



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

BUDGET VOTE 5

13 August 2024



2024/25

**BUDGET SPEECH: VOTE 5 – PROVINCIAL TREASURY, TABLED BY
MEC FOR FINANCE: MR KGABO MAHOAI AT THE LIMPOPO
PROVINCIAL LEGISLATURE, LEBOWAKGOMO ON 13 AUGUST 2024**

Speaker of our Provincial Legislature, Honourable Makoma Makhurupetje

The Deputy Speaker of the Legislature, Honourable Tebogo Mamorobela

Honourable Premier of our Province, Dr Phophi Ramathuba;

My fellow Honourable Members of the Executive Council;

Honourable Members of the Provincial Legislature in your various capacities;

The Director-General of the Province and All Heads of Departments;

All guests present, Ladies and gentlemen;

Good morning

1. It is with great honour and a deep sense of responsibility that I stand here before this august house today to deliver a brief of the Provincial Treasury (Vote 5) budget of the 7th Administration.
2. While this occasion marks the beginning of another era it is equally important for me to acknowledge the efforts of all my predecessors and Hon Seaparo Sekoati in particular, who all ensured that the Limpopo Provincial Treasury performs as expected. I inherit a department that is distinguished by the reputation of sound financial management and accountability, the legacy that we are all proud of.

3. This new chapter of the administration that we have entered is defined by a renewed commitment to transparency, accountability and fiscal responsibility. With unequivocal marching orders from both President Ramaphosa and Premier Ramathuba, we are tasked with continuing to pursue programs that will foster inclusive economic growth, employment equity, protect and uphold the hard-won rights of workers, and continually strive to improve their working conditions. The President's vision in this regard is clear and I quote,

"Inclusive growth demands that we affirm the position of women and youth in the economy." Close quote.

This mandate serves as our guiding principle as we work to build a more equitable and prosperous future for all.

4. Honourable speaker,

As we embark on this journey, we also pledge to maintain the good audit profile of our department and pride ourselves that we will be able to restore it to its former glory of clean audits. This is a commitment not only to financial rectitude but also to the people of Limpopo, as we recognize that the trust bestowed upon us by the citizens is paramount. We therefore undertake to rebuild that trust through decisive actions, corrective measures, and an unwavering focus on accountability.

5. Honourable Speaker, allow me to Table the 2024/25 Budget Vote 5 - Limpopo Provincial Treasury for consideration by this august house.

Overall Budget

6. The Limpopo Provincial Treasury (Vote 5) has been allocated a budget of R478 million for the financial year 2024/25, which is an increase of 4.5 percent when compared to the main appropriation of R457.7 million tabled for the previous financial year.

The departmental economic classification allocation is thus as follows:

7. Compensation of employees (CoE) increases to R337.9 million in 2024/25 financial year and this allocation will be used to fund current filled posts and reprioritised critical vacant posts.
8. Goods & Services increases by 10.9 percent from R115.9 million in 2023/24 to R128.7 million in the current financial year due to reprioritisation of the budget to fund contractual obligations and key accounts.
9. Transfers and Subsidies increases to R4.8 million in current financial year due to an increased number of officials that are due to retire during the course of the current financial year.
10. Payment for capital assets decreases by 21.2 percent from R8.4 million in 2023/24 to R6.6 million in the 2024/25 financial year and will then increase over the MTEF period to R12.9 million in 2026/27. The allocation will cater for the procurement of IT equipment and other necessary tools of trade.

11. The key focus in the current financial year remains to strengthen the Provincial Treasury to improve its strategies to support departments, municipalities and public entities as well as exercise control over the implementation of the provincial budget, among others. This is meant to ensure that we improve compliance to the PFMA, MFMA and other policies and legislations. Hence, our commitment to rebuilding the public trust.

Provincial Own Revenue generation

12. The Provincial Treasury continues to support departments and public entities in maximising provincial own revenue collection and to implement the Provincial Revenue Enhancement and Retention Strategy. Quarterly bilateral meetings will continue to be held to monitor progress of annual target collections and identify new revenue collection opportunities. Provincial Treasury aims to collect R320 million in 2024/25, growing to R349.5 million over the MTEF period, with the primary source being interest received on positive cash balances.

Managing provincial spending on Compensation of Employees

13. The Provincial Personnel Management Framework adopted by the Limpopo Provincial Executive Council in 2016 has proved to be very instrumental in ensuring that only critical positions are filled and that such appointments are restricted within the available resources, leading to a reduction in the provincial wage bill to 64.7 percent of the total provincial adjusted budget in 2023/24, down from over 72 percent in previous years. Despite this notable progress, the expenditure on Compensation

of Employees remains high compared to the national average of 61 percent, indicating a need for continued efforts to further manage this spending trend.

14. The national fiscal consolidation over the MTEF period requires the Provincial Treasury to maintain strategies to curb Compensation of Employees spending. In response, Provincial Treasury collaborated with the Office of the Premier and reviewed the Personnel Management Framework for implementation in the current financial year and over the MTEF period. The framework was also reviewed to expedite the turnaround time in the filling of vacant funded critical posts.

Provincial Budget Planning, Monitoring and Reporting

15. Throughout the year, MEC's bilateral meetings are held to assess the financial performance of provincial departments and public entities. Support is provided to help these departments and public entities submit catch-up plans to ensure funds are spent at the end of the financial year and on intended programs and projects, especially earmarked funds and conditional grants. As a result, spending on Conditional Grants improved to 98.2 percent by 31st March 2024, which was the end of 2023/24 financial year, compared to 96.1 percent in the previous year, same period.

Support to Municipalities

16. Honourable Speaker, Provincial Treasury has beefed-up personnel in the Municipal Finance Component to ensure that we improve our capacity and performance to support Municipalities in the 2024/25

financial year. In this regard a support programme has already commenced during the third quarter of 2023/24 financial year, as we build our capability and capacity.

17. We also continue to work closely with the Department of CoGHSTA and the National Municipal Infrastructure Support Agent (MISA) to reform the quarterly Municipal Infrastructure Grant (MIG) Forum in order to start focusing more on water services functions in our municipalities.

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

18. Our budget structure is composed of five (5) programmes that operate as Branches of the department, and their allocations are outlined as follows:

Programme 1: Administration

19. Administration is allocated R207.8 million to provide effective and efficient strategic management, administrative support, and sound financial management to the Provincial Treasury. Through this Programme the department has appointed 30 Interns for 24 months and appointed another 21 Experiential Learners, the stipend for experiential learners is paid by respective SETAs. These Interns and Experiential Learners have attended in-house capacity building programmes in advanced excel, report writing and digital skills.
20. We continue to implement the Business Continuity Plan, which takes a comprehensive approach to identifying potential threats to the

organisation. This plan provides a framework for building resilience and ensuring an effective response, safeguarding the interests of the department's key stakeholders and protecting the organisation's reputation.

Programme 2: Sustainable Resources Management

21. Sustainable Resources Management is allocated R80.8 million and is used to fund financial resource allocation, manage the provincial budget, as well as to support and monitor provincial departments, municipalities and public entities for efficient and effective use of the province's fiscal resources.

22. An amount of R11.8 million is ring fenced to strengthen the Provincial Treasury's capacity to support our municipalities with focused support and intervention projects. While an amount of R5.7 million is also ring fenced to strengthen Provincial Treasury's infrastructure support to our institutions and to improve infrastructure capacity building programmes in the province.

Programme 3: Assets, Liabilities and Supply Chain Management (ALSCM)

23. Honourable Speaker,

This programme receives an allocation of R49.7 million. The allocation will be utilised to provide policy direction and facilitate the effective and efficient management of assets, liabilities, and provincial supply chain management processes in all our departments and public entities.

24. Supply chain management remains one of the important instruments in the department which is used to transform the provincial economic patterns by encouraging departments and public entities to ensure that they prioritize and support procurement from local SMME's, as well as encouraging participation by historically disadvantaged individuals and groups in the provincial supply chain opportunities. Together with our team of capable men and women in this programme, Honourable Premier, we are sure that the target to achieve 30 percent procurement spend to support local production by SMMEs and cooperatives, as well as the payment of suppliers within 30 days that you mandated us with during the opening address will surely be realised without fail.

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

Programme 4: Financial Governance

26. Financial Governance receives an allocation of R81.3 million. The unit's main purpose is to build trust among stakeholders by enhancing accountability and compliance with financial norms and standards. It also supports provincial financial management information systems and provides support to all provincial institutions with risk management practices. One of its key focuses is monitoring the implementation of the 2025 Audit Improvement Strategy, aimed to eliminate qualified audit opinions and increase number of clean audits over the MTEF.

27. Honourable Speaker, I am pleased to announce that with the support of this Financial Governance Unit, the province is improving its audit profile. In this regard, the province revised the Limpopo 2025 Audit Improvement Strategy to identify control deficiencies and propose measures to attain and retain clean audit outcomes in the coming and future audit cycles.

28. Honourable Speaker,

As of the 31st March 2024, Provincial Treasury has successfully rolled out the LOGIS system in 9 out of 11 provincial departments; the remaining departments are the Department of Education and the Department of Health which will be finalised in the 2024\25 financial year. The LOGIS system is aimed to eliminate manual asset verifications, which is prone to errors and may result in material findings. To date the migration process has been successful as is evidenced in the 2024/25 audit process and findings that are in process of being finalized.

29. The allocation in this programme will be utilized to strengthen governance structures, including the Shared Audit Committees and other oversight structures/bodies, support to departments and public entities with financial accounting and audit matters, undertake forensic investigations, and support and monitor all departments and public entities in implementing effective risk management.

30. In this regard, the province has moved to centralize the appointment and remuneration of Independent Risk Management Committee Chairpersons in Provincial Treasury, for all departments to encourage uniform and standard risk reporting frameworks, accounting, and overall oversight on Enterprise Risk Management.

Programme 5: Shared Provincial Internal Audit

31. Honourable Speaker Shared Provincial Internal Audit Services receives an allocation of R58.4 million.

32. This Unit protects organisational value of the province by providing risk-based objective assurance, advice, and insight. It will also coordinate a Combined Assurance Model to ensure broader audit coverage as well as avoiding duplication of audit effort. This approach is aimed at improving collaboration with assurance providers within Provincial Departments as well as transversal functions within Provincial Treasury and Office of the Premier.

33. During the 2024/25 financial year, learners will be recruited on the Internal Auditor Technician (IAT) programme, facilitated by the Institute of Internal Auditors. After completing this programme these learners will be ready for the job market. Equally, the Provincial Treasury has also produced eight (8) Chartered Accountant Trainees who are now certified as Chartered Accountants by SAICA through the CA Training Programme and we are working with the Department of Public Service and Administration and National Treasury on a retention strategy for these programmes.

34. As I conclude honourable speaker, allow me to extend my heartfelt gratitude to the LPT staff led by HOD, Mr Gavin Pratt for their firm commitment and affirmation to support this 7th Administration. I can confidently say to team Limpopo Provincial Treasury, your dedication is the cornerstone of our collective success.

Na khensa, Ke a leboga, ndo livhuwa, Dankie, Thank you.

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