

Sec Finance 29/5/18

**Presentation to the Select
Committee on Finance – Limpopo
Province**

29 May 2018

Table of Content

- 2016/17 Recommendations
- Economic Growth Implementation
- Economic Outlook
- Progress on implementation of the Limpopo Development Plan
- Financial Position
- Audit Outcomes, Preliminary Accruals, Unauthorized, Irregular and Wasteful Expenditure
- Provincial Revenue Performance
- Expenditure performance
- Provincial Infrastructure Performance

Recommendations made in 2016/17

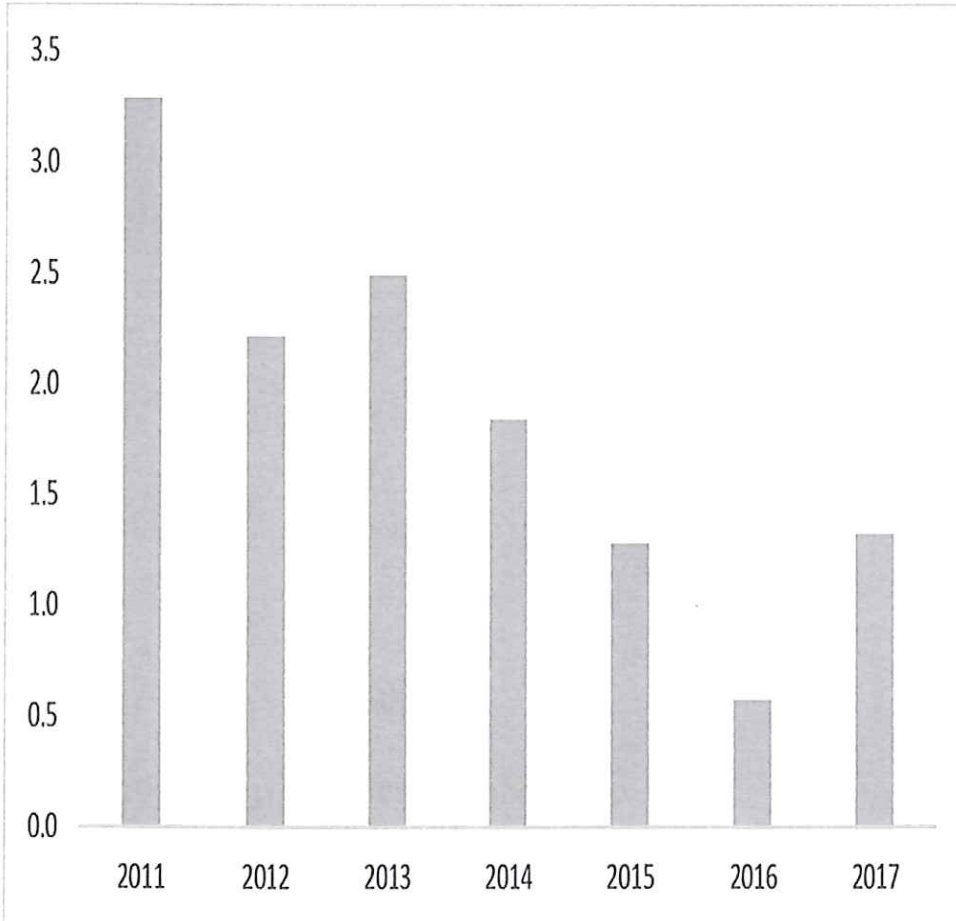
- The province spending improved from 97.8 percent in 2016/17 to 98.7 percent and this is attributed to support and monitoring offered to departments.
- The province is continuing on effective monitoring of Compensation of Employees and the CoE budget for all departments is ring-fenced.
- The department of health spending on contractors is 74.8 percent representing R222.2 million spending of R296.9 million. Provincial Treasury continues to monitor and support department closely.
- **Other recommendations have been factors in the presentation.**

Implementation of Provincial Economic Growth

- After approval in 2016 by the cabinet, the Province proceeded with the plans for Special Economic Growth projects in Musina and Tubatse. An allocation of R36.0 million was allocated for operational cost in 2017/18 financial year and R173.7 million over the MTEF period in SEZ's and R50.0 million for Corridor Mining Resources to revitalize the mining operations.
- Application for the designation of Tubatse SEZ has been made with the Minister and the proposed investment value for Tubatse SEZ is around R4.2 billion and approximately 2 000 permanent jobs opportunities.
- R100.0 million in 2017/18 and a further R594.9 million over the MTEF was allocated for broadband connectivity.
- A further R12.0 million was allocated for revitalization of agribusiness processes.

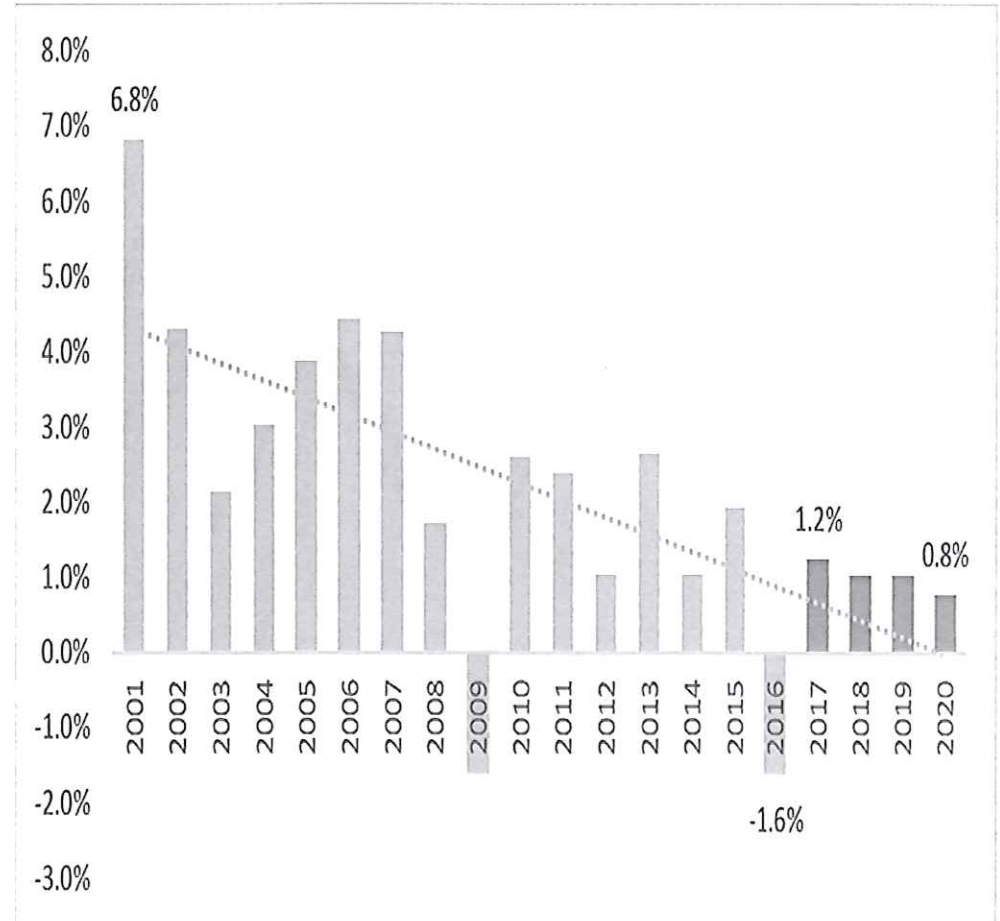
Economic Outlook

SA GDP Average annual growth (Constant 2010 Prices)



StatsSA GDP 2017Q4

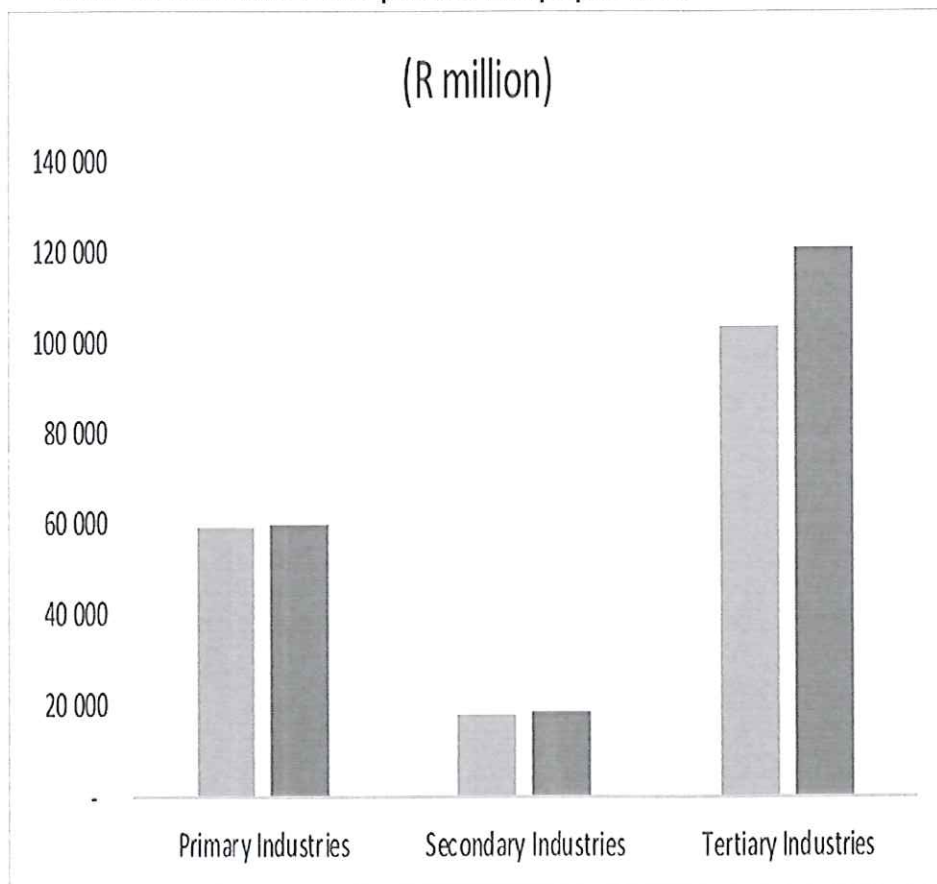
GDP Average annual growth (Constant 2010 Prices)



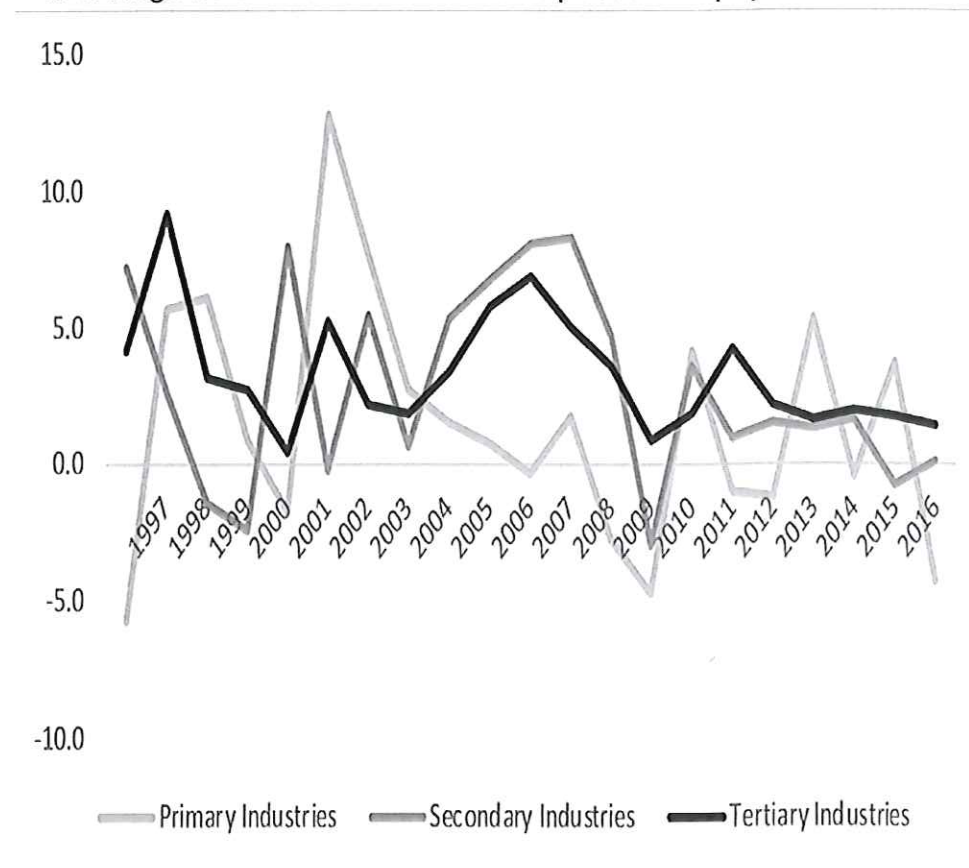
Regional Explorer 2016 (Forecast by Limpopo Treasury)

Economic Outlook

GDP at constant 2010 prices: Limpopo 2016



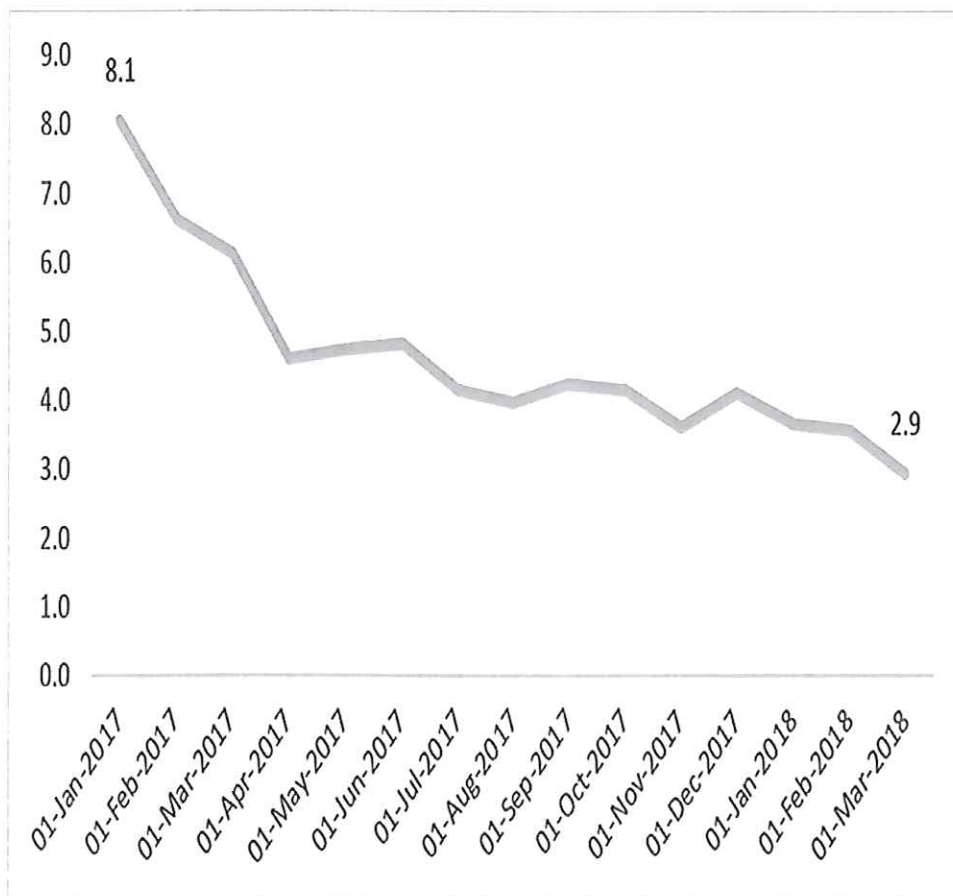
% change in GDP at constant 2010 prices: Limpopo 2016



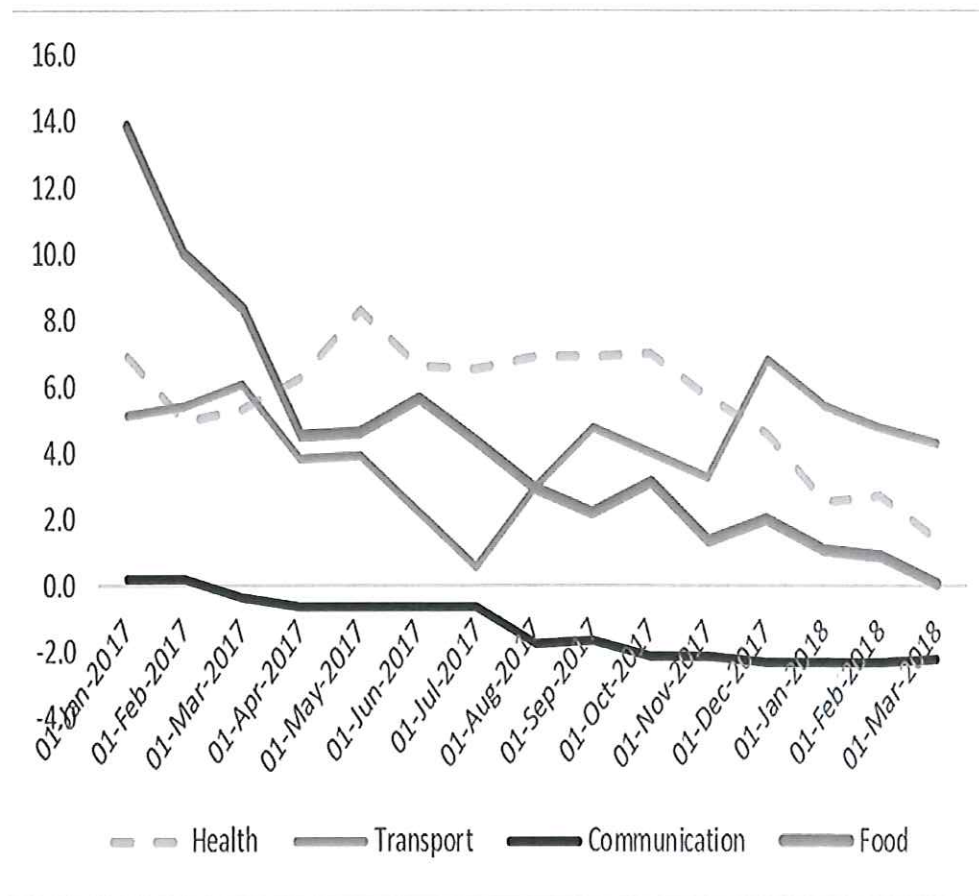
Source: Econostat

Economic Outlook

CPI: All items



CPI: Selected items



Source: Econostat

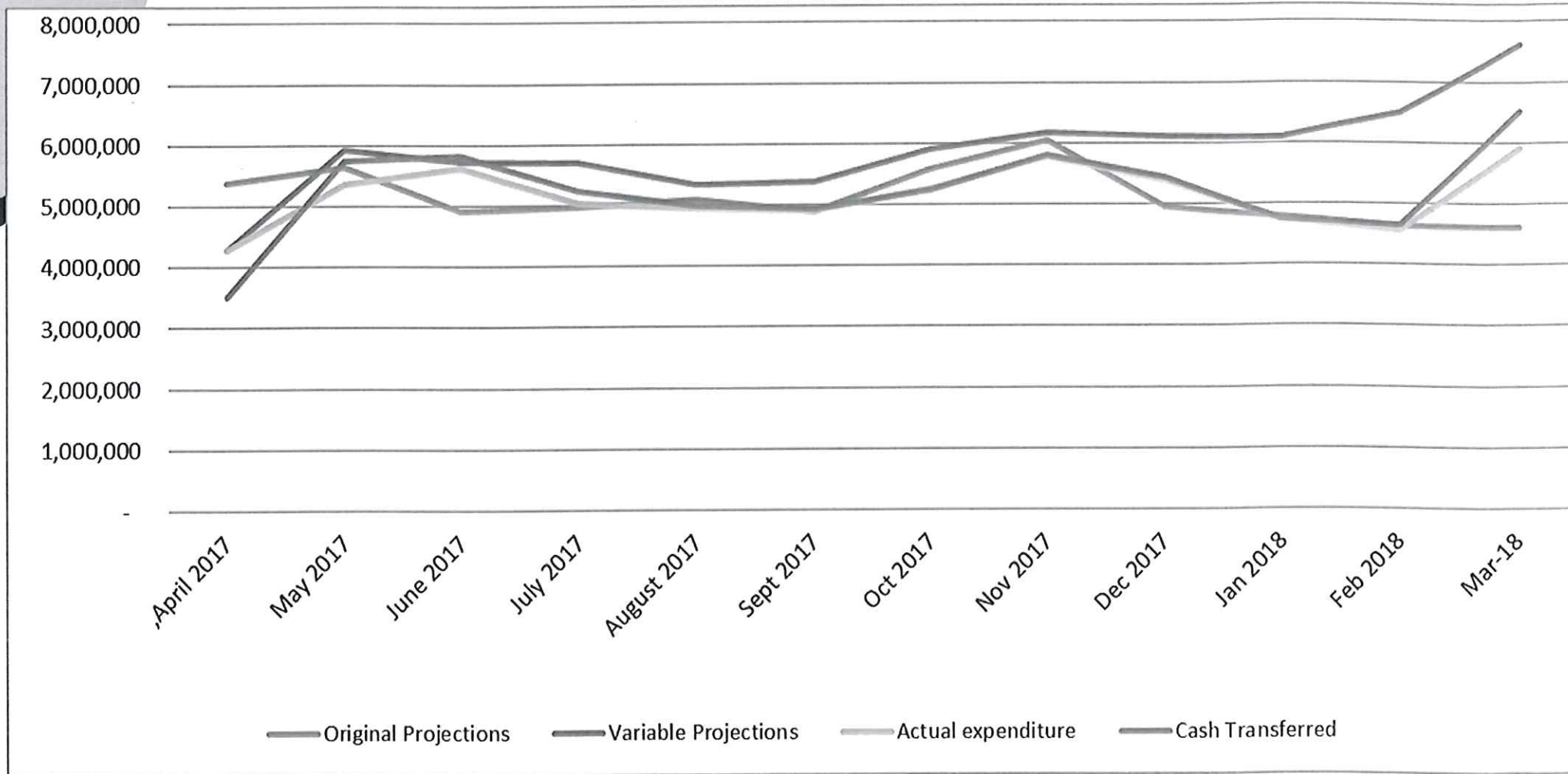
Progress on Limpopo Development Plan targets

Target	Progress	Source
3% GDP growth	-1.6% in 2016	Global Insight
To create 429 000 jobs	203 000 jobs	Statistics SA
Reduce unemployment rate to 14% in 2019	19.6%	Statistics SA
Reduce Gini coefficient to 50%	0.60	Global Insight
Increase contribution to national GDP from the current 7.1%	7.2%	Statistics SA
Increase access to electricity to 90%	92.2%	Global Insight
Increase access to water to 90%	65.9%	Global Insight
Matric pass rate of 80%	65.6%	DBE

Cash allocations

Departments	Opening Bank Balances at 01-Apr-17 R' 000	Cash Allocation 31-Mar-18 R' 000	Actual Expenditure 31-Mar-18 R' 000	Variance Cash allocation Vs Actual Expenditure	
				Amount R' 000	%
Education	465 626	29 030 494	28 831 176	199 318	0,7%
Health	-132 549	18 606 039	18 369 405	236 634	1,3%
Social Development	12 339	1 828 816	1 804 453	24 363	1,3%
Public Works, Roads and Infrastructure	122 003	3 428 053	3 292 495	135 558	4,0%
Agriculture and Rural Development	105 669	1 764 207	1 708 635	55 572	3,1%
Transport	53 440	1 990 645	1 961 081	29 564	1,5%
CoGHSTA	98 715	2 467 839	2 420 042	47 797	1,9%
Sport, Arts & Culture	13 398	466 009	443 595	22 414	4,8%
Community Safety	2 936	103 713	103 914	-201	-0,2%
Office of the Premier	9 317	405 060	401 927	3 133	0,8%
Provincial Legislature	30 409	397 369	340 662	56 707	14,3%
Provincial Treasury	16 294	432 909	427 557	5 352	1,2%
Economic Development, Environmental & Tourism	41 519	1 694 971	1 681 820	13 151	0,8%
Total	839 116	62 616 124	61 786 762	829 362	1,3%

Cash - Original Vs Projections Vs Actual Vs Transferred



Accruals and Debt Account as per draft AFS

Provincial Department		Accruals		Debt	
Vote no.	Department	2017/18	2016/17	2017/18	2016/17
1	Office of the Premier	2 733 000	4 903 000	1 252 000	1 021 000
2	Provincial Legislature	-	-	-	-
3	Education	48 017 000	65 466 000	104 285 000	87 930 000
4	Agriculture and Rural Development	8 042 000	10 172 000	9 172 000	8 103 000
5	Provincial Treasury	9 672 000	3 418 000	442 000	613 000
6	Economic Development, Environmental Affairs and Tourism	5 078 000	6 130 000	127 000	773 000
7	Health	237 273 000	288 842 000	2 007 000	1 609 000
8	Transport	10 562 000	13 837 000	142 000	295 000
9	Public Works, Roads and Infrastructure	17 811 000	6 157 000	2 228 000	2 704 000
10	Community Safety	868 000	1 214 000	40 000	307 000
11	CoGHSTA	16 229 000	30 974 000	44 148 000	53 602 000
12	Social Development	25 994 000	17 391 000	26 556 000	22 678 000
13	Sport, Arts and Culture	3 787 000	8 739 000	10 477 000	606 000
Total for the Province		386 066 000	457 243 000	200 876 000	180 241 000

Accruals and Payables as per draft AFS

Department	Payables			Accruals Payables not recognised		
	Current	Non Current	Total	Accruals	Payable	Total
	R'000		R'000	R'000		R'000
Office of the Premier	158	-	158	2 733	39	2 772
Provincial Legislature	-	-	-	-	-	-
Education	13 924	-	13 924	48 017	231 680	279 697
Agriculture	530	-	530	8 042	6 065	14 107
Provincial Treasury	868	-	868	9 672	152	9 824
Economic Development	998	-	998	5 078	1 114	6 192
Health	23 219	-	23 219	237 273	745 935	983 208
Public Works	1 459	-	1 459	17 811	16 840	34 651
Transport	5 573	-	5 573	10 562	23 937	34 499
Community Safety	67	-	67	868	1 114	1 982
CoGHSTA	51 153	-	51 153	16 229	16 229	32 458
Social Development	2 084	7 940	10 024	25 994	20 097	46 091
Sport, Arts and Culture	72	-	72	3 787	188	3 975
Total	100 105	7 940	108 045	386 066	1 063 390	1 449 456

Audit Outcomes – Public Entities

No	PUBLIC ENTITY	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	TREND
1	Limpopo Economic Development Agency (LEDA)	UQ	UQ	UQ	UQ	Q	Q	Q	UQ	UQ	UQ	Q	↓
2	Limpopo Tourism Agency	UQ	Q	D	D	D	D	D	Q	Q	Q	UQ	↑
3	Limpopo Gambling Board	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	UQ	CL	↑
4	Roads Agency Limpopo (RAL)	UQ	UQ	UQ	UQ	CL	UQ	D	A	A	Q	UQ	↑
5	Gateway Airport Authority Limited (GAAL)	UQ	UQ	Q	UQ	UQ	Q	Q	D	Q	Q	UQ	↑

CUMMULATIVE COMPLIANCE RATE TO SECTION 38 (1) (F) OF THE PFMA

Count of INVOICE AMOUNT	Column Labels					Paid in excess	>30 days not	Compliance	
Row Labels	0 - 30	31 - 60	61 - 90	91 - 120	> 120	Grand Total	of 30 days	paid	rate %
LP: AGRICULTURE	23 332	30	1			23 363	31	0	99,87%
LP: CO-OP GOV; HUM SET; TRAD AFF	16 535	378	7	6	7	16 933	398	0	97,65%
LP: ECON DEV; ENVIRONM & TOURISM	11 364				1	11 365	1	0	99,99%
LP: EDUCATION	41 975	3 594	1 029	250	214	47 062	5 097	43	89,11%
LP: HEALTH	43 298	12 272	4 853	2 422	2 187	65 032	21 734	4 571	62,21%
LP: OFFICE OF THE PREMIER	5 497	3			1	5 501	4	0	99,93%
LP: PROVINCIAL TREASURY	3 430	3				3 433	3	0	99,91%
LP: PUBLIC WORKS, ROADS & INFR	39 254	582	53	13	36	39 938	684	0	98,29%
LP: SAFETY; SECURITY & LIAISON	1 943	29	2	1	1	1 976	33	0	98,33%
LP: SOCIAL DEVELOPMENT	20 134	11	1		4	20 150	16	15	99,85%
LP: SPORT; ARTS & CULTURE	5 661	117	2	1	3	5 784	123	0	97,87%
LP: TRANSPORT	5 905	72	5		3	5 985	80	52	97,81%
Grand Total	218 328	17 091	5 953	2 693	2 457	246 522	28 194	4 681	86,91%
	88,56%	6,93%	2,41%	1,09%	1,00%	100%	11,44%		

Unauthorized, Irregular and Wasteful Expenditure

POST 2016/17 AUDIT OUTCOMES (Consolidated)

Institutions	Unauthorised Exp.	Irregular Exp.	Fruitless & Wasteful Exp.	Total	%
R'000					
Votes	461,018	5,679,991	399,044	6,540,053	79.04%
Public Entities	0	1,725,907	8,288	1,734,195	20.96%
Provincial Total	461,018	7,405,898	407,332	8,274,248	
%	5.57%	89.51%	4.92%		

Progress on clearing Unauthorized Expenditure

UNAUTHORISED EXPENDITURE	Opening		Cxlosing Balance 2017/18 R'000
	Balance	Cleared 2017/18	
	2016/17 R'000	R'000	
Premier	-		-
Legislature	-		-
Education	236 950	140 205	96 745
Agriculture	-		-
Provincial Treasury	-		-
Economic Developmet	555		555
Health	222 381	25 817	196 564
Roads & Transport	-		-
Public Works	-		-
Safety, Security & Liaison	228	228	-
Local Government & Housing	-		-
Social Dev	-		-
Sport, Arts & Culture	904		904
Grand Total	461 018	166 250	294 768

Progress on clearing Irregular Expenditure

	Departments (R'000)	Public Entities (R'000)	Total (R'000)
Opening balance	5 655 267	1 957 841	7 613 108
Cleared through audit adjustments (2015/16 and 2016/17)	-2 395 865	-217 876	-2 613 741
Condoned/Addressed (2015/16 and 2016/17)	-574 591	-1 516 203	-2 090 794
New irregular (2015/16 and 2016/17)	2 997 378	1 501 636	4 449 014
Closing Balance 2016/17	5 682 189	1 725 398	7 407 587
Condoned/Addressed (2017/18)	-75 931	-27 241	-103 172
Under investigation by National and Provincial Treasuries	-755 821	-681 455	-1437 276
Returned to Departments for further information	-58 172	-	-58 172
Balance not yet received from Departments for consideration by the relevant stakeholders – 31 March 2018	4 784 357	1 016 702	5 801 059

Progress on clearing Fruitless and wasteful expenditure

Fruitless and Wasteful Expenditure 2017/2018			
Department	Opening	Movement	Closing
	R'000		
Office of the Premier	-	-	-
Provincial Legislature	-	-	-
Education	252 888	808	253 696
Agriculture	864	12	876
Provincial Treasury	-	-	-
Economic Development	686	63	749
Health	15 713	1 450	17 163
Public Works	3 464	-	3 294
Transport	703	-	462
Community Safety	268	-	26
CoGHSTA	111 253	-	111 065
Social Development	16 576	49	16 625
Sport, Arts and Culture	856	444	1 300
Total	403 271	1 985	405 256

Preliminary Own Revenue Collection

REVENUE COLLECTION AS AT 31 MARCH 2018

Departments (Votes)	Main appropriation	Adjusted Estimates	Actual to March 2018	Actual collection as % of the budget	Variiances Over / (Under) Collection	% Variances Over / (Under) Collection as of budget	Previous yr Budget 2016/17	Previous yr Actual to March 2017	Actual collection as % of the budget
Office of the Premier	777	550	747	135.8%	197	35.8%	1 239	1 186	95.7%
Provincial Legislature	219	477	581	121.7%	104	21.7%	331	186	56.2%
Education	41 614	61 408	63 099	102.8%	1 691	2.8%	63 673	67 476	106.0%
Agriculture & Rural Development	10 854	12 225	14 201	116.2%	1 977	16.2%	9 956	13 099	131.6%
Provincial Treasury	188 133	330 410	346 307	104.8%	15 897	4.8%	362 528	407 783	112.5%
Economic Development, Environment & Tourism	152 240	152 240	135 528	89.0%	-16 711	-11.0%	156 883	123 470	78.7%
Health	182 996	182 996	172 427	94.2%	-10 569	-5.8%	174 076	169 761	97.5%
Transport	494 040	503 528	502 991	99.9%	-537	-0.1%	465 198	470 730	101.2%
Public Works, Roads & Infrastructure	58 783	42 060	71 045	168.9%	28 984	68.9%	193 210	187 679	97.1%
Community Safety	115	116	264	228.6%	149	128.6%	160	169	105.7%
Co-operative Governance, Human Settlements & Traditional Affairs	2 792	4 846	4 334	89.4%	-512	-10.6%	6 079	8 715	143.4%
Social Development	3 438	2 794	2 330	83.4%	-465	-16.6%	18 948	14 624	77.2%
Sport, Arts & Culture	1 839	1 839	1 660	90.3%	-179	-9.7%	2 787	2 086	74.8%
Total provincial receipts	1 137 839	1 295 488	1 315 514	101.5%	20 027	1.5%	1 455 068	1 466 961	100.8%

Own Revenue - Economic Classification

Summary of Provincial Own Receipt by Economic Classification

Items (Revenue Sources)	Main appropriation	Adjusted Estimates	Actual to March 2018	Actual collection as % of the budget	Variances Over / (Under) Collection	% Variances Over / (Under) Collection as of budget	Previous yr Budget 2016/17	Previous yr Actual to March 2017	Actual collection as % of the budget
Tax receipts	475 120	506 130	501 596	99.1%	-4 534	-0.9%	453 877	456 709	100.6%
<i>Casino taxes</i>	69 796	69 796	59 603	85.4%	-10 193	-14.6%	66 472	58 749	88.4%
<i>Horse racing taxes</i>	13 813	26 313	30 860	117.3%	4 547	17.3%	18 728	26 130	139.5%
<i>Liquor licenses</i>	4 236	4 236	3 373	79.6%	-863	-20.4%	4 012	3 323	82.8%
<i>Motorvehicle licenses</i>	387 275	405 785	407 760	100.5%	1 975	0.5%	364 665	368 507	101.1%
Sales of goods and services other than capital assets	340 285	292 296	278 190	95.2%	-14 106	-4.8%	287 524	260 873	90.7%
<i>of which: Patient fees</i>	113 466	100 841	88 912	88.2%	-11 929	-11.8%	100 000	85 476	85.5%
Transfers received from:	-	-	50	0.0%	50	0.0%	-	71 819	
Fines, penalties and forfeits	71 571	63 947	62 216	97.3%	-1 731	-2.7%	68 288	80	0.1%
Interest, dividends and rent on land	190 626	335 018	348 063	103.9%	13 045	3.9%	363 172	406 277	111.9%
Sales of capital assets	10 367	13 714	33 029	240.8%	19 314	140.8%	30 531	18 263	59.8%
Revenue financial assets	49 870	84 382	92 370	109.5%	7 988	9.5%	251 676	252 841	100.5%
Total departmental receipts	1 137 839	1 296 488	1 315 514	101.5%	20 027	1.5%	1 455 068	1 466 861	100.8%

Challenges Hampering Optimum Revenue Collection

Challenges	Root Cause	Mitigating measures
<ul style="list-style-type: none"> • Delays in accounting of revenue collected. • Poor collection of traffic fines • Accumulation and slow recovery Motor Vehicle Fees debts by Municipalities • Under collection of patient fees 	<ul style="list-style-type: none"> • Accumulation of un-captured receipts by some departments (Health and Transport) • Lack effective traffic management system to administer and follow up on outstanding traffic summons. • Non adherence to Service level agreement for collection of motor vehicle licenses- Poor financial management in municipalities. • Lack of effective system to verify correct classifications of patients and timeous submission of claims to health care funders. 	<ul style="list-style-type: none"> • Continuous monitoring progress of accounting of uncaptured receipts. • Follow-up on the rolling out of AARTO (Traffic Management System) by National Department of Transport. • Continuous implementation of strategy to withhold face value forms to defaulting municipalities. • Introduce effective and efficient system for verification and submission of claims.

Provincial Expenditure

	Main Appropriation	Adjusted Appropriation	Available funds*	Projected outcome	Actual spending as at 31 Mar 2018	Actual spending as % of Total Available	Under/Over Spending
R thousand							
Social Services Spending							
Education	28 783 149	28 880 494	29 030 494	28 831 176	28 831 176	99,3%	199 318
Health	18 042 777	18 606 039	18 606 039	18 369 405	18 369 405	98,7%	236 634
Social Development	1 821 036	1 828 814	1 828 814	1 804 453	1 804 453	98,7%	24 361
Sub-total	48 646 962	49 315 347	49 465 347	49 005 034	49 005 034	99,1%	460 313
Non-Social Service Spending							
Public Works, Roads And Infrastructure	3 135 729	3 428 053	3 428 053	3 292 495	3 292 495	96,0%	135 558
Agriculture	1 855 352	1 864 207	1 764 207	1 708 635	1 708 635	96,9%	55 572
Transport	1 962 386	1 990 645	1 990 645	1 961 081	1 961 081	98,5%	29 564
Co-Operative Governance Human Settlements	2 581 771	2 667 839	2 467 839	2 420 042	2 420 042	98,1%	47 797
Sport, Arts And Culture	460 288	466 009	466 009	443 595	443 595	95,2%	22 414
Safety, Security And Liaison	103 713	103 713	103 713	103 914	103 914	100,2%	-201
Office Of The Premier	395 789	405 060	405 060	401 927	401 927	99,2%	3 133
Provincial Legislature	341 810	397 370	397 370	340 662	340 662	85,7%	56 708
Provincial Treasury	474 620	432 909	432 909	427 557	427 557	98,8%	5 352
Economic Development, Environment And Tourism	1 500 308	1 694 971	1 694 971	1 681 820	1 681 820	99,2%	13 151
Sub-total	12 811 766	13 450 776	13 150 776	12 781 728	12 781 728	97,2%	369 048
Total payments	61 458 728	62 766 123	62 616 123	61 786 762	61 786 762	98,7%	829 361
Economic classification							
Current payments	51 796 888	52 440 569	52 142 977	51 718 966	51 718 966	99,2%	424 011
Compensation of employees	42 947 581	42 844 062	42 688 059	42 569 181	42 569 181	99,7%	118 878
Goods and services	8 848 437	9 595 637	9 453 629	9 148 756	9 148 756	96,8%	304 873
Interest and rent on land	870	870	1 289	1 029	1 029	79,8%	260
Transfers and subsidies	7 432 060	8 093 880	8 048 943	7 959 621	7 959 621	98,9%	89 322
Payments for capital assets	2 101 548	2 209 498	2 402 028	2 085 723	2 085 723	86,8%	316 305
Payments for financial assets	20 000	22 176	22 176	22 452	22 452	0,0%	-277
Total	61 350 496	62 766 123	62 616 124	61 786 762	61 786 762	98,7%	829 361

Overall Provincial spending

- In overall, the provincial preliminary expenditure is at R61.8 billion or 98.7 percent of the total adjusted budget of R62.6 billion.
The highest spending departments are Education, Economic Development, Environment and Tourism, Provincial Treasury, Health and Social Development at 99.3 percent, 99.2 percent, 98.8 percent, and 98.7 percent respectively.
- Overall the province underspent by R829.6 million mainly on goods and services and payments for capital assets which reflects R305.4 million and R314.8 million respectively.
- In terms of value the underspending is mainly on Health, Education and Public Works by R236.6 million, R199.3 million and R135.5 million respectively and other departments added together only make up to R258.0 million

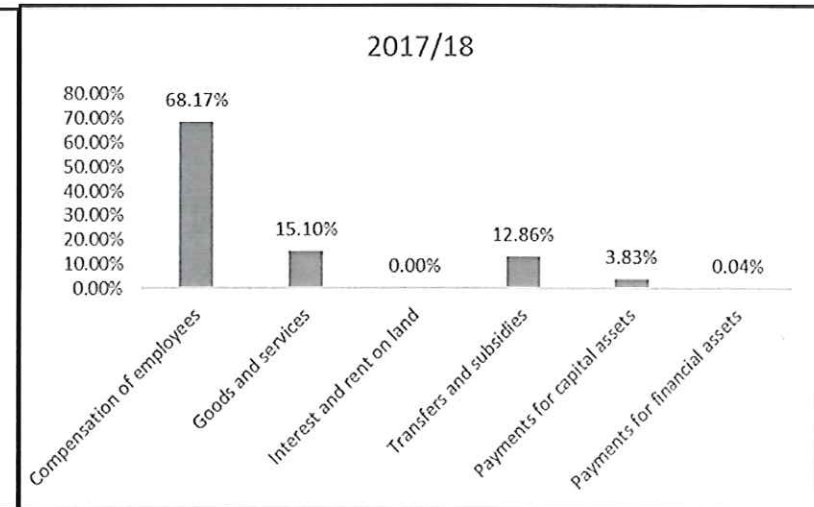
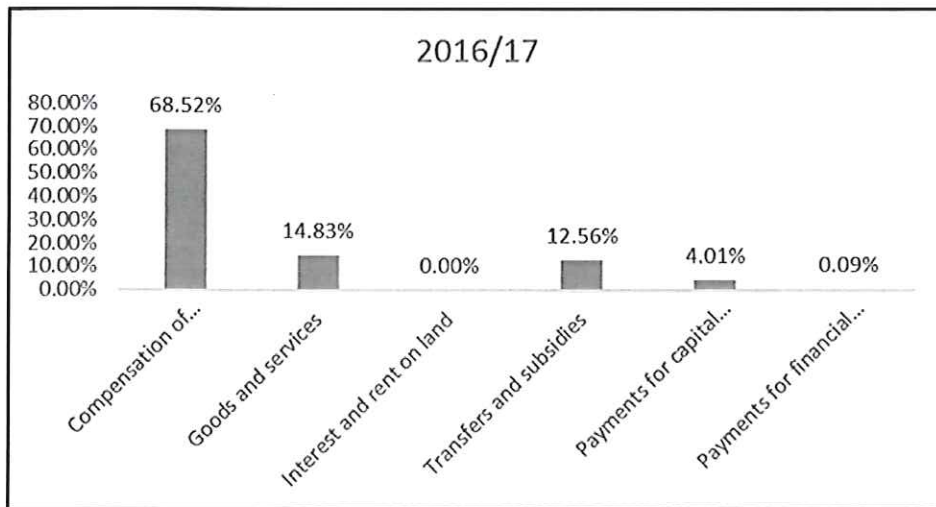
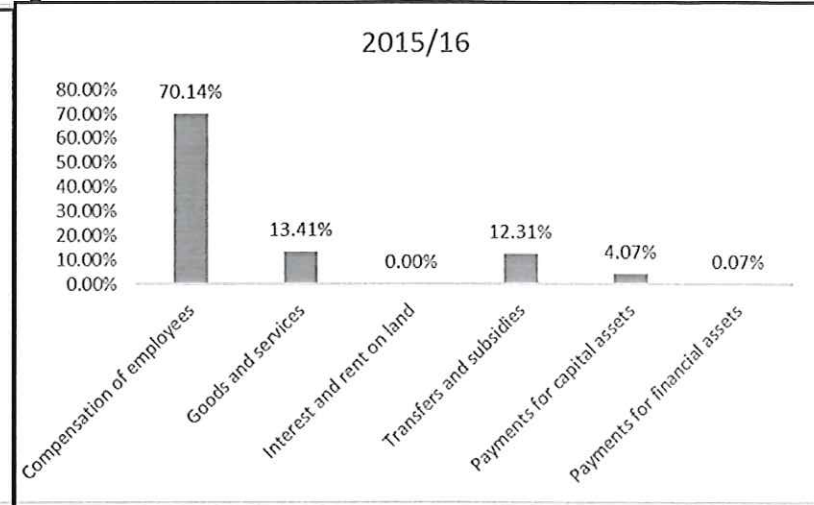
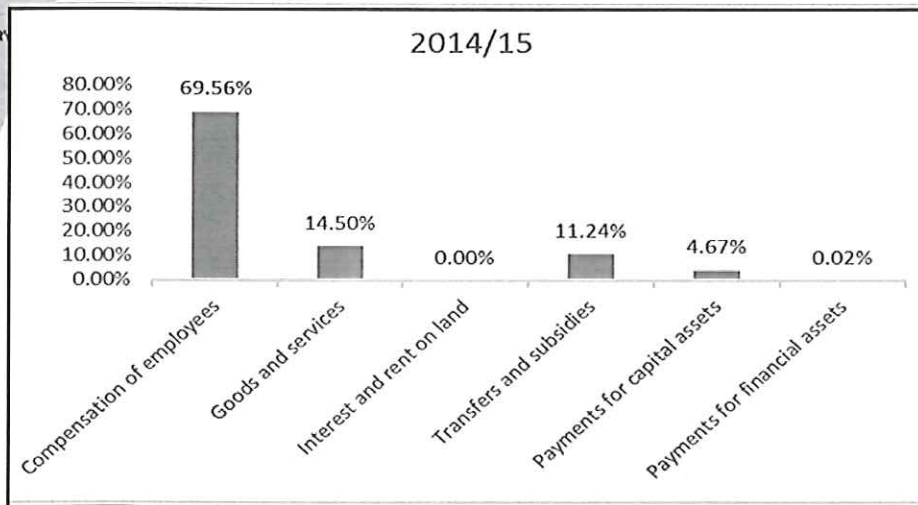
Equitable Share spending

	Adjusted Appropriation	Actual as at March 2018 (Preliminary)	Actual spending as % of budget	Preliminary Outcome	Variance
Education	26 915 104	26 749 351	99,4%	26 749 351	165 753
Health	16 183 472	16 063 033	99,3%	16 063 033	120 439
Social Development	1 731 967	1 712 828	98,9%	1 712 828	19 139
Public Works , Roads and Infrastructure	2 254 504	2 156 064	95,6%	2 156 064	98 440
Agriculture	1 437 477	1 394 934	97,0%	1 394 934	42 543
Transport	1 645 035	1 615 471	98,2%	1 615 471	29 564
CoGHSTA	1 211 378	1 163 581	96,1%	1 163 581	47 797
Sport, Arts & Culture	274 975	261 345	95,0%	261 345	13 630
Community Safety	101 713	101 914	100,2%	101 914	(201)
Office of the Premier	405 060	401 927	99,2%	401 927	3 133
Legislature	397 370	340 662	85,7%	340 662	56 708
Treasury	432 909	427 557	98,8%	427 557	5 352
Economic Development	1 692 404	1 679 253	99,2%	1 679 253	13 151
Total	54 683 368	54 067 920	98,9%	54 067 920	615 448

Conditional Grants spending

	Adjusted Appropriation	Actual as at March 2018 (Preliminary)	Actual spending as % of budget	Preliminary Outcome	Variance
Education	2 115 390	2 081 825	98,4%	2 372 142	33 565
Health	2 422 567	2 306 372	95,2%	2 422 567	116 195
Social Development	96 847	91 625	94,6%	96 847	5 222
Public Works , Roads and Infrastructure	1 173 549	1 136 431	96,8%	1 173 549	37 118
Agriculture	326 730	313 701	96,0%	326 730	13 029
Transport	345 610	345 610	100,0%	345 610	-
CoGHSTA	1 256 461	1 256 461	100,0%	1 406 461	-
Sport, Arts and Culture	191 034	182 250	95,4%	191 034	8 784
Community Safety	2 000	2 000	100,0%	2 000	-
Economic Development	2 567	2 567	100,0%	2 567	-
Total	7 932 755	7 718 842	97,3%	8 339 507	213 913

Economic Classification - Year-on Year comparison



Social Sector Departments

	Adjusted Appropriation	Projected outcome	Actual spending as at 31 Mar 2018	Actual spending as % of Total Available	(Over)/under spending
R thousand					
Education	29 030 494	28 831 176	28 831 176	99,3%	199 318
Health	18 606 039	18 369 405	18 369 405	98,7%	236 634
Social Development	1 828 814	1 804 453	1 804 453	98,7%	24 361
Total	49 465 347	49 005 034	49 005 034	99,1%	460 313
<i>Economic classification</i>					
Current payments	44 269 441	44 068 736	44 068 736	99,5%	200 705
Compensation of employees	37 176 420	37 137 943	37 137 943	99,9%	38 477
Goods and services	7 093 021	6 930 793	6 930 793	97,7%	162 228
Transfers and subsidies	3 466 476	3 386 325	3 386 325	97,7%	80 151
Payments for capital assets	1 729 430	1 549 973	1 549 973	89,6%	179 457
Total	49 465 347	49 005 034	49 005 034	99,1%	460 313

Education

	Adjusted Appropriation	Projected outcome	Actual spending as at 31 Mar 2018	Actual spending as % of Total Available	(Over)/ under spending
in thousand					
Administration	1 781 693	1 706 187	1 706 187	95,8%	75 506
Public Ordinary School Education	24 927 287	24 865 303	24 865 303	99,8%	61 984
Independent Schools Subsidies	126 973	124 418	124 418	98,0%	2 555
Public Special School Education	482 368	477 394	477 394	99,0%	4 974
Early Childhood Development	162 106	153 325	153 325	94,6%	8 781
Infrastructure Development	1 109 091	1 096 188	1 096 188	98,8%	12 903
Examination And Education Related Services	440 976	408 361	408 361	92,6%	32 615
Total	29 030 494	28 831 176	28 831 176	99,3%	199 318
<i>Economic classification</i>					
Current payments	25 754 083	25 629 910	25 629 910	99,5%	124 173
Compensation of employees	23 156 846	23 187 676	23 187 676	100,1%	(30 830)
Goods and services	2 597 237	2 442 234	2 442 234	94,0%	155 003
Transfers and subsidies	2 189 421	2 161 322	2 161 322	98,7%	28 099
Payments for capital assets	1 086 990	1 039 944	1 039 944	95,7%	47 046
Total	29 030 494	28 831 176	28 831 176	99,3%	199 318

Explanatory Notes- Education

- Overall expenditure is at R28.831 billion or 99.3% of R29.030 billion total amended adjusted budget. The department under spent by R199.318 million.

Compensation of employees (CoE)

- The department spent R23.188 billion or 100.1% of R23.157 billion amended adjusted budget. This has resulted to an over expenditure of R30.8 million due to appointments of support staff at schools.

Analysis of Social Sector- Education

Goods and services

- An amount of R2.442 billion or 94.0 percent of R2.597 billion amended adjusted budget has been spent. The department under spent by R155.0 million mainly due to delay in SCM and payment processes as follows:
 - ICT (Overhaul) connectivity - Advert of tender was done but the department failed to get the qualifying bidder. The department is in a process of advertising the tender.
 - School furniture – The department is struggling with the printing of orders due to LOGIS which is still new, some orders were printed very late which resulted to late delivery of school furniture as well as invoices.
 - Educators training – Most of the trainings were done but service providers delayed in submission of invoices.
 - Agency item for feeding (Nsnp) – This item under spent due to non submission of invoices, none and incomplete delivery of food stuff by service providers.
 - LTSM – Some of the invoices for distribution of text and prescribed books to schools by South African Post Office have not yet been received.

Analysis of Social Sector- Education

Transfers and Subsidies

- This item spent R2.161 billion or 98.7 percent of R2.189 billion amended adjusted budget. There is an under expenditure of R28.1 million emanated from some schools which did not meet or comply with the set requirements.

Payments for Capital Assets

- This item reflects R1.040 billion or 95.7 percent expenditure of R1.087 billion amended adjusted budget. The department under spent by R47.0 million of which R41.8 million is for machinery and equipment purchases which did not materialise due to challenges within SITA, however roll over of funds have been applied for part of the under expenditure. In addition there were delays in submission of invoices as some of the infrastructure invoices could not be processed for payment by the end of the financial year.

Health

Health Spending to end of March 2018

	Adjusted Appropriation	Projected outcome	Actual spending as at 31 Mar 2018	Actual spending as % of Total Available	(Over)/ under spending
R thousand					
Administration	308,541	294,650	294,650	95.5%	13,891
District Health Services	11,938,062	11,984,248	11,984,248	100.4%	(46,186)
Emergency Medical Services	733,879	731,172	731,172	99.6%	2,707
Provincial Hospital Services	2,420,208	2,390,027	2,390,027	98.8%	30,181
Central Hospital Services	1,784,867	1,727,015	1,727,015	96.8%	57,852
Health Sciences And Training	611,538	563,283	563,283	92.1%	48,255
Health Care Support Services	146,772	124,496	124,496	84.8%	22,276
Health Facilities Management	662,172	554,514	554,514	83.7%	107,658
Total	18,606,039	18,369,405	18,369,405	98.7%	236,634
Economic classification					
Current payments	17,271,803	17,218,955	17,218,955	99.7%	52,848
Compensation of employees	13,024,159	12,976,375	12,976,375	99.6%	47,784
Goods and services	4,247,644	4,242,580	4,242,580	99.9%	5,064
Transfers and subsidies	742,522	690,503	690,503	93.0%	52,019
Payments for capital assets	591,714	459,947	459,947	77.7%	131,767
Total	18,606,039	18,369,405	18,369,405	98.7%	236,634

Analysis of Social Sector – Health

- Department spent R18.369 billion or 98.7 percent of the adjusted budget of R18.606 billion.
- All programmes underspent its allocated funds except Programme 2: District Health Services which has overspent by R46.2 million or 0.4 percent.
- District Health Services overspent as a result of budget pressures on the non negotiable items and contractual obligations.

Analysis of Social Sector – Health

Compensation of Employees

- CoE spent R12.976 billion or 99.6 percent against the adjusted budget of R13.024 billion.
- Expenditure mainly includes ICS, translations of staff, grade and pay progression of qualifying officials.
- Department have appointed Medical Specialist, Medical Officers and other staff members during 2017/18 financial year.
- Department commenced 2018/19 FY with CoE liabilities amounting to R88.0 million will mainly comprises of translation and grade progression of Health Professionals and support staff.
- PT will continue to monitor the spending to ensure that the department does not overspend on allocated funds for 2018/19 financial year.

Analysis of Social Sector – Health

Goods and Services

- Expenditure is at R4.243 billion or 99.9 percent against adjusted budget of R4.248 billion and underspent by R5.1 million or 0.1 percent.
- Unspent funds are mainly as a result of slow spending on Health Facility Revitalisation Grant (maintenance) of which rollover request has been submitted to National Treasury.
- Department has closed 2017/18 financial year with accruals and payables are estimated at R919.1 million which represents 22.7 percent budget of 2018/19 FY.

Non negotiable items

Non-Negotiable Items	Adjusted Budget	Expenditure	% Spent
Infection Control and Cleaning	126 755	121 292	95.7%
Medical Supplies including Dry Dispensary	149 480	126 780	84.8%
Medicines	660 347	637 001	96.5%
Medical Waste	60 512	66 447	109.8%
Laboratory Services	418 910	478 243	114.2%
Blood Supply and Services	115 608	138 701	120.0%
Medical Gas	56 120	48 728	86.8%
Food Services and Relevant Supplies	157 620	148 301	94.1%
Security Services	391 472	489 890	125.1%
Laundry Services	29 334	27 471	93.6%
Essential Equipment and Maintenance of Equipment	216 921	140 145	64.6%
Infrastructure and Non-Infrastructure Maintenance	309 076	229 511	74.3%
Childrens Vaccines	268 920	268 523	99.9%
ARV'S	533 818	513 053	96.1%
Total	3 494 893	3 434 086	98.3%

Analysis of Social Sector – Health

Payments for Capital Assets

- CAPEX spent R459.9 million or 77.7 percent against the allocated budget of R591.7 million and department had underspent by R131.8 million or 22.3 percent.
- Main contributor of underspending is due to the following:
 - Health Facility Revitalization grant with unspent funds amounting to R106.5 million due to delays in appointing contractors for renovation of laundry facilities of ten (10) hospitals; and
 - Earmarked funds to acquire medical equipment and IT infrastructure – delays in delivery by the service providers.
- A rollover request amounting to R88.5 million has been submitted to National Treasury for projects in progress.
- Equitable share rollover request for medical equipment on the earmarked funds.

Social Development

Social Development Spending to end of March 2018

	Adjusted Appropriation	Projected outcome	Actual spending as at 31 Mar 2018	Actual spending as % of Total Available	(Over)/ unde spending
R thousand					
Administration	286,608	307,430	307,430	107.3%	(20,82
Social Welfare Services	429,232	350,851	350,851	81.7%	78,38
Children And Families	785,872	785,083	785,083	99.9%	78
Restorative Services	167,921	177,389	177,389	105.6%	(9,46
Development And Support Services	159,181	183,700	183,700	115.4%	(24,51
Total	1,828,814	1,804,453	1,804,453	98.7%	24,30
<i>Economic classification</i>					
Current payments	1,243,555	1,219,871	1,219,871	98.1%	23,68
Compensation of employees	995,415	973,892	973,892	97.8%	21,52
Goods and services	248,140	245,979	245,979	99.1%	2,16
Transfers and subsidies	534,533	534,500	534,500	100.0%	3
Payments for capital assets	50,726	50,082	50,082	98.7%	64
Total	1,828,814	1,804,453	1,804,453	98.7%	24,30

Provincial Infrastructure Expenditure Performance Social Cluster

Infrastructure Expenditure Comparison as at 31 March year-on-year												
Department	Budget (R'000)				Expenditure (R'000)				% Expenditure			
	2015/16	2016/17	2017/18		2015/16	2016/17	2017/18		2015/16	2016/17	2017/18	
			Main	Adjusted			Main	Adjusted			Main	Adjusted
Education	1 102 128	1 113 630	810 523	1 109 091	1 097 323	1 047 127	1 096 187	1 096 187	100%	94%	135%	99%
Health	625 926	735 668	652 027	662 172	601 988	671 917	554 446	554 446	96%	91%	85%	84%
CoGHSTA	1 593 889	1 603 212	1 319 493	1 254 461	1 124 502	1 517 376	1 253 839	1 253 839	71%	95%	95%	100%
Social Development	34 866	40 017	36 298	40 805	16 767	31 450	40 677	40 677	48%	79%	112%	100%
Sport, Arts & Culture	56 651	33 593	48 749	48 849	29 999	35 141	34 526	34 526	53%	105%	71%	71%
TOTAL	3 413 460	3 526 120	2 867 090	3 115 378	2 870 579	3 303 011	2 979 674	2 979 674	84%	94%	104%	96%

Percentage												
Department	2015/16	2016/17	2017/18 Main	2017/18 Adjusted	2015/16	2016/17	2017/18 Main	2017/18 Adjusted	2015/16	2016/17	2017/18 Main	2017/18 Adjusted
Education	32%	32%	28%	36%	38%	32%	37%	37%				
Health	18%	21%	23%	21%	21%	20%	19%	19%				
CoGHSTA	47%	45%	46%	40%	39%	46%	42%	42%				
Social Development	1%	1%	1%	1%	1%	1%	1%	1%				
Sport, Arts & Culture	2%	1%	2%	2%	1%	1%	1%	1%				
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%				

- Actual expenditure R2.979 billion or 96 percent of the total adjusted budget with an underspending of 4 percent.
- Expenditure has improved as compared to 84 percent in 2015/16 and 94 percent in 2016/17.
- Had it not been of adjustment the expenditure would be at 104 percent during 2017/18.

Achievements

- The province managed to sustain a positive growth of 1.2 percent in 2017 which was a recovery from the 2016 negative growth of 1.6 percent.
- The province continues to accumulate surpluses from underspending of voted funds from departments which is then utilized to fund unauthorized expenditure and resource the Provincial Revenue Fund.
- Personnel Management Framework which the province approved is being implemented effectively and now the personnel numbers are ring-fenced at 124 000. The percentage share of personnel at the beginning of 2017/18 was at 71 percent versus the total budget but by the end of the year it is 68 percent reflecting the effectiveness of the framework implementation.
- Collection of revenue continues to exceed the target and much is credited to Department of Transport and surplus from underspending and the monitoring mechanism by Treasury.
- Infrastructure spending and performance has improved as compared to previous years as a result of monitoring by the Provincial Infrastructure oversight body.

Conclusion

Provincial Treasury will continue to support and assist departments in areas requiring improvements by effectively monitoring and supports: The following areas remains the focus of improvements:

- Reductions of unauthorized, irregular, wasteful expenditure which ultimately will have a positive outcome in audit report through strengthening and effectiveness of transversal functions forum.
- Consequences management will be implemented in areas that reflects negligent and corrective measures will be implemented for improvements in discharging responsibilities.



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PROVINCIAL TREASURY

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