

Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs

The main sources of revenue are commission on insurance and parking fees. The revenue budget of the department increases abnormally by 71.3 percent in 2018/19 and 22.9 percent over the MTEF due to anticipated interest accrued from funds transferred to implementing agencies and once off sale of capital assets.

Vote 12: Social Development

The main sources of revenue are commission on insurance, rentals and parking fees. The revenue estimate increases by 15.4 percent in 2018/19 and 7.7 percent over the MTEF. The significant growth is influenced by once off sale of tender documents.

Vote 13: Sport, Arts and Culture

The Department derives its own revenue mainly on entrance fees from hosting Mapungubwe Arts Festival. The revenue budget of the Department increases by 5.5 percent in 2018/19 and 5.6 percent over the MTEF due to inflation related factors.

4.5. Donor Funding

Table 8: Summary of provincial donor funding

R thousand	Audited Outcome			Estimated Outcome	Medium-term Expenditure Estimate		
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Vote 06 : Economic Development, Environment Affairs and Tourism	1 710	5 198	671	877	481	-	-
Vote 07 : Health	750	-	-	-	-	-	-
Vote 12 : Social Development	14 669	15 296	12 000	4 005	14 220	-	-
	17 129	20 494	12 671	4 882	14 701	-	-

It is estimated that a total amount of R14.7 million will be received from donors during 2018/19 financial year. The Department of Economic Development, Environment and Tourism will receive an amount of R0.481 million from Department of Public Service and Administration (DPSA) through its Tirelo Bosha-Public service improvement facility. An amount of R14.2 million will be received by Department of Social Development from HWSETA for training of interns. Department of Health is no longer receiving financial assistance from the foreign donors.

CHAPTER 5: PAYMENTS

5.1. Overall Position

The provincial expenditure grows from R61.4 billion in 2017/18 to R65.3 billion in 2018/19 and further grows to R68.6 billion in 2019/20 and to R72.6 billion in 2020/21 financial years. The expenditure growth is 6.4 percent in 2018/19 and 5.9 percent in 2020/21. The 2018 MTEF budget is presented in times of economic distress which includes reductions to both the provincial fiscal framework and conditional grants.

Table 9: Summary of provincial payments and Estimates per vote

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Vote 01: Office of the Premier	340,862	340,674	371,031	395,789	405,060	405,060	420,680	437,276	461,326
Vote 15: Provincial Legislature	273,323	297,960	321,008	341,809	397,369	397,370	360,927	378,668	399,495
Vote 03: Education	24,419,274	25,118,175	26,826,203	28,783,149	28,880,494	29,255,925	30,607,772	32,270,855	34,215,066
Vote 04: Agriculture and Rural Development	1,555,401	1,620,258	1,689,801	1,855,352	1,864,207	1,864,207	1,917,354	2,002,111	2,115,293
Vote 05: Provincial Treasury	346,305	363,722	441,152	474,620	432,909	434,462	472,850	492,199	499,318
Vote 06: Economic Development, Environmental Affairs and Forestry	1,112,393	1,153,443	1,312,225	1,500,308	1,694,971	1,694,971	1,665,374	1,668,288	1,752,013
Vote 07: Health	14,526,110	15,432,089	17,217,613	18,042,776	18,606,039	19,522,743	19,511,420	20,514,589	21,741,023
Vote 08: Transport	1,704,750	1,727,714	1,871,614	1,962,385	1,990,645	1,990,645	2,106,228	2,199,372	2,326,846
Vote 09: Public Works, Roads and Infrastructure	2,787,867	2,685,343	2,988,778	3,135,729	3,428,053	3,428,053	3,118,176	3,201,303	3,377,178
Vote 10: Community Safety	72,660	82,656	92,552	103,713	103,713	103,713	109,714	113,638	119,888
Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs	1,525,470	2,185,684	2,679,638	2,581,771	2,667,839	2,667,842	2,624,006	2,680,955	2,838,158
Vote 12: Social Development	1,455,600	1,585,497	1,662,209	1,821,036	1,828,814	1,828,814	1,986,729	2,122,337	2,240,821
Vote 13: Sport, Arts & Culture	284,373	378,780	429,531	460,288	466,009	466,009	472,264	487,538	514,282
Total provincial payments by vote	50,404,388	52,971,995	57,903,354	61,458,726	62,766,122	64,059,814	65,373,493	68,569,129	72,600,707
Less: Unauthorised expenditure	-	-	49,376	-	-	-	289,004	-	-
Baseline available for spending	50,404,388	52,971,995	57,853,978	61,458,726	62,766,122	64,059,814	65,084,489	68,569,129	72,600,707

5.2. Payments by Vote

Vote 1: Office of the Premier

The Office of the Premier receives a budget allocation of R420.6 million in 2018/19, R437.2 million in 2019/20 and further increases to R461.3 million during 2020/21. The allocation increase by 6.3 percent in 2018/19. The funding includes allocation of R6.2

million for SMS Capacity Building, Provincial Customer Survey, Disaster Recovery Site management and Provincial Evaluation Plans.

Vote 2: Provincial Legislature

The Provincial Legislature has been allocated a budget of R360.9 million for 2018/19 financial year. Their budget increases to R378.6 million in 2019/20 and R399.4 million for the 2020/21 financial year. The allocation increase by 5.6 percent in 2018/19 and 5.5 percent in 2020/21. The allocation includes the implementation of the ERP system, upgrading of security systems and an additional R2.0 million for programmes that promote taking the Legislature to the people.

Vote 3: Education

Education receives a budget allocation of R30.6 billion in 2018/19, R32.3 billion in 2019/20 and further increases to R34.2 billion during 2020/21. The allocation includes R2.3 billion for Conditional Grants and R565.9 million from own revenue in 2018/19 financial year. The allocation increase by 6.3 percent in 2018/19 and 5.9 percent over the MTEF. Through this allocation, the department will prioritise the provision of quality basic education which will include learner attainment programmes, school nutrition, scholar transport, delivery and maintenance of school infrastructure and appointment of qualified educators and administration personnel.

Vote 4: Agriculture

Agriculture has been allocated a budget of R1.9 billion in 2018/19 financial year to deliver its mandate of which R345.3 million is for Conditional Grants. The budget increases by 3.3 percent in 2018/19 which is below the CPI increase of 5.4 percent over the MTEF. The departmental allocation is reduced by R50 million in 2018/19 as a result of a reduction in personnel costs in the department. The department's budget will be utilized for food security and farmer support programmes.

Vote 5: Provincial Treasury

The Provincial Treasury receives a budget allocation of R472.8 million in 2018/19, R492.2 million in 2019/20 and R499.3 million during 2020/21 financial year. The budget has negative growth of 0.4 percent in 2018/19 due to a once-off allocation in 2017/18. The allocation includes an amount of R24.9 million for Government Technical Advisory Centre (GTAC) project to enhance infrastructure delivery in the province.

Vote 6: Economic Development, Environment and Tourism

The Department of Economic Development is allocated a budget of R1.7 billion in 2018/19, of which R3.3 million is for a Conditional Grant and R746.6 million is for transfers to Public Entities. The allocation increases by 11.0 percent in 2018/19 and 5.0 percent in 2020/21 financial year. The department is responsible for economic development in the province and the allocation includes an amount of R254.6 million for Special Economic Zones and the implementation of a broadband network infrastructure by Limpopo Economic Development Agency (LEDA). The funding also provides for upgrading of nature reserves and resorts as well as programmes that are earmarked for job creation for the youth and promotion of SMME's.

Vote 7: Health

The total allocation of the department is R19.5 billion in 2018/19 financial year. The budget allocation includes R2.7 billion for Conditional Grants and R495.4 million from own revenue. The allocation increases by 8.1 percent in 2018/19 and 6.0 percent in 2020/21 financial year. The allocation is increased by R1.1 billion over the MTEF period to subsidize the increased cost of medicines and medical supplies. This funding will be utilized to ensure that the department delivers quality, accessible and affordable health care to the people of Limpopo.

Vote 8: Transport

The budget allocated to the Department is R2.1 billion in 2018/19, of which R356.8 million is for a conditional grant and R53.4 million is for transfer payments to the entity Gateway Airport Authority Limited (GAAL). The allocation is increasing by 7.3 percent

in 2018/19 and 5.8 percent in 2020/21 financial year. The allocation includes an amount of R20 million for the refurbishment of traffic training college.

Vote 9: Public Works, Roads and Infrastructure

The Department receives a budget allocation of R3.1 billion in 2018/19, R3.2 billion in 2019/20 and R3.4 billion in 2020/21 financial years. The allocation has a negative growth of 0.6 percent in 2018/19 due to a once-off allocation in 2017/18 financial year. The allocation further includes R1.1 billion for conditional grants. The Department will transfer R988.9 million to Roads Agency Limpopo (RAL) for operational costs and roads maintenance and upgrading.

Vote 10: Community Safety

The Department of Community Safety receives a budget allocation of R109.7 million in 2018/19 financial year of which R2.0 million is for EPWP Incentives Grant. The budget increase by 5.8 percent in 2018/19 and 5.0 percent over the MTEF period. This funding will enable the department to deliver its mandate of intensifying the fight against crime and corruption through an integrated approach. This includes the provision of support to the Community Safety Forums and Community Policing Forums (CSP's).

Vote 11: Co-Operative Governance, Human Settlements and Traditional Affairs

The Department is allocated budget of R2.6 billion in 2018/19, R2.7 billion in 2019/20 and R2.8 billion during 2020/21 financial year. The allocation makes provision for the delivery of quality housing through the Human Settlement Development Grant which is allocated an amount of R1.3 billion in 2018/19 financial year. Included in the allocation for 2018/19 is an amount of R55.0 million for Construction and Furnishing of Traditional Council Offices and a further R12.2 million for the Kingship Project.

Vote 12: Social Development

The budget allocated to the Department is R1.9 billion in 2018/19, R2.1 billion in 2019/20 and R2.2 billion during 2020/21 financial year. The allocation increase by 9.1 percent in 2018/19 and 5.6 percent in 2020/21 financial year. The allocation includes conditional grant allocations of R127.2 million in 2018/19 financial year. Included in the equitable share allocation is an amount of R23.5 million earmarked for expansion of Isibindi and Violence against woman Programmes. The Province has prioritized the operationalisation of Seshego Treatment Centre and Mtsetweni Children's Home.

Vote 13: Sport, Arts and Culture

The total allocation of the department amounts to R472.2 million in 2018/19, R487.5 million in 2019/20 and R514.3 million in 2020/21 financial years. The allocation increases by a minimal 2.6 percent in 2018/19 due to once-off allocation in 2017/18 and 5.5 percent in 2020/21 financial year. An amount of R195.3 million is allocated for conditional grants in 2018/19 financial year. Included in the allocation for 2018/19 is an amount of R15.1 million for operationalisation of libraries, celebration of national and historic days, Creativity Industry support and promotion & development of provincial artists.

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 10: Payments by economic classification

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2014/15	2015/16	2016/17				2018/19	2019/20	2020/21
Current payments	42,531,940	44,776,572	48,460,867	51,909,170	52,440,570	53,292,171	55,460,764	58,347,424	61,717,080
Compensation of employees	35,429,107	37,753,155	40,107,796	43,055,737	42,844,061	43,186,405	45,956,166	48,640,031	51,382,072
Goods and services	7,102,393	7,022,932	8,352,723	8,852,563	9,595,640	10,104,896	9,503,679	9,706,423	10,333,984
Interest and rent on land	440	485	349	870	870	870	920	970	1,023
Transfers and subsidies to:	5,626,757	6,061,628	7,408,763	7,452,058	8,095,379	8,108,398	7,827,311	8,171,381	8,567,819
Provinces and municipalities	113,223	96,538	116,799	109,154	91,092	90,940	95,014	84,823	88,937
Departmental agencies and accounts	1,711,578	1,405,801	1,768,912	1,675,301	2,171,243	2,155,401	1,885,011	1,970,396	2,013,636
Universities and technikons	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	652,956	651,890	692,213	711,054	711,054	711,054	736,834	769,786	816,646
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	1,879,430	2,090,004	2,547,400	2,920,385	2,951,004	2,956,976	3,124,859	3,321,006	3,473,750
Households	1,269,570	1,817,395	2,283,439	2,036,165	2,170,986	2,194,027	1,985,592	2,025,370	2,174,850
Payments for capital assets	2,185,906	2,097,641	1,865,901	2,097,498	2,207,997	2,637,342	2,085,419	2,050,323	2,315,807
Buildings and other fixed structures	1,911,602	1,635,532	1,348,130	1,327,006	1,394,515	1,769,947	1,680,356	1,633,194	1,842,237
Machinery and equipment	273,506	461,759	515,929	768,442	811,362	865,275	401,283	414,918	471,237
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	772	2,050	2,050	2,050	2,167	2,211	2,333
Land and subsoil assets	-	-	-	-	70	70	0	-	-
Software and other intangible assets	798	350	1,070	0	0	0	1,613	-	-
Payments for financial assets	59,785	36,154	167,823	-	22,176	21,903	-	-	-
Total economic classification	50,404,388	52,971,995	57,903,354	61,458,726	62,766,123	64,059,814	65,373,493	68,569,128	72,600,706
Less: Unauthorised expenditure	-	-	49,376	-	-	-	289,004	-	-
Baseline Available for Spending	50,404,388	52,971,995	57,853,978	61,458,726	62,766,123	64,059,814	65,084,489	68,569,128	72,600,706

5.3.1. Current Payments

Total current payments account for 84.8 percent or R55.5 billion of the total share of provincial payments in the 2018/19 financial year. The main contributing factor is the provision for Compensation of Employees (CoE). The budget allocated by the province on CoE amounts to R45.9 billion or 70.3 percent of the total budget of R65.373 billion in 2018/19 financial year. Provincial Treasury together with Office of the Premier will continue to monitor CoE budgets in line with the Provincial Personnel Management Framework without compromising service delivery. The province's allocation of compensation of employees is ring-fenced to curb the ever increasing budget. Expenditure on goods and services increases by 7.4 percent from R8.9 billion in 2017/18 to R9.5 billion in 2018/19 as a result of an increase in spending on priorities such as medicine and medical supplies; school nutrition programme; primary health care and spending on operational expenses.

5.3.2. Transfers and subsidies

Total transfers and subsidies increase from R7.5 billion in 2017/18 to R7.8 billion in 2018/19 and are set to increase from R8.2 billion to R8.6 billion over the MTEF period. The increase of transfers and subsidies budget is as a result of budget increases in transfer payments to other entities, NPOs and departmental agencies by provincial departments. Included in the allocation is the amounts that are transferred to the local government sphere for services rendered and the funds allocated to Human Settlements for the housing development in the province and transfers to the various public entities.

5.3.3. Payment for Capital Assets

From 2017/18 financial year to 2018/19, the payments for capital assets budget decreases by R12.1 million or -0.6 percent from the budget of R2.1 billion. This classification includes allocation for construction of new infrastructure, purchase of office furniture, transport equipment and other machinery and equipment.

5.4. Payments by Policy Area

The table below shows the allocation in terms functional areas. The clustering of these departments is in line with the services they provide within the province as per the mandates in line with the plans.

Table 11: Payments by policy area

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
General public services	4,597,002	4,639,360	5,164,489	5,486,127	5,800,486	5,802,043	5,552,236	5,694,445	5,987,481
Public order and safety	72,660	82,656	92,552	103,713	103,713	103,713	109,714	113,638	119,888
Economic affairs	4,186,083	4,315,162	4,756,349	5,175,808	5,414,086	5,414,086	5,551,166	5,727,331	6,043,561
Environmental protection	186,461	186,253	117,291	142,237	135,737	135,737	137,789	142,440	150,591
Housing and community amenities	676,825	1,234,023	1,637,118	1,443,591	1,530,744	1,530,744	1,444,403	1,495,956	1,587,994
Health	14,526,110	15,432,089	17,217,613	18,042,776	18,606,039	19,522,743	19,511,420	20,514,589	21,741,023
Recreation, culture and religion	284,373	378,780	429,531	460,288	466,009	466,009	472,264	487,538	514,282
Education	24,419,274	25,118,175	26,826,203	28,783,149	28,880,494	29,255,925	30,607,772	32,270,855	34,215,066
Social protection	1,455,600	1,585,497	1,662,209	1,821,036	1,828,814	1,828,814	1,986,729	2,122,337	2,240,821
Total provincial payments and estimates by functio	50,404,388	52,971,995	57,903,354	61,458,726	62,766,122	64,059,814	65,373,493	68,569,129	72,600,707

Office of the Premier, Legislature and Provincial Treasury provides support to departments in terms of general public services and ensure 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.

The department of Community Safety is responsible for public order and safety and is allocated R109.7 million in 2018/19 financial year while economic affairs and environmental protection remains the responsibility of the Department of Economic Development, Environment and Tourism, Agriculture and Transport. These departments are allocated R5.7 billion in 2018/19 financial year.

The department of Cooperative Governance, Human Settlement and Traditional Affairs is responsible for housing development in the province and is allocated R1.4 billion in 2018/19 financial year. The Department of Sport, Arts and Culture oversees recreation, culture and religion programmes in the province. The department is allocated R472.3 million in 2018/19, R487.5 million in 2019/20 and R514.3 million in 2020/21 financial year.

In line with the country's fiscal consolidation to provide basic and social services, the Department of Health, Education and Social development were tasked with that responsibility of ensuring that such services are provided to the public and 79.7 percent or R52.1 billion of the provincial budget is allocated to the three departments.

The other functional area's payments are allocated in line with the services to be rendered and the mandates for the policy area.

5.5. Infrastructure Payments

Government under the auspices of National Treasury initiated the Infrastructure Delivery Improvement Programme (IDIP) as an initiative to support the improvement of infrastructure delivery through improved systems and capacity development in the provincial Departments of Education; Health; Provincial Treasury; and Public works, Roads and Infrastructure.

In Limpopo Province IDIP is extended to other infrastructure departments. The overall Goal of IDIP is to contribute to the achievement of Government's strategy to achieve socio-economic growth and development through improved infrastructure delivery by applying the Infrastructure Delivery Management System (IDMS). The aim of the IDIP is to build capacity to support improvement in the planning, procurement and management of infrastructure delivery at provincial level. Since its inception, the IDIP has been rolled-out over four phases and has evolved over the years.

Limpopo Provincial Infrastructure Team that is, built environment officials from all departments consisting of managers and the technical professional staff are working together and embraced the formulation of the provincial infrastructure team in institutionalising the IDMS. This team under the leadership of Provincial Treasury ensures effective infrastructure planning and delivery and the retention of which is critical. Continuous capacitation of Departments through the appointment of infrastructure management skilled and dedicated officials, is done through the strengthening of the Infrastructure Strategic Planning Hub (ISPH) located within the Department of Public Works, Roads and Infrastructure (DPWR&I) planning division.

In responding to the IDIP challenging situations turn around, the provincial infrastructure governing structures in collaboration with the Infrastructure Technical Management Committee (ITMC) reflected a strong link to effective infrastructure delivery and consequential reporting up to the level of political cluster. The ITMC will also serve as a vital link as part of the proposed Limpopo Intergovernmental

Infrastructure forum (LIIF) once municipalities are incorporated. These structures are primarily responsible for the coordination of roles, links and delivery objectives between the Provincial and the Municipal spheres of governments.

The current achievement shows that a positive and proactive approach to infrastructure delivery in Limpopo at Provincial level is developing. However, the Province through the Office of the Premiers should provide strategies in keeping infrastructure planning demands in line with the integrated planning initiatives of the National, Provincial and Local spheres of government. One of the tools available in the Province is the recently endorsed Limpopo Integrated Infrastructure Master Plan (LIIMP). The ability of the Province to service its citizens is hinged on maintaining and updating its GIS mapping on a daily basis.

In an effort to reduce infrastructure development backlogs and service provision for the citizens, the Limpopo Provincial Government has allocated R16.564 billion for the delivery of infrastructure over the 2018 Medium Term Expenditure Framework (MTEF) period. The provincial quantum in 2018/19 increases by 4 per cent or R653.7 million compared to the 2017 budget. This allocation will fund infrastructure projects of various categories 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 12: Summary of provincial infrastructure payments and estimates by vote

	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Rand thousand		Audited outcome		Main appropriation	Adjusted appropriation	Revised baseline	Medium term estimates		
Vote 03: Education	1 139 322	1 064 384	829 216	810 523	861 167	1 227 770	1 013 426	1 070 662	1 277 218
Vote 04: Agriculture and Rural Development	108 596	155 521	169 245	172 992	145 743	144 165	160 455	189 421	167 562
Vote 06: Economic Development, Environment and Tourism	70 558	51 230	34 167	59 345	61 345	61 345	54 481	20 667	13 671
Vote 07: Health	595 518	602 206	678 526	652 027	662 172	644 746	729 277	725 386	726 300
Vote 08: Transport	1 511 110	4 857	26 000	2 353	2 353	2 353	27 915	3 421	3 609
Vote 09: Public Works, Roads and Infrastructure	36 861	2 059 075	687 849	1 949 853	2 156 909	2 595 040	1 956 343	1 996 105	2 131 254
Vote 11: Co-operative Governance, Human Settlements and Traditional Affairs	583 021	1 128 309	1 518 244	1 319 493	1 254 614	1 254 641	1 287 681	1 331 247	1 414 229
Vote 12: Social Development	14 162	15 764	3 595	36 298	40 805	40 805	43 201	46 295	53 541
Vote 13: Sport, Arts and Culture	16 064	29 434	35 666	48 749	48 859	48 859	40 031	39 595	41 773
Total Infrastructure (including non infrastructure items)	4 075 212	5 110 780	3 982 508	5 051 633	5 233 966	6 019 724	5 312 810	5 422 799	5 829 157

Table 11 above summarises the budget allocation by vote over 2018 MTEF period which shows that the department of Public Works Roads & Infrastructure is allocated a budget of R 1.956 billion or 37.0 percent, followed by CoGHSTA with an allocation of R 1.287 billion or 24.0 percent, the department of Education with R1.013 billion or 19.0 percent and the department of Health with R729.2 million or 14.0 percent in the 2018/19 financial year respectively. Limpopo Provincial Government infrastructure is mainly funded through conditional grants and Provincial Equitable Share.

Table 13: Summary of provincial infrastructure payments and estimates by category

	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Rand thousand	Audited outcome			Main appropriation	Adjusted appropriation	Revised baseline	Medium term estimates		
Existing infrastructure assets	3 004 337	3 524 573	1 910 161	3 113 267	3 425 133	4 215 446	2 593 573	2 568 725	2 934 712
Maintenance and repairs	952 667	1 588 913	333 845	1 397 347	1 188 417	1 071 365	1 260 324	1 253 930	1 348 642
Upgrades and additions	1 948 120	1 605 632	1 028 977	1 495 828	1 847 282	2 115 342	1 127 640	1 197 432	1 512 624
Rehabilitation and refurbishment	103 550	330 028	547 339	220 092	389 434	1 028 739	205 609	117 363	73 445
New infrastructure assets	405 245	318 705	430 350	439 763	408 461	423 305	285 848	312 358	269 166
Infrastructure transfers	665 630	1 267 502	1 641 997	1 454 657	1 362 217	1 356 304	2 200 386	2 301 615	2 371 722
Infrastructure transfers - Current	-	-	-	-	12 634	11 429	482 796	517 609	477 491
Infrastructure transfers - Capital	665 630	1 267 502	1 641 997	1 454 657	1 349 583	1 344 875	1 717 590	1 784 006	1 894 231
Infrastructure: Payments for financial assets	-	-	-	-	-	-	-	-	-
Infrastructure: Leases	-	-	-	-	-	-	-	-	-
Non Infrastructure	-	-	-	43 946	38 156	24 670	233 003	240 101	253 558
Total Infrastructure (including non infrastructure items)	4 075 212	5 110 780	3 982 508	5 051 633	5 233 966	6 019 724	5 312 810	5 422 799	5 829 157

Over the 2018 MTEF period a budget of R867.3 million is allocated towards new infrastructure; and amount of R396.4 million allocated for rehabilitation and refurbishment while the upgrading and additions of existing facilities is allocated R3.837 billion. Moreover, an amount of R3.862 billion is allocated for infrastructure maintenance over the MTEF period.

The allocation is earmarked for Provincial infrastructure planning, equipping new facilities/assets, upgrading, rehabilitation/refurbishment and maintenance of nature reserves/state resorts, Community Clinics, Health Centres, Nursing Campuses, EMS stations, Forensic Mortuaries, Provincial, Specialised and Tertiary Hospitals. The department of Education has prioritized the allocations towards eradication of inappropriate school infrastructure, provision of sanitation facilities, and water; and maintenance of existing infrastructure.

Limpopo Department of Public Works Roads and Infrastructure is implementing major road constructions, rehabilitation and maintenance projects through the Roads Agency Limpopo (RAL), while households' projects are done internally. The Human Settlement payments are largely RDP houses as well as informal settlement development initiatives and housing developments including other basic services to households and units through Community Residential Units (CRU) programme.

Sport Arts and Culture has directed the budget towards the construction and completion of libraries and the maintenance of libraries and museums. Transport budget is allocated for refurbishment and revitalisation of Traffic Training College, the extension of multipurpose centre project and for the maintenance of traffic stations. The Department Economic Development is upgrading and rehabilitating the nature reserves and resorts as well as the implementation of Market Stalls based on the outcomes and recommendations of the research that is being currently undertaken.

The Department of Public Works Roads and Infrastructure continue to be the implementing agent of choice in compliance with the resolution of the Provincial EXCO, while alternative implementing agents such as Independent Development Trust (IDT), Development Bank of Southern Africa (DBSA) and Mvula Trust are also used to mitigate the capacity challenges.

The Model SCM Policy Guideline for Infrastructure Procurement and Delivery Management has been developed and adopted by the Limpopo Provincial Government for implementation by all provincial departments and their entities. Departments may develop their own policy within the Provincial framework policy guideline. The policy guideline has been developed to ensure departments, understand and comply with the generic model policy issued by National Treasury. The Government Technical Advisory Centre (GTAC) infrastructure experts and the Infrastructure Strategic Planning Hub (ISPH) are supporting departments and municipalities in the operationalisation requirements of the Standard for Infrastructure Procurement and Delivery Management (SIPDM).

During the 2017/18 financial year substantial successes were recorded which include organizational development, change management and the initiation of interventions to enable the Infrastructure HUB in implementing the SIPDM and the development of capacity within LDPWR&I at large. Also GTAC integrated support rollout to other infrastructure departments. Based on general reflection on progress and interaction with the infrastructure departments, the Province should continuously prioritize projects in line with the Limpopo Development Plan to sustain the progress made.

5.6. Transfers

Table 14: Transfers to Public Entities

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Vote 06: Economic Development, Environmental Affairs and Tourism	478 016	466 083	506 151	616 074	799 324	799 324	746 571	774 532	809 100
Vote 08: Transport	35 000	45 300	59 838	47 573	47 573	47 573	53 380	56 476	59 582
Vote 09: Public Works, Roads and Infrastructure	1 107 316	836 594	1 054 935	962 151	1 212 151	1 212 151	988 918	1 038 015	1 037 756
Total	1 620 332	1 347 977	1 620 924	1 625 798	2 059 048	2 059 048	1 788 869	1 869 023	1 906 438

The provincial Public Entities are allocated an amount of R1.8 billion in 2018/19 financial year. The amount grows to R1.9 billion in 2020/21. Significant growth is realized in Limpopo Economic Development Agency (LEDA) at 37.4 percent due to earmarked funding allocated for the implementation of broadband and Special Economic Zones. Additional amount of R3.0 million is allocated to Gateway Airport Authority Limpopo (GAAL) for the refurbishment of the runway. Lower growth is reported in Roads Agency Limpopo (RAL) due to the reduction of the Provincial Roads Maintenance Grant.

Table 15: Provincial Transfer to Local Government

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Category B	7,023	2,235	2,389	2,963	3,446	3,446	3,979	5,145	5,429
Category C	6,402	16,638	23,660	24,896	24,896	24,896	15,743	726	767
Unallocated	628	647	679	713	713	713	-	-	-
Total provincial transfers to local government	14,053	19,520	26,728	28,572	29,055	29,055	19,722	5,871	6,196

An amount of R19.7 million is allocated by different departments to pay for the rates and taxes, motor vehicles licenses and water and electricity in 2018/19 financial year. The transfer to Category C is mainly from the department of Health on the evolution of Environmental Services. The process of devolution in Mopani District is envisaged to complete during the 2018/19 financial year hence funds are reduced in the 2019/20 and 2020/21 financial years.

5.7. Personnel Numbers and Costs

Table 16: Summary of provincial personnel numbers and costs by vote

R thousands	Actual						Revised estimate				Medium-term expenditure estimate					
	2014/15		2015/16		2016/17		2017/18				2018/19		2019/20		2020/21	
	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Filled posts	Additional posts	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs	Personnel numbers ¹	Costs
Vote																
Vote 01: Office of the Premier	457	234 577	483	241 984	470	265 738	493	-	493	284 098	493	300 576	493	318 611	493	337 728
Vote 15: Provincial Legislature	202	143 624	205	152 588	216	164 798	203	11	214	186 568	227	198 318	226	209 426	226	220 946
Vote 03: Education	68 419	19 797 846	68 671	20 721 593	68 687	21 743 507	65 938	2 573	68 511	23 228 074	68 511	24 637 533	68 511	25 939 596	68 511	27 351 592
Vote 04: Agriculture and Rural Development	3 110	985 602	3 060	1 009 837	2 995	1 046 072	2 859	80	2 939	1 134 570	2 939	1 203 280	2 939	1 282 921	2 939	1 332 927
Vote 05: Provincial Treasury	424	218 549	524	235 895	575	259 219	405	52	457	297 010	513	310 658	513	336 146	513	354 153
Vote 06: Economic Development, Environmental Affairs and Tourism	1 289	424 825	1 488	452 220	1 463	511 975	1 224	182	1 406	520 756	1 367	564 983	1 407	593 309	1 483	625 942
Vote 07: Health	36 728	10 336 806	36 742	11 352 270	35 028	12 218 485	35 086	53	35 139	13 358 311	35 139	14 260 668	35 139	15 214 179	35 139	16 203 150
Vote 08: Transport	2 246	691 676	2 656	786 835	2 713	848 315	2 738	-	2 738	921 852	2 764	975 321	2 919	1 029 939	3 079	1 086 585
Vote 09: Public Works, Roads and Infrastructure	3 902	888 548	3 323	928 105	3 604	965 940	3 589	222	3 811	1 023 253	3 811	1 100 856	3 811	1 165 707	3 879	1 175 671
Vote 10: Safety, Security and Liaison	90	47 085	114	57 826	127	63 714	129	-	129	72 056	130	76 967	130	80 969	137	86 208
Vote 11: Cooperative Governance, Human Settlements and Traditional Affairs	3 605	771 677	3 908	834 920	3 715	948 148	2 161	1 659	3 820	981 399	3 820	1 041 219	3 820	1 097 873	3 820	1 158 243
Vote 12: Social Development	3 115	762 643	3 440	834 322	3 028	894 614	3 191	-	3 191	995 415	3 274	1 084 112	3 274	1 157 384	3 317	1 221 043
Vote 13: Sport, Arts & Culture	398	125 649	407	144 780	465	177 271	593	-	593	187 419	593	199 818	593	213 907	621	227 811
Total provincial personnel numbers	123 985	35 429 107	125 021	37 753 155	123 086	40 107 796	118 609	4 832	123 441	43 188 782	123 581	45 954 310	123 775	48 639 967	124 157	51 381 999

Provincial Treasury together with Office of the Premier will continue to monitor the appointment of staff. The provincial Departments are in the process of reviewing the organizational structure with the aim of providing a reasonable balance between core and support staff. The personnel budget is set to decrease significantly during the completion of this exercise. The provincial personnel numbers will remain ring-fenced at 124 000 over the 2018/19 MTEF period.

5.8. Payments on Training

Table 17: Summary of provincial payments on training

Outcome				Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20
Vote 01: Office of the Premier	81	81	85	91	91	91	96	102	108
Vote 02: Legislature	1 712	1 279	1 020	1 046	1 046	1 046	1 241	1 310	1 382
Vote 03: Education	70 302	64 550	67 971	71 370	71 370	71 370	75 509	79 738	84 123
Vote 04: Agriculture and Rural Development	12 737	10 259	11 535	11 791	11 791	11 791	12 601	13 381	14 118
Vote 05: Provincial Treasury	18 520	3 944	5 214	5 395	5 395	5 395	5 676	6 036	6 197
Vote 06: Economic Development, Environmental Affairs and Tourism	9 458	9 924	10 423	10 950	10 950	10 950	11 586	12 745	14 019
Vote 07: Health	483 321	489 622	622 924	671 910	671 910	670 836	676 499	710 447	757 732
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	-	-	10 159	10 710	10 710	10 710	11 130	11 757	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	2 443	5 945	8 778	8 870	8 870	8 870	9 464	10 089	10 745
Vote 12: Social Development	8 801	9 362	9 858	5 936	5 936	5 936	4 571	4 669	4 926
Vote 21: Sport, Arts & Culture	1 117	966	1 363	1 460	1 460	1 460	1 540	1 620	1 640
Total provincial expenditure on training	612 750	600 441	753 206	807 640	807 640	806 566	819 665	862 187	917 616

The budget for the MTEF makes provision for an increase of mentoring and coaching programmes on employees as a result of the various developmental interventions. Provincial departments have provided funds for employee training in order to close the gaps identified during personnel development planning. An amount of R819.7 million is made available in the 2018/19 financial year. The allocation is also in line with the requirement per Skills Levy Act.

ANNEXURES

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

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Tax receipts	358,874	409,938	458,530	475,120	508,534	506,130	518,779	547,833	579,572
Casino taxes	48,467	56,600	58,749	69,796	69,166	69,796	73,774	77,906	82,191
Horse racing taxes	14,089	18,001	26,130	13,813	29,992	26,313	31,855	33,641	35,488
Liquor licences	3,133	3,300	3,424	4,236	3,591	4,236	3,800	4,013	4,983
Motor vehicle licences	293,185	332,037	370,227	387,275	405,785	405,785	409,350	432,273	456,910
Sale of goods and services other than capital assets	240,348	240,565	261,365	357,246	280,959	292,407	285,349	300,770	345,491
Sales of goods and services produced by department	238,115	239,148	259,556	355,531	278,474	289,896	283,242	298,545	343,167
Sales by market establishments	31,790	36,932	33,508	57,746	33,066	33,066	27,044	27,966	28,921
Administrative fees	48,869	29,537	32,266	45,919	32,435	31,894	37,424	39,785	42,264
Other sales	157,456	172,679	193,782	251,866	212,973	224,936	218,774	230,794	271,982
Of which									
Health patient fees	72,508	67,482	85,476	113,467	104,221	103,242	99,613	105,191	14,322
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	2,233	1,417	1,809	1,715	2,486	2,511	2,107	2,225	2,324
Transfers received from:	-	149	204	-	-	-	-	-	-
Other governmental units	-	-	80	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	149	124	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	50,116	59,797	71,833	71,571	63,961	63,961	78,763	82,883	85,222
Interest, dividends and rent on land	298,353	319,257	406,197	190,616	333,279	330,782	300,742	383,702	405,960
Interest	298,184	318,464	405,762	190,070	332,733	330,236	300,171	383,098	405,322
Dividends	1	-	-	-	-	-	-	-	-
Rent on land	168	793	435	546	546	546	571	604	638
Sales of capital assets	18,811	14,993	17,972	10,367	13,714	13,835	11,748	12,265	12,934
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Other capital assets	18,811	14,993	17,972	10,367	13,714	13,835	11,748	12,265	12,934
Transactions in financial assets and liabilities	455,811	215,443	252,865	32,920	95,041	88,011	51,787	54,747	56,818
Total provincial own receipts	1,422,313	1,260,142	1,468,966	1,137,839	1,295,488	1,295,126	1,247,168	1,382,199	1,485,997

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		
	2014/15			2015/16			2016/17			2017/18			2018/19	2019/20	2020/21
R thousand															
Vote 3	2,591,846	2,187,342	2,539,169	1,988,026	1,964,512	1,919,982	2,200,304	2,193,642	2,088,243	2,115,390	2,113,659	2,490,821	2,349,648	2,461,364	2,766,053
National School Nutrition Programme	991,153	991,153	984,442	1,030,799	1,024,088	991,122	1,111,311	1,111,311	1,087,090	1,176,754	1,176,754	1,176,754	1,229,299	1,290,763	1,382,453
Dineledi Schools Grant	11,340	11,340	2,678	-	-	-	-	-	-	-	-	-	-	-	-
HIV/AIDS (Life Skills Education)	31,085	31,085	9,610	25,875	23,051	24,238	33,310	26,648	23,486	35,339	35,339	35,339	27,116	28,124	31,137
Technical Secondary Schools Recapitalisation	29,859	29,859	18,061	-	-	-	-	-	-	-	-	-	-	-	-
Education Infrastructure Grant	1,108,625	1,108,625	1,096,322	885,128	884,677	863,797	1,007,630	1,007,630	938,072	844,109	844,109	1,219,540	1,011,680	1,068,836	1,275,292
of which															
Education Infrastructure Grant (flood)	-	-	-	-	20,277	20,277	-	-	-	-	-	-	-	-	-
EPWP Incentive Allocation	2,000	2,000	-	2,150	1,505	2,672	2,000	2,000	1,876	2,000	2,000	2,000	2,134	-	-
Social Sector (EPWP) Grant	13,280	13,280	18,955	3,095	2,167	2,482	3,500	3,500	3,175	2,888	2,888	2,888	14,355	-	-
Further Education and Training Colleges	404,504	-	409,101	-	-	-	-	-	-	-	-	-	-	-	-
Learners with profound intellectual Disabilities Grant	-	-	-	-	-	-	-	-	-	9,853	8,122	9,853	21,700	26,839	28,932
Maths, Science and Technology Grant	-	-	-	40,979	29,024	35,671	42,553	42,553	34,544	44,447	44,447	44,447	43,364	45,802	48,239
Vote 4	297,153	297,153	294,097	338,190	327,135	329,331	339,670	339,670	332,349	326,730	289,461	326,730	345,387	343,686	365,654
Land Care	10,178	10,178	9,988	10,001	9,811	9,903	10,438	10,438	10,429	13,672	13,672	13,672	12,803	12,863	13,570
Comprehensive Agriculture Support Programme	225,873	225,873	223,150	264,567	261,844	263,806	260,880	260,880	253,570	241,971	198,173	241,971	256,521	255,589	272,692
of which															
Comprehensive Agriculture Support Programme (flood damage)	-	-	-	25,224	25,224	25,224	15,555	15,555	15,555	-	15,555	15,555	5,000	-	-
EPWP Incentive Allocation	12,777	12,777	14,898	5,285	5,143	5,285	4,476	4,476	4,475	3,731	3,731	3,731	5,000	-	-
EPWP Integrated-Rural	2,263	2,263	-	-	-	-	-	-	-	-	-	-	-	-	-
Ilimala/Lelema Projects	46,062	46,062	46,061	50,337	50,337	50,337	63,876	63,876	63,875	67,356	53,885	67,356	71,263	75,254	79,393
Vote 6	2,102	2,102	2,075	2,482	2,455	2,481	3,443	3,443	3,443	2,567	2,567	2,567	3,376	-	-
EPWP Incentive Allocation	2,102	2,102	2,075	2,482	2,455	2,481	3,443	3,443	3,443	2,567	2,567	2,567	3,376	-	-
Vote 7	1,928,483	1,918,783	1,853,310	1,928,235	1,909,991	1,879,185	2,086,849	2,086,849	2,066,168	2,422,567	2,296,205	2,402,407	2,720,840	2,810,771	3,065,326
Health Professions Training and Development	116,206	116,206	116,206	118,855	118,855	117,554	124,787	124,787	124,779	131,726	120,465	131,726	139,366	147,168	155,262
Health Facility Rehabilitation	468,672	468,672	431,852	364,255	368,512	357,322	379,089	379,089	378,900	508,144	508,144	508,144	536,898	461,000	486,355
Comprehensive HIV and AIDS	998,502	998,502	962,844	1,084,340	1,076,046	1,065,528	1,190,823	1,190,823	1,170,424	1,374,468	1,302,858	1,354,308	1,600,516	1,764,331	1,956,421
National Tertiary Services	330,714	330,714	330,568	330,462	330,316	312,393	362,361	362,361	362,361	366,314	334,625	366,314	387,500	409,263	436,684
Human Papillomavirus Vaccine Grant	-	-	-	-	-	-	-	-	-	-	-	-	27,471	29,009	30,604
EPWP Incentive Allocation	2,089	2,089	2,085	2,000	800	1,079	-	-	-	-	-	-	2,000	-	-
Social Sector (EPWP) Grant	2,580	2,580	2,577	20,650	17,842	17,826	22,060	22,060	21,975	30,113	30,113	30,113	27,029	-	-
Malaria Control	-	-	-	-	-	-	-	-	-	11,802	-	11,802	-	-	-
National Health Insurance	7,700	-	7,178	7,673	7,620	7,483	7,729	7,729	7,729	-	-	-	-	-	-
Vote 8	291,852	296,370	291,847	298,298	298,298	298,298	326,129	326,129	326,129	345,610	287,525	345,610	356,809	376,790	402,035
Provincial Roads Maintenance Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EPWP Incentive Allocation	-	4,518	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Transport Operations	291,852	291,852	291,847	298,298	298,298	298,298	326,129	326,129	326,129	345,610	287,525	345,610	356,809	376,790	402,035
Vote 9	1,180,631	1,167,163	1,180,631	1,001,882	1,001,882	976,853	1,024,964	1,024,965	997,357	1,173,549	1,173,459	1,149,357	1,131,500	1,105,368	1,165,989
Provincial Roads Maintenance Grant	1,173,861	1,164,911	1,173,861	994,762	994,762	969,733	1,020,138	1,020,139	992,531	1,037,652	1,167,562	1,010,960	994,146	965,360	1,165,989
of which															
Transport Disaster Management	-	-	-	-	-	-	100,000	100,000	-	130,000	100,000	130,000	130,000	140,000	-
Road Infrastructure (Disaster Management Grant)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EPWP Incentive Allocation	6,770	2,252	6,770	7,120	7,120	7,120	4,826	4,826	4,826	5,897	5,897	8,397	7,354	-	-
Social Sector (EPWP) Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10	-	-	-	2,078	2,078	2,078	-	-	-	2,000	2,000	2,000	2,000	-	-
EPWP Incentive Allocation	-	-	-	2,078	2,078	2,078	-	-	-	2,000	2,000	2,000	2,000	-	-
Vote 11	827,747	1,387,247	583,021	1,593,889	1,593,289	1,129,138	1,605,212	1,605,212	1,518,880	1,406,461	1,140,870	1,256,461	1,312,187	1,355,011	1,439,299
Human Settlement Development	825,043	1,394,543	583,021	1,591,889	1,591,889	1,128,309	1,603,212	1,603,212	1,518,244	1,404,461	1,140,870	1,254,461	1,287,681	1,331,247	1,414,229
of which															
Human Settlement Development (flood repair)	-	-	-	5,701	5,701	5,701	29,678	29,678	34,182	29,678	29,678	29,678	-	-	-
earmarked additions for the 11 mining towns	-	-	-	17,540	17,540	17,540	66,330	66,330	66,330	66,330	66,330	66,330	165,217	165,217	165,217
Thabazimbi	-	-	-	7,171	7,171	7,171	27,100	27,100	27,100	27,100	27,100	27,100	32,364	32,364	32,364
Greater Tzanebe	-	-	-	1,684	1,684	1,684	6,430	6,430	6,430	6,430	6,430	6,430	58,102	58,102	58,102
Elias Motsoaledi	-	-	-	3,255	3,255	3,255	12,300	12,300	12,300	12,300	12,300	12,300	25,613	25,613	25,613
Leptalele	-	-	-	4,720	4,720	4,720	17,800	17,800	17,800	17,800	17,800	17,800	28,138	28,138	28,138
Fetakomoj (LIM 476)	-	-	-	710	710	710	2,700	2,700	2,700	2,700	2,700	2,700	-	-	-
Mogalakwena (LIM 476)	-	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000	20,000
Housing Disaster Management	560	560	-	-	-	-	-	-	-	-	-	-	-	-	-
Title Deeds Restoration Grant	-	-	-	-	-	-	-	-	-	-	-	-	22,506	23,764	25,070
EPWP Incentive Allocation	2,144	2,144	-	2,000	1,400	829	2,000	2,000	636	2,000	2,000	2,000	2,000	-	-
Vote 12	2,772	2,772	2,749	3,190	3,167	3,188	11,242	11,242	11,197	96,847	96,847	96,847	127,200	127,104	135,621
Social Sector (EPWP) Grant	2,772	2,772	2,749	3,190	3,167	3,188	11,242	11,242	11,197	8,978	8,978	8,978	8,008	-	-
Early Childhood Development	-	-	-	-	-	-	-	-	-	41,085	41,085	41,085	68,561	72,389	77,240
Social Work Employment Grant	-	-	-	-	-	-	-	-	-	46,764	46,764	46,764	50,631	54,715	58,381
Vote 13	156,572	156,572	118,491	199,356	193,016	193,762	194,016	194,016	192,774	191,034	172,375	191,034	195,322	203,804	214,950
Mass Participation and Sport Development Grant	59,446	59,446	58,848	63,459	61,338	63,417	67,033	67,033	66,391	67,850	49,191	67,850	67,679	71,490	75,450
Community Library Services	95,024	95,024	57,585	133,897	119,462	118,404	124,983	124,983	124,544	121,184	121,184	121,184	125,643	132,314	139,500
EPWP Incentive Allocation	2,102	2,102	2,058	2,000	1,956	1,941	2,000	2,000	1,839	2,000	2,000	2,000	2,000	-	-
Total conditional grants	7,277,138	7,415,484	6,865,390	7,347,626	7,285,823	6,724,296	7,791,829	7,785,168	7,536,540	8,082,755	7,556,968	8,263,833	8,544,289	8,783,890	9,554,927

Table A.3: Details of provincial payments and estimates

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
Current payments	42,531,940	44,776,572	48,460,867	51,909,169	52,440,570	53,292,171	55,460,764	58,347,424	61,717,080
Compensation of employees	35,429,107	37,753,155	40,107,796	43,055,737	42,844,061	43,186,405	45,956,166	48,640,031	51,382,072
Salaries and wages	30,998,215	32,857,029	34,940,995	37,133,316	37,169,652	37,353,853	39,833,207	42,351,507	44,708,778
Social contributions	4,430,892	4,896,126	5,166,801	5,922,421	5,674,409	5,832,552	6,122,959	6,288,524	6,673,294
Goods and services	7,102,393	7,022,932	8,352,723	8,852,563	9,595,639	10,104,896	9,503,678	9,706,423	10,333,984
of which									
Administrative fees	9,834	10,293	13,106	7,678	7,780	6,782	10,170	9,640	9,675
Advertising	37,929	44,347	34,519	41,431	45,797	39,638	41,633	46,591	49,145
Assets less than the capitalisation threshold	40,669	53,775	42,497	100,495	82,057	58,194	51,307	55,476	56,883
Audit cost: External	82,957	77,793	75,374	83,144	87,769	82,756	90,079	91,592	93,492
Bursaries: Employees	35,247	21,347	27,309	26,220	26,494	26,612	25,795	27,135	28,803
Catering: Departmental activities	41,504	52,165	65,227	59,682	85,684	80,710	69,703	72,349	75,176
Communication (G&S)	170,507	175,738	188,163	184,379	187,117	187,834	194,300	207,708	216,737
Computer services	314,229	254,908	304,717	323,665	360,182	328,638	279,227	289,051	289,319
Consultants and professional services: Business and advisory services	162,215	96,397	201,309	216,556	283,724	201,415	178,868	161,355	152,028
Consultants and professional services: Infrastructure and planning	43,436	24,150	64,485	72,000	46,110	33,963	34,386	38,837	39,974
Consultants and professional services: Laboratory services	310,288	332,054	387,737	310,791	419,180	466,303	425,930	442,964	467,253
Consultants and professional services: Scientific and technological services	-	-	-	-	-	-	-	-	-
Consultants and professional services: Legal costs	10,912	19,939	65,490	13,458	12,310	12,593	15,925	15,520	16,344
Contractors	425,673	510,503	471,079	700,379	650,681	681,175	809,907	695,525	814,716
Agency and support/ outsourced services	1,213,221	1,144,471	1,266,819	1,222,325	1,146,519	1,178,779	1,133,703	1,189,649	1,279,358
Entertainment	765	642	371	2,424	2,943	2,223	2,691	2,745	2,896
Fleet services (including government motor transport)	319,025	315,914	372,475	336,367	360,087	439,799	327,853	331,554	354,792
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	26,827	19,334	20,056	20,034	16,543	35,680	21,769	14,588	14,667
Inventory: Farming supplies	53,083	85,633	80,869	48,971	55,068	55,068	46,219	43,139	47,652
Inventory: Food and food supplies	37,591	46,402	60,559	84,990	130,023	103,719	134,911	136,727	133,799
Inventory: Fuel, oil and gas	58,319	44,985	53,760	80,263	44,199	60,156	69,037	61,047	69,406
Inventory: Learner and teacher support material	439,783	367,012	573,072	654,525	644,001	644,001	666,824	710,233	752,096
Inventory: Materials and supplies	34,336	49,823	62,274	51,887	44,956	49,306	63,300	62,696	66,839
Inventory: Medical supplies	227,168	217,855	309,463	305,534	424,402	408,590	332,669	346,558	404,685
Inventory: Medicine	901,586	825,067	1,098,374	1,173,703	1,367,559	1,758,769	1,621,203	1,677,432	1,769,891
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	1,177	9,136	40,741	39,625	100,734	90,885	57,730	60,889	64,416
Consumable supplies	174,079	201,315	218,136	226,335	166,942	215,170	242,883	250,861	267,271
Consumable: Stationery, printing and office supplies	169,629	133,359	155,096	177,801	210,384	212,562	201,667	209,627	222,437
Operating leases	219,858	253,066	268,861	336,391	271,579	276,490	295,902	323,635	339,466
Property payments	774,145	818,798	937,474	998,715	1,269,193	1,272,099	1,045,487	1,068,302	1,114,024
Transport provided: Departmental activity	137,172	162,048	301,326	298,938	299,543	298,083	316,805	334,062	352,491
Travel and subsistence	473,725	490,283	427,459	417,609	461,977	478,825	398,053	433,449	453,794
Training and development	59,249	47,228	52,620	72,312	74,737	82,169	76,674	81,704	85,416
Operating payments	44,211	58,629	43,906	79,069	137,135	145,928	125,726	120,772	124,720
Venues and facilities	34,008	38,686	43,150	53,264	60,308	57,801	53,768	57,904	60,282
Rental and hiring	18,036	19,837	24,849	31,603	31,923	32,183	41,575	35,107	44,041
Interest and rent on land	440	485	349	870	870	870	920	970	1,023
Interest	-	98	-	-	-	-	-	-	-
Rent on land	440	387	349	870	870	870	920	970	1,023
Transfers and subsidies to¹:	5,626,757	6,061,628	7,408,763	7,452,058	8,095,379	8,108,398	7,827,310	8,171,381	8,567,820
Provinces and municipalities	113,223	96,538	116,799	109,154	91,092	90,940	95,014	84,823	88,937
Provinces ²	481	415	677	675	1,338	953	740	781	823
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	481	415	677	675	1,338	953	740	781	823
Municipalities ³	112,742	96,123	116,122	108,478	89,754	89,987	94,274	84,042	88,114
Municipalities	111,016	74,575	98,928	105,341	85,702	85,876	80,034	69,692	73,529
Municipal agencies and funds	1,726	21,548	17,194	3,137	4,052	4,111	14,240	14,350	14,585
Departmental agencies and accounts	1,711,578	1,405,801	1,768,912	1,675,301	2,171,243	2,155,401	1,885,012	1,970,396	2,013,675
Social security funds	6	1,211	1,886	1,500	1,500	1,500	4,738	4,807	5,319
Provide list of entities receiving transfers ⁴	1,711,572	1,404,590	1,767,026	1,673,801	2,169,743	2,153,901	1,880,274	1,965,589	2,008,356
Universities and technicians	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises ⁵	652,956	651,890	692,213	711,054	711,054	711,054	736,834	769,786	816,646
Public corporations	651,283	651,755	692,154	711,054	711,054	711,054	736,834	769,786	816,646
Subsidies on production	359,436	353,457	366,025	365,444	365,444	365,444	380,025	392,996	414,611
Other transfers	291,847	298,298	326,129	345,610	345,610	345,610	356,809	376,790	402,035
Private enterprises	1,673	135	59	-	-	-	-	-	-
Subsidies on production	1,673	135	59	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	1,879,430	2,090,004	2,547,400	2,920,385	2,951,004	2,956,976	3,124,859	3,321,006	3,473,750
Households	1,269,570	1,817,395	2,283,439	2,036,165	2,170,986	2,194,027	1,985,592	2,025,370	2,174,812
Social benefits	328,905	334,140	328,840	264,240	325,659	337,496	251,834	280,988	314,298
Other transfers to households	940,665	1,483,255	1,954,599	1,771,925	1,845,327	1,856,531	1,733,758	1,744,382	1,860,514
Payments for capital assets	2,185,906	2,097,641	1,865,901	2,097,498	2,207,997	2,637,342	2,085,419	2,050,323	2,315,807
Buildings and other fixed structures	1,911,602	1,635,532	1,348,130	1,327,006	1,394,515	1,769,947	1,680,356	1,633,195	1,842,237
Buildings	1,373,928	1,146,562	884,007	998,943	1,085,863	1,461,295	1,128,323	1,112,045	1,311,366
Other fixed structures	537,674	488,970	464,123	328,063	308,652	308,652	552,033	521,150	530,871
Machinery and equipment	273,506	461,759	515,929	768,442	811,362	865,275	401,283	414,917	471,237
Transport equipment	106,992	180,997	133,467	93,529	105,015	108,093	81,193	81,179	85,227
Other machinery and equipment	166,514	280,762	382,462	674,913	706,348	757,181	320,090	333,738	386,010
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	772	2,050	2,050	2,050	2,167	2,211	2,333
Land and subsoil assets	-	-	-	-	70	70	0	-	-
Software and other intangible assets	798	350	1,070	-	-	-	1,613	-	-
Payments for financial assets	59,785	36,154	167,823	-	22,176	21,903	-	-	-
Total economic classification	50,404,388	52,971,995	57,903,354	61,458,726	62,766,123	64,059,814	65,373,493	68,569,128	72,600,707
Less: Unauthorised expenditure	-	-	49,376	-	-	-	289,004	-	-
Baseline available for spending	50,404,388	52,971,995	57,853,978	61,458,726	62,766,123	64,059,814	65,084,489	68,569,128	72,600,707

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	Community Safety	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	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	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
	R&D health (CS) Hospital services		
Recreation, culture and religion	Recreational and sporting services	Sport, recreation, arts and culture	Administration Cultural Affairs Library and Archives Sport and Recreation
	Cultural services		
Education	Pre-primary and primary	Education	Administration Public Ordinary Schools Independent Schools Subsidies Public Special School Early Childhood Development Infrastructure Development Auxiliary and Associated Services
	Secondary education Subsidiary service to education Education not definable by level		
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		
	2014/15	2015/16	2016/17				2018/19	2019/20	2020/21
R thousand									
General Public Services									
Executive and Legislature									
Office of the Premier	340,862	340,674	371,031	395,789	405,060	405,060	420,680	437,276	461,326
Provincial Legislature	273,323	297,960	321,008	341,809	397,369	397,370	360,927	378,668	399,495
Financial and Fiscal Services									
Provincial Treasury	346,305	363,722	441,152	474,620	432,909	434,462	472,850	492,199	499,318
General Services (Public Works, Local Government)	3,636,512	3,637,004	4,031,298	4,273,909	4,565,148	4,565,151	4,297,778	4,386,302	4,627,342
Total: General Public Services	4,597,002	4,639,360	5,164,489	5,486,127	5,800,486	5,802,043	5,552,236	5,694,445	5,987,481
Public Order and Safety									
Police Services	72,660	82,656	92,552	103,713	103,713	103,713	109,714	113,638	119,888
Safety and Liaison	72,660	82,656	92,552	103,713	103,713	103,713	109,714	113,638	119,888
Total: Public Order and Safety	72,660	82,656	92,552	103,713	103,713	103,713	109,714	113,638	119,888
Economic Affairs									
General Economic Affairs									
Dept of Economic Affairs	925,932	967,190	1,194,934	1,358,071	1,559,234	1,559,234	1,527,585	1,525,848	1,601,422
Agriculture and Rural Development									
Dept of Agriculture Affairs	1,555,401	1,620,258	1,689,801	1,855,352	1,864,207	1,864,207	1,917,354	2,002,111	2,115,293
Transport									
Department of Transport	1,704,750	1,727,714	1,871,614	1,962,385	1,990,645	1,990,645	2,106,228	2,199,372	2,326,846
Total: Economic Affairs	4,186,083	4,315,162	4,756,349	5,175,808	5,414,086	5,414,086	5,551,166	5,727,331	6,043,561
Environmental Protection									
Environmental Protection	186,461	186,253	117,291	142,237	135,737	135,737	137,789	142,440	150,591
Total: Environmental Protection	186,461	186,253	117,291	142,237	135,737	135,737	137,789	142,440	150,591
Housing and Community Amenities									
Housing Development									
Department of Housing	676,825	1,234,023	1,637,118	1,443,591	1,530,744	1,530,744	1,444,403	1,495,956	1,587,994
Total: Housing and Community Amenities	676,825	1,234,023	1,637,118	1,443,591	1,530,744	1,530,744	1,444,403	1,495,956	1,587,994
Health									
Outpatient services	1,295,028	1,352,322	1,544,609	1,618,897	1,582,251	1,672,919	1,709,635	1,689,432	1,791,696
R and D Health (CS)	11,782,508	12,505,257	13,902,066	14,515,246	15,092,149	15,915,477	15,822,044	16,709,002	17,690,513
Hospital Services	1,448,574	1,574,510	1,770,938	1,908,633	1,931,639	1,934,347	1,979,741	2,116,155	2,258,814
Total: Health	14,526,110	15,432,089	17,217,613	18,042,776	18,606,039	19,522,743	19,511,420	20,514,589	21,741,023
Recreation, Culture and Religion									
Sporting and Recreational Affairs									
Sport, Arts and Culture	284,373	378,780	429,531	460,288	466,009	466,009	472,264	487,538	514,282
Total: Recreation, Culture and Religion	284,373	378,780	429,531	460,288	466,009	466,009	472,264	487,538	514,282
Education									
Pre-primary & Primary Phases									
Secondary Education Phase									
Subsidised Services to Education									
Education not defined by level	24,419,274	25,118,175	26,826,203	28,783,149	28,880,494	29,255,925	30,607,772	32,270,855	34,215,066
Total: Education	24,419,274	25,118,175	26,826,203	28,783,149	28,880,494	29,255,925	30,607,772	32,270,855	34,215,066
Social protection									
Social Security Services	332,896	279,747	305,581	426,854	429,232	429,232	412,124	449,403	467,711
Social Services and Population Development	1,122,704	1,305,750	1,356,628	1,394,182	1,399,582	1,399,582	1,574,605	1,672,934	1,773,110
Total: Social protection	1,455,600	1,585,497	1,662,209	1,821,036	1,828,814	1,828,814	1,986,729	2,122,337	2,240,821
Total provincial payments and estimates by policy area	50,404,388	52,971,995	57,903,354	61,458,726	62,766,122	64,059,814	65,373,493	68,569,129	72,600,707

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2014/15	2015/16	2016/17	2017/18			2018/19	2019/20	2020/21
Category B	7,023	2,235	2,389	2,963	3,446	3,446	3,979	5,145	5,429
Polokwane	5,506	734	1,157	1,631	1,631	1,631	1,540	1,626	1,716
Ephraim Mogale	1,517	1,501	1,232	1,332	1,815	1,815	2,439	3,519	3,713
Musina	-	-	-	-	-	-	-	-	-
Category C	6,402	16,638	23,660	24,896	24,896	24,896	15,743	726	767
Greater Sekhukhune District Municipality	6,114	9,522	9,734	10,247	10,247	10,247	15,293	247	261
Mopani District Municipality	140	148	152	200	200	200	217	233	246
Vhembe District Municipality	-	-	-	-	-	-	-	-	-
Capricorn District Municipality	148	152	200	217	217	217	233	246	260
Waterberg District Municipality	-	6,816	13,574	14,232	14,232	14,232	-	-	-
Unallocated	628	647	679	713	713	713	-	-	-
Total provincial transfers to local government	14,053	19,520	26,728	28,572	29,055	29,055	19,722	5,871	6,196