

2023/24



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

BUDGET VOTE 5

The heartland of southern Africa - development is about people

**2023/24 BUDGET SPEECH VOTE 5 – PROVINCIAL TREASURY PRESENTED BY
MEC SEAPARO SEKOATI AT THE PROVINCIAL LEGISLATURE
LEBOWAKGOMO.**

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

Traditional Leaders present here

The Director-General- Mr. Nape Nchabeleng

HOD of the Provincial Treasury Mr. Gavin Pratt and All Heads of Departments

Members of the Boards, Chief Executive Officers and Leaders of our various entities present

Executive Mayors, Mayors, and All Councilors present

Delegates from the Auditor General

The Media, Distinguished Guests; People of Limpopo

Ladies and Gentlemen, Thobela

Par. 1

Honorable Speaker, allow me to Table the 2023/24 Budget for Vote 5 - Provincial Treasury together with the attached Summary of Payments and Estimates for consideration by this august House.

Par.2

Overall Budget

Provincial Treasury (Vote 5) has been allocated a budget of R457.7 million for the 2023/24 financial year. The budget allocation represents an increase of 11.7 percent when compared to the main appropriation of R409.9 million tabled for 2022/23.

The key focus in the current financial year will be to further strengthen the Provincial Treasury to improve its strategies to support and monitor departments, municipalities and public entities and to ensure that we improve compliance to the PFMA, MFMA and other policies and legislation.

Par.3

Revenue generation

Provincial Treasury, through quarterly revenue enhancement bilateral meetings, we continue to take a lead in supporting Departments and Public entities to collect revenue that is due to the state and that realistic annual revenue targets are set and pursuit. To this end, an amount of R2.167 billion has been collected as of 28 February 2023 compared to the original annual target of R1.481 billion, and against the adjusted target of R2.167 billion.

Par. 4

Curbing spending on Compensation of Employees

The framework used to curb provincial expenditure on Compensation of Employees through PERSAL block, as managed by the Provincial Treasury jointly with Office of the Premier, keeps on achieving the intended results.

In 2023/24, the Provincial Compensation of Employees represents 65.7 percent of the total provincial budget as compared to over 72 percent in previous years. Despite the achievements gained in curbing the Compensation of Employees, the Provincial Compensation of Employees percentage is still high as compared to the provincial average nationally of 61.2 percent. Thus, more efforts will be put in place to manage the COE costs without compromising service delivery to the Limpopo citizens.

Par.5

Planning, Monitoring and Reporting

The department continues to have ongoing monthly monitoring and tracking of expenditure performance of all departments and public entities, which allows for identification of suitable interventions in the event of slow expenditure and failures in service delivery. Emphasis is given to spending on Conditional Grant and Provincial priorities, and institutions are required to submit catch-up plans where spending and implementation is not realised in line with the original plans.

Par.6

Support to Municipalities

In pursuance of making sure these municipalities comply with MFMA section 18, Provincial Treasury has embarked in the process to monitor the implementation of

both funded and unfunded budget through in year reports, assessing mid-year expenditure and performance of all municipalities in the province. We have, in the past six months, assisted Municipalities with unfunded budgets to develop funding plans to address the budget shortfalls and to mitigate any budget shortcomings.

Par.7

In this regard, I wish to appreciate 19 Municipalities that have approved funded budgets in line with MFMA requirements. It however remains a grave concern that the province still has eight (8) out of 27 Municipalities that in the current financial year have adopted or approved unfunded budgets.

Par.8

Honourable Speaker, it is concerning that there are incorrigible Municipalities in as far as Unauthorised, Irregular and Fruitless and Wasteful expenditures is concerned. What is more concerning is that these Municipalities would most likely fail to meet the target set to reduce irregular expenditure by 75% and eliminate fruitless and wasteful expenditure by 100%.

Par.9

We therefore call the political leadership of the affected Municipalities to urgently attend to these through proper investigations and implementation of consequences management in order to deter further recurring of same.

Par.10

As Provincial Treasury we need to put it clear that we are not against the use of consultants by Municipalities, but we must express our displeasure on the scale and cost of usage of consultants, even though we have municipal officials with requisite skill, knowledge, and experience to discharge their responsibility.

Par.11

In as far as Municipal Audits are concern, I would like to congratulate two Municipalities that obtained clean audit reports: Capricorn, and Waterberg District Municipalities. These two municipalities are exemplary on how municipal finances are managed and accounted for monthly, quarterly, and yearly.

Par.12

Four (4) Municipalities, namely Thulamela, Greater Letaba, Maruleng and Molemole sustaining unqualified audit opinion for past financial five (5) years and our expectation is to take these Municipalities to the next level of clean audit in the 2022/23 financial year. Hence, with the remaining months before the end of financial year, they must ensure that the enabled Audit finding action plans are implemented and findings resolved.

Par.13

Over the 2023 MTEF, as Provincial Treasury we have allocated additional funds in order to improve our capacity to support our municipalities.

Par.14

Infrastructure Management

Honourable Speaker, the primary responsibility of the Provincial Treasury with regards to infrastructure, is to embed an Infrastructure Delivery Management System (IDMS) for Limpopo Province, which is aligned with the regulatory framework for public sector planning, procurement, supply chain management, delivery and expenditure control. It is for this reason, that for the previous financial years to date; Limpopo Provincial Treasury is the convener and chairperson of the Provincial Infrastructure Governance Structures to continue with the support to departments on infrastructure technical, tactical and strategic issues, on a monthly basis.

Par.15

Though infrastructure planning has improved over time and the understanding of Infrastructure Delivery Management System (IDMS) is exemplified, timeous procurement remains a challenge. Hence, the inclusion of control frameworks in the Framework for Infrastructure Procurement and Delivery Management (FIPDM) which is aimed at expenditure control and a reduction in the gap between what is planned and budgeted for and what is delivered to ensure that value for money is achieved on projects.

Par.16

In order to enhance and capacitate departments and implementing agents on infrastructure procurement, further support will be provided by way of Infrastructure Delivery Management System (IDMS) body of knowledge and communities of practice workshops to be undertaken together with National Treasury and Department of Public Works Roads and Infrastructure on a quarterly basis.

Par.17

On the other hand, in response to the challenges experienced by Municipalities in the delivery of infrastructure, the Municipal Infrastructure Team in the Provincial Treasury has developed the Terms of Reference, including guidelines with the aim to enhance the quarterly Municipal Infrastructure Grant (MIG) Forums which are already in place. This work has been done in consultation with the team from the Cooperative Governance Human Settlement and Traditional Affairs (CoGHSTA) so that there are no duplications but improve and build on the gains that the MIG forum has advanced to date.

Par.18

Details of the Budget

Honourable members, the budget details of our department are as follows.

Par.19

Compensation of Employees (CoE) increases by 9.2 percent from R303.3 million in 2022/23 to R331.2 million in 2023/24 financial year and this allocation will be used to fund reprioritized critical vacant posts.

Par.20

Goods & Services increases by 21.3 percent from R95.6 million in 2022/23 to R116 million in 2023/24 financial year due to reprioritization of the budget to fund contractual obligations and key accounts.

Par.21

Transfer and Subsidies decreases by 45 percent from R4.0 million in 2023/24 to R2.2 million in 2023/24 financial year due to a reduced number of officials that will retire in the next financial year.

Par.22

Payment for Capital Assets increases by 21.7 percent from R6.9 million budget in 2022/23 to R8.3 million in the 2023/24 financial year, the allocation will cater for working tools as well as the procurement of the security system.

Par.23

Budget per Programme

Honourable Speaker, The Limpopo Provincial Treasury is composed of five integrated programmes that operate as a unit. These are:

- Administration,
- Sustainable Resource Management,
- Asset, Liabilities and Supply Chain Management, and
- Financial Governance
- Shared Internal Audit Services

Par.24

Administration

The administration is allocated R191.9 million to provide effective and efficient strategic management, administrative support and sound financial management to the Provincial Treasury.

The division comprises of the following sub-programmes:

- a) MEC Support Services
- b) Management Services
- c) Corporate Services
- d) Information Management
- e) Financial Management

Par. 25

The programme also undertakes to provide bursaries for the 2023 academic year to deserving employees as part of support to personal growth and skill development.

Par.26

A business continuity plan continues to be implemented and look at a holistic process to identify any potential threats to the organization and provides a framework for building resilience and the capability for an effective response which safeguards the interests of departmental key stakeholders and the reputation of the organization.

Par.27

Sustainable Resources Management

Sustainable Resources Management is allocated R85.8 million in order to inform financial resource allocation, manage the provincial budget and support and monitor provincial departments, municipalities and public entities for efficient and effective use of the province's fiscal resources.

The programme comprises of the following sub-programmes:

- a) Programme support
- b) Economic and Fiscal Policy Oversight
- c) Budget and Public Finance Management
- d) Municipal Finance and Governance
- e) Infrastructure Management

Par. 28

An additional amount of R11.2 million is allocated for Municipal Support sub-programme, to improve the Provincial Treasury capacity to support our Municipalities with focused support projects.

Par.29

Assets, Liabilities and Supply Chain Management (ALSCM)

Honourable Speaker, Assets, Liabilities and Supply Chain Management receives an allocation of R54.1 million. This allocation will be utilized to provide policy direction and facilitate the effective and efficient management of assets, liabilities, financial systems and provincial supply chain management processes.

The programme comprises of the following sub-programmes:

- a) Programme support
- b) Asset and Liabilities Management
- c) Provincial Supply Chain Management

Par.30

Provincial Treasury has embarked on an enhanced evaluation and monitoring plan to improve adherence to procurement plans by departments. The improved adherence to procurement plans is envisaged to aid in budget management and contract management.

The introduction of PPPFA regulations which took effect on the 13th of January 2023 will also catalyze the empowerment element by placing emphasis on women, youth and disabled.

Par.31

Financial Governance

Honourable Speaker Financial Governance receives an allocation of R78.3 million.

The division comprises of the following sub-programmes:

- a) Programme support
- b) Governance, Monitoring and Compliance
- c) Transversal Risk Management
- d) Accounting Services
- e) Financial Management Information Systems

Par.32

The Programme has developed and will monitor the implementation of the Limpopo 2025 Audit Improvement Strategy which outlines how provincial departments and public entities will be supported to attain clean audit outcomes by 2025.

Par.33

Honourable Speaker, we are proud to state the following improved Provincial Audits outcomes for the financial year 2021/22. Three (3) Clean Audits, Seven (7) Unqualified Audits, and two (2) Qualified Audits. Only 1 department has regressed from a Clean Audit to Unqualified. The Public entities achieved one Clean Audit, two (2) Unqualified Audits, two (2) Qualified. One public entity improved from Adverse to Qualified.

Par.34

The Department of Economic Development, Environment and Tourism, Office of the Premier and Provincial Treasury maintained their clean audit outcomes. Department of Agriculture, Public Works, Roads and Infrastructure, Sport, Arts & Culture, Co-operative Governance, Human Settlements and Traditional Affairs, Social Development and Provincial Legislature maintained unqualified audit outcomes. Regrettably, the Department of Transport and Community Safety regressed during the year from a Clean Audit to unqualified opinion. Meanwhile The Departments of Education and Health continued to receive qualified audit outcomes.

Par.35

The Public entities achieved one Clean Audit, two (2) unqualified audits, two (2) Qualified. One public entity improved from Adverse to Qualified. The Limpopo Gambling Board maintained a clean audit outcome and Limpopo Tourism Authority and Roads Agency Limpopo maintained unqualified audit outcomes. Gateway Airport Authority Limited (GAAL) improved its audit status from an Adverse opinion to a Qualified opinion, while the Limpopo Economic Development Agency continued to receive a qualified audit opinion.

Par.36

In an effort to improve both Departments of Education and Health audit status to at least unqualified by the end of the 2022/23 audit cycle, focused support is being provided particularly in asset and infrastructure management. Provincial Treasury is also working closely with the GAAL management team to improve the GAAL audit outcome to at least unqualified by the end of the 2022/23 audit cycle.

Par.37

Equally, through planned continuous monitoring and support by Provincial Treasury and the Office of the Premier, the province has planned to achieve six (6) Clean Audits in our departments and 2 in our public entities in 2022/23 audit cycle, and we request

all departments and entities to start implementing the agreed corrective actions and consequence management for poor performance and non-compliance.

Par.38

In 2023/24, we will also offer focused training programmes to enhance financial accounting reporting, especially on Generally Recognised Accounting Practice (GRAP) and International Financial Reporting Standards (IFRS).

Par.39

We are also pleased to report that the province has fully implemented the LOGIS system for capturing of orders and management of expenditure in all departments and their institutions across the province. As part of ensuring full implementation of this system, Provincial Treasury is in the process of implementing the LOGIS Asset module in order to integrate with the LOGIS procurement module. This will eliminate the need to externally capture assets information in the asset register, and the information will be automatically integrated into the asset register, from the time an order is captured, and will improve the control and reporting of assets in the provincial government. The province is working closely with the National Treasury team to migrate the current BUAD asset information to the LOGIS system. The project is earmarked to be concluded by the end of 2023/24 financial year.

Par.40

Shared Provincial Internal Audit

Honourable Speaker Shared Provincial Internal Audit Services receives an allocation of R47.6 million.

During the 2023/24 financial year, learners will be recruited on the Internal Auditor Technician (IAT) Programme which is facilitated by the Institute Internal Auditors. These learners, after completing this programme, will be ready for the job market.

Par.41

As previously reported in this august House, Provincial Treasury had been accredited as a Training Office for aspiring Chartered Accountants (CA's) by the South African Institute of Chartered Accountants (SAICA). We are pleased to announce that the first five (5) CA trainees have all successfully passed the required exams and will be certified as Chartered Accountants by SAICA once they have completed their training contract with Provincial Treasury later this year. We trust that we will have the same success rate with the second, third and fourth intake group of trainees.

Par. 42

In conclusion, Honorable Speaker, as a department we have a statutory task of allocating, monitoring and managing our provincial funds to ensure that they meet the developmental objectives of both the national and provincial governments.

We will therefore continue to do our utmost best to ensure proper and sound financial management and governance in line with the PFMA and MFMA, and other policy prescriptions.

I thank you.



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