

2023/24



LIMPOPO

**PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA**

PROVINCIAL TREASURY

LIMPOPO

BUDGET SPEECH

The heartland of southern Africa - development is about people

TABLING OF THE 2022/23 PROVINCIAL BUDGET AND THE APPROPRIATION BILL BY HON. SEPARO SEKOATI TO THE LIMPOPO PROVINCIAL LEGISLATURE ON THE 07th MARCH 2023, LEBOWAKGOMO LEGISLATIVE CHAMBERS

Speaker of our Provincial Legislature, Honourable Rosemarry Molapo;
The Deputy Speaker of the Legislature, Honourable Tshitereke Matibe;
Honourable Premier of our Province, Ntate Chupu Mathabatha;
Honourable Members of the Executive Council;
Honourable Members of the Provincial Legislature;
Former Members of the Provincial Legislature, present here;
Leadership of the ruling Party, the African National Congress, present here;
Leaders of various Opposition parties present;
Chairperson of the House of Traditional Leaders, Hosi Ngove le di Kgoshi kamoka present;
The Director-General of the Province and All Heads of Departments;
Members of the Boards and Chief Executive Officers of our various Entities present;
Executive Mayors, Mayors, and All Councillors present;
Leaders and Representatives of our Chapter 9 and Chapter 10 Institutions present;
Leaders of Organised Labour, Faith Based, and Civil Society Organisations present;
Captains and leaders of various Industries;
All leaders of our Youth, Women, and People Living with Disabilities present;
Distinguished Guests;
People of Limpopo;
Ladies and Gentlemen

Par.1

Honourable Speaker, it is my honour and privilege to present before this august house the 2023/24 provincial budget and its appropriations, together with the following:

- i. The Limpopo Appropriation Bill, 2023;
- ii. Estimates of Provincial Revenue and Expenditure 2023;
- iii. Overview of Provincial Revenue and Expenditure 2023;
- iv. Socio-Economic Review and Outlook 2023; and
- v. Supporting gazettes

Par.2

Honourable Premier, Ladies and Gentlemen, allow me to borrow from the metaphor of the water droplets drilling through a rock as used by President Xi Jinping in his essays: Up and Out of Poverty, and I quote:

“Rock and water are two opposing elements that are used to symbolise dogged stubbornness and gentle fluidity, yet despite being gentle, water drills through solid rock over time. A single drop of water is small and insubstantial....it will die a cruel death in any battle with a rock, yet in a brief moment of sacrifice, even though it cannot see its own value and achievements, it is embodied within the countless drops of water already fallen, and the triumph of finally drilling through the rock...”

close quote.

Par.3

We are therefore presenting the 2023/24 provincial budget, fully aware of the stubbornness of the scourge of inequality, poverty, and unemployment, but encouraged by the fighting spirit of the water droplets through the rock.

Par.4

The Honourable Premier in his State of the Province Address, reported on many achievements that the province has accomplished and attained in a number of social and economic spheres in the midst of the economic turbulences that engulfed the country and our province.

Par.5

In the spirit of the water droplets, we bravely went in to the breach, with no slightest thought of retreat like the true resilient people of the Great North, as we were affectionately referred to by the legendary leader, OR Tambo. And on behalf of the people of Limpopo, I therefore want to thank you Honourable Premier: Mahlatse – a – Hlabirwa for helping us to navigate these socio-economic hard rocks, steering this ship determinedly, with diligence, with love, and like water droplets, with steadfastness.

Par.6

Honourable Speaker, Ladies and Gentlemen, this budget is presented at a time when the country still continues to experience an increase in both food and energy prices. The Reserve Bank has just hiked the repo rate as it tries to stabilise inflation and that decision has brought the repo rate to 7.25 percent, and the prime rate to 10.75 percent. These have increased the burden to the fiscus, particularly in providing adequate services, thus calling for concerted efforts by the provincial government to come up with impactful interventions that can better the lives of the people of Limpopo.

Par.7

We therefore present this budget to give effect to the directives and pronouncements made by the Honourable Premier in his address, as well as advancing the work of the provincial administration in continuing to ensure that Limpopo is a better home to live in, and a better place to do business.

Par.8

Like the water droplets drilling through the rock, the provincial government continues to invest in infrastructure planning and delivery. Though we have not been able to fully realise some of the envisaged outcomes articulated in the provincial growth and development plan due to the recent Covid-19 outbreak and the setbacks of the recent rain storms, considerable progress has been made in the forward planning and delivery of infrastructure. And our provincial infrastructure expenditure and delivery performance reports for the 2022/23 financial year can attest to this.

Par.9

Honourable Speaker, when dripping water takes aim at a rock, each droplets zero-in on the same target and stays the course until its mission is complete. It is in this spirit that in the preparation for the 2023/24 Medium Term Expenditure Framework, and in line with the infrastructure planning framework and the Division of Revenue Act, we ensured that all sector departments are to develop and submit their infrastructure plans to both Provincial Treasury and Limpopo Department of Public Works Roads and Infrastructure (LDPWR&I).

All outputs and initiatives were completed in line with the provincial planning framework that informed the consolidated 2023/24 provincial infrastructure readiness and implementation report, including the 2023/24 infrastructure Programme of Action which is to be finalised by end March 2023.

Par.10

Honourable Speaker, an amount of R21. 471 billion for the delivery of infrastructure within the province, over the 2023/24 MTEF period, has been allocated based on the consolidated planning work we have completed in preparation for the 2023/24 financial year.

Par.11

In the financial year ahead, we have allocated an amount of R7. 312 billion across Departments for infrastructure development as follows: -

- i. Department of Education - R1. 486 billion.
- ii. Department of Health – R851.6 million.
- iii. Department of Transport – R78. 7 million.
- iv. Department of LEDET – R 20. 0 million.
- v. Department of COGHSTA – R1. 229 billion.
- vi. Department of Public Works, Roads and Infrastructure – R3. 398 billion.
- vii. Department of Agriculture – R183. 0 million.
- viii. Department of Sport, Arts and Culture – R54. 3 million.
- ix. Department of Social Development – R10. 6 million.

This budget is also spread and allocated across various infrastructure investment categories.

Par.12

During the 2023/24 financial year a total budget of R416. 3 million or 6 percent is allocated towards new infrastructure mainly for construction of new clinics, libraries, schools, upgrades of gravel roads to tar, centres for place of safety, nature reserves and housing development.

Par.13

The estimated budget allocation for rehabilitation and refurbishment is R379. 3 million or 5 percent, while upgrading and additions of existing facilities is R1. 062 billion or 15 percent, and R1. 862 billion or 26 percent is allocated towards maintenance.

Par.14

Provincial Treasury together with Department of Public Works, Roads and Infrastructure will continue to focus and work on areas of strategic weakness especially the rate at which procurement of projects and programmes for infrastructure takes place. To ensure that there is a differentiated process and approach during the procurement of infrastructure, we will continue to take the lead in institutionalising the rollout of the Framework for Infrastructure Procurement and Management (FIPDM) and provide guidance in this regard.

Par.15

As part of our infrastructure delivery framework, Treasury will support the provincial government's work in the just energy transition as pronounced by the Honourable Premier in his address.

Par.16

In our effort to ensure that all infrastructure departments and implementing agents within the province conform to a uniform system of planning, procuring, and delivery of infrastructure, through our Infrastructure Delivery Management System we have endorsed and adopted a uniform framework for reporting to allow for seamless monitoring of implementation across all the project cycles by the provincial infrastructure governance structures on a monthly basis. This will surely make it easy to identify blockages and propose interventions in the planning and delivery of infrastructure projects throughout.

Par.17

Honourable Speaker, Ladies and Gentlemen, our provincial allocations are derived from our receipt of equitable shares, conditional grants and provincial own revenue. In this regard, the Provincial Equitable Share accounts for approximately 83.4 percent of the provincial sources of funding. The 2023/24 provincial equitable share is R65.349 billion growing to R67.974 billion and R71.502 billion in 2024/25 and 2025/26 financial years respectively.

Par.18

Provincial conditional grants allocations amount to R34.113 billion over the 2023 MTEF period, with R11.329 billion allocated in 2023/24, R11.115 billion in 2024/25 and R11.670 billion in 2025/26 financial years.

Par.19

We are happy to announce that the provincial own revenue management and maximization strategies continues to yield positive result in augmenting national equitable share. The target for provincial own revenue in 2023/24 is R1.710 billion, an increase of 15.4 percent from the 2022/23 baseline. This is further projected to increase to R1.794 billion in 2024/25 and R1.882 billion in 2025/26 financial years respectively.

Par.20

Included in the equitable share provision for the province are the following allocations:

- i. R585.551 million in 2023/24 and R661.709 million in 2024/25 for new data updates (2022 allocations);
- ii. R578.731 million, R969.789 million and R1.446 billion in 2023 MTEF for new data updates (2023 Allocations)
- iii. R1.174 billion, R1.200 billion and R1.126 billion in 2023 MTEF for 3.0 Percent Wage Increase.
- iv. R884.669 million for Presidential Youth Employment Initiatives in Education in 2023/24 financial year.
- v. R40.820 million and R48.619 million for Social Development Welfare NGO Funding in 2023/24 and 2024/25 financial year respectively.
- vi. R389.117 million and R540.523 million for Health Sector in 2023/24 and 2024/25 year respectively.
- vii. R867.622 million and R907.390 million for Education Sector in 2023/24 and 2024/25 year respectively.
- viii. R866.782 million, R906.690 million and R944.079 million in Health for Pressures (CoE, Service Backlog, etc) in 2023 MTEF.

- ix. R655.636 million, R796.827 million and R885.423 million in Education – for CoE Pressures in 2023 MTEF.

Par.21

Honourable Premier, the Provincial share of the national revenue will never be sufficient to service the competing socio-economic needs of our society. This always necessitate the collection of provincial revenue by both departments and public entities in line with the Constitution of the Republic. Hence as a province we continuously invest in revenue enhancement projects which includes amongst others: infrastructure improvement in Limpopo Wild Life Resorts; extension of the motor vehicle registration and licensing authorities in all five districts to improve access to services that are already being rendered by Municipalities on behalf of the Department of Transport; extension of K53 learners and driver's license function piloting with Vhembe and Capricorn District and demarcation of additional parking bays in the Department of Health's facilities.

Par.22

In the 2023/24 financial year, revenue enhancement projects identified for implementation include: the commercialization of resorts and improvement of reservation systems by LEDET, and the installation of electricity prepaid meters for state houses by the Department of Public Works, Roads and Infrastructure.

Par.23

The Department of Transport is supported further to continue with the extension of K53 learners and driver's license project. Department of Transport and the Limpopo Gambling Board remains the highest revenue generators for the province through tax receipts.

Par.24

Provincial Departments and Public Entities that generate revenue above their own credible set targets, qualifies to apply for revenue retention to invest in revenue enhancement projects and other socio-economic projects.

Par.25

As Provincial Treasury, we hold Revenue enhancement bilateral meetings quarterly to provide support to departments in the identification and implementation of revenue enhancement projects. The projects identified are envisaged to generate more revenue for the province while on the other hand expand access to services and create job opportunities.

Par.26

Honourable Speaker, the allocation for current payments is R66.243 billion in 2023/24, R68.936 billion in 2024/25 and R71.578 billion in 2025/26 financial years and represents 83.7 percent of the total allocation.

Par.27

Included in the current payment is Compensation of Employees allocation which represent 65.7 percent of the total budget and is allocated R52.048 billion in 2023/24, R53.805 billion in 2024/25 and R55.280 billion in 2025/26 financial years respectively.

The Compensation of Employees is increasing by 2.5 percent from R50.757 billion in 2022/23 to R52.048 billion to provide for existing staff, carry through cost for 2022/23 salary increases and other liabilities such as pay progression, grade progressions, etc and also for the filling of vacant posts.

Par.28

Honourable speaker the province has made significant strides in reducing the percentage of the provincial budget spent on Compensation of Employees, which has reduced from over 72 percent of the budget, in previous years, to the current 65.7 percent and this has allowed the province to allocate additional funds to service delivery and infrastructure spending.

Par.29

Goods and Services represents 17.9 percent of the total allocation, and is allocated R14.195 billion in 2023/24 financial year, R15.130 billion and R16.298 billion in 2024/25 and 2025/26 financial years respectively. The Goods and Services allocation increases by R2.899 billion or 25.7 percent from 2022/23 to 2023/24 financial year, to provide for contractual obligations and non-negotiable items that were having a budget shortfall that that were funded in the 2022/23 adjustment budget.

Par.30

The allocation for Transfers and Subsidies is R9.983 billion in 2023/24. It will reduce to R9.215 billion in 2024/25, and increase to R9.691 billion in 2025/26 financial year.

Par.31

The allocation is intended for transfers to our Public Entities, schools, funded Non-Profit Organisations; service providers for construction of Human Settlement Houses under Human Settlement Grant and for Payments of Leave Gratuity to staff exiting the public service.

Par.32

The payment for Capital Assets increase from R2.667 billion in 2022/23 to R2.937 billion in 2023/24. It will reduce to R2.287 billion in 2024/25 and further reduces to R2.142 billion in 2025/26 financial years respectively. The allocation is for construction of fixed structures, machinery and equipment, biological assets, as well as software and intangible assets.

Par.33

An amount of R1.911 billion or 65.1 percent of the Payments for Capital Assets' budget is allocated to Buildings and Other Fixed Structures which is infrastructure investment and should assist in job creation in the construction sector.

Par.34

Overall, the provincial expenditure allocation will increase from the R78.154 billion in the adjustment budget of 2022/23 to R79.163 billion in 2023/24, then grows to R80.439 billion in 2024/25 and further increases to R83.412 billion in 2025/26 financial years.

Par.35

Honourable Speaker, the following will be allocations per department:

Par.36

Vote 1: Office of the Premier

The Office of the Premier is allocated R438.385 million in 2023/24, R454.216 million in 2024/25 and R469.909 million in 2025/26 financial years. Included in the allocation is R23.536 million earmarked funding to implement ICT related projects in the province, Provincial Energy Strategy and Provincial ICT Infrastructure Assessment Audit.

Par.37

Vote 2: Provincial Legislature

The Provincial Legislature receives an allocated budget of R492.417 million in 2023/24, R470.048 million in 2024/25 and R487.217 million in 2025/26 financial year.

Par.38

Vote 3: Education

Education receives the highest share of 48.2 percent of the provincial budget. The department is allocated R38.188 billion in 2023/24, R39.360 billion in 2024/25 and R40.695 billion in 2024/25 financial years respectively.

Par.39

The 2023/24 allocation includes R884.669 million for Presidential Youth Employment Initiatives, R36.903 million for Sanitary Dignity Project, R655.636 million additional Compensation of Employees for Educators, R100 million for E-Education, R100 million for Storm Damage Schools, R70.000 million for Improvement of Matric Results Project, R3.354 billion for Conditional Grants and R772.750 million from own revenue.

Par.40

Vote 4: Agriculture and Rural Development

Agriculture and Rural Development is allocated a budget of R1.771 billion in 2023/24, R1.822 billion in 2024/25 and R1.903 billion in 2025/26 financial years respectively. The allocation includes R340.365 million in 2023/24 financial year for Conditional Grants.

Included in the departmental allocation, is an amount of R30.0 million for Revitalisation of Agriculture and Agro-Processing Value Chain (RAAVC) Projects.

Par.41

Vote 5: Provincial Treasury

The Provincial Treasury receives a budget allocation of R457.668 million in 2023/24, R473.004 million in 2024/25 and R489.065 million in 2025/26 financial year.

Par.42

Included in the departmental allocation, are National Priority Funding of R11.295 million for Municipal Intervention Capacity Building and R5.466 million for Infrastructure Capacity Building Programmes.

Par.43

Vote 6: Economic Development, Environment and Tourism

The Department of Economic Development Environment and Tourism is allocated a budget of R1.450 billion in 2023/24, R1.404 billion in 2024/25 and R1.422 billion in 2025/26 financial year. Included in the allocation is R1.920 million for EPWP Conditional Grant and R603.067 million for transfers to Public Entities. The public entities transfer amount include R215.0 million for Musina-Makhado Special Economic Zone and Fetakgomo-Tubatse Industrial Park, R22.700 million for Tourism Marketing to be transferred to the Limpopo Tourism Agency.

Par.44

The department is responsible for economic development in the province and the allocation also includes an amount of R20 million for state resort

refurbishment, R8.5 million for Reserve commercialization and R1.9 million for the implementation of a resort central reservation system. The department is also allocated R50 million for Waste Management and Air Quality Control Projects.

Par.45

Vote 7: Health

The Department of Health receives the second highest allocations of the provincial budget at 30.0 percent. The total allocation to the department is R23.772 billion in 2023/24, R24.195 billion in 2024/25 and R25.208 billion in 2025/26 financial years.

Par.46

Included in the 2023/24 allocation is R119.945 million for placement of medical graduates, R192.955 million for Employment of Doctors, R50 million for Purchase of Ambulances and R20 million for Cuban Doctor Programme. The allocation also includes R3.927 billion for Conditional Grants and R637.2 million from own revenue.

Par.47

Vote 8: Transport and Community Safety

The Department of Transport and Community Safety is allocated R2.484 billion in 2023/24, R2.480 billion in 2024/25 and R2.5843billion in 2025/26 financial years respectively.

Par.48

Included in the 2023/24 allocated is R442.951 million for conditional grants, R70.498 million for transfer to Gateway Airport Authority Limited (GAAL), R98.688 million for provincial priorities which include R30.000 million for revitalization of Traffic Training College, R33 million for the construction of K53 Projects, R3 million for Mampakuil Project, R6.7 million for the revitalization of traffic stations, R6 million for the finalisation of the Thohoyandou taxi facility and R20.0 million for Implementation of Service Delivery Projects at Gateway Airport Authority Limited (GAAL).

Par.49**Vote 9: Public Works, Roads and Infrastructure**

The department receives a budget allocation of R4.950 billion in 2023/24, R4.388 billion in 2024/25 and R4.532 billion in 2025/26 financial years.

Par.50

Included in the allocation is R150.000 million for Municipal Rates and Taxes, R130 million for ZCC R71 Interchange Road Project, R100 million of Purchase of Building as per Executive Committee Resolution, R10 million of Purchase of Yellow Fleet, R20 million of Refurbishment of LEDET Suid Street Building, R30 million of Construction of Roads at Musina Makhado SEZ and R6 million to install prepaid electricity meters in state owned properties.

Par.51

The allocation also includes R1.801 billion for conditional grants, part of which will be allocated to Roads Agency Limpopo as part of the RAL allocation of R2.009 billion for roads maintenance and upgrading, partnerships and other operational costs.

Par.52

Vote 10: Sport, Arts and Culture

The Department of Sport, Arts and Culture receives an allocation of R621.816 million in 2023/24, R690.345 million in 2024/25 and R775.756 million in 2025/26 financial year. The allocation for 2023/24 includes conditional grants allocations amounting to R221.888 million.

Included in the departmental 2023/24 allocation is R10 million for the Provincial Theatre.

Par.53

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

The Department Co-Operative Governance, Human Settlements and Traditional Affairs is allocated budget of R2.592 billion in 2023/24, R2.683 billion in 2024/25 and R2.754 billion in 2025/26 financial year. Included in the allocation is conditional grant allocation of R1.229 billion, of which R946.060 million is for Human Settlement Development Grant, R281.341 million is for Informal Settlement Upgrading Partnership Grant and R1.960 million is for EPWP Grant.

Par.54

The allocation for 2023/24 financial year also includes R25 million for Construction and Maintenance of Traditional Council Offices, R5 million for Furnishing of Traditional Council Offices and R55 million for Purchase of Vehicles for Senior Traditional Leaders.

Par.55**Vote 12: Social Development**

The Department of Social Development will receive R1.946 billion in 2023/24, R2.020 billion in 2024/25 and R2.091 billion during 2025/26 financial year. The allocation includes a conditional grant allocation of R10.233 million for Expanded Public Works Programme.

Par.56

Included in the budget allocation for 2023/24 and over the MTEF are the funds for conversion of Social Work Grant to Equitable Share, Food Relief Function Shift and Gender Based Violence and an additional R40.8 million for the payment of existing welfare NGO's.

Par.57

Honourable Speaker, like the water droplets cutting through the rock, our unique strengths, our optimism and work ethic, our spirit of retrieve, and our diversity gives us everything we need to ensure prosperity and security for generations to come.

Par.58

Honourable Premier, allow me to express my admiration to you for developing a solid plan, and the tenacity to see it through to the end through your visionary leadership and patience.

Par.59

And to my colleagues in the Executive Council, thank you very much for your continued support and cooperation.

Par.60

To Honourable Rudolf Phala, the Chairperson and members of the Portfolio Committee on Provincial Treasury, your continued oversight and support is appreciated at all times, I sincerely thank you.

Par.61

HOD Gavin Pratt and Team Treasury, thank you for your hard work and commitment.

Par.62

I wish to take this opportunity to also thank my wife and our children for your unwavering support.

Par.63

I wish also to thank the people of our province for their resilience and understanding that there are no shortcuts, for their consciousness that we need to focus on a long haul, by turning quantitative changes into qualitative ones.

Let us indeed become the dripping water that drills through hard rock.

Ke a Leboga



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