



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

2025/26

Vote 5 Budget



The heartland of South Africa-development is about people

2025/26 BUDGET SPEECH VOTE 5 – PROVINCIAL TREASURY, TABLED BY MEC
FOR FINANCE MR KGABO MAHOAI AT LIMPOPO LEGISLATURE, LEBOWAKGOMO
ON 10 April 2025

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;

Leaders of various Opposition parties present;

Former Members of the Provincial Legislature, present here;

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

Leaders of Organised Labour, Faith Based and Civil Society Organisations present;

Captains and leaders of various Industries;

All guest present, Ladies and gentlemen;

Thobela.

1. Honourable Speaker, a government budget allocation without the supporting machinery and oversight mechanisms contradicts the very essence of fiscal discipline. That is why today I stand before this august House to table the 2025 Vote 5 budget; and to reaffirm the Provincial Treasury's steadfast commitment to strengthening financial governance, ensuring that every cent from the provincial purse delivers measurable value.

2. Allow me to remind the members of the house and the public, as Provincial Treasury, we carry a profound responsibility, one that sits at the very heart of good governance as well as a necessary thread in the building of a capable and ethical state. Our team has been working tirelessly to prepare the provincial budget and monitor provincial departments and municipalities spending patterns. To ensure compliance, our team further support and oversee that the allocated budget is spent within the ambit of the legislation.
3. Honourable Speaker, admittedly, this is not the work we can do alone. With limited capacity, we rely on strong partnership across the local, provincial and national government levels. By working together, we can strengthen financial management in our province.
4. Our Country's financial position has come under mounting pressure since 2012. As I table this Vote 5 Budget, Limpopo's economy is also not immune to both internal and external factors. Therefore, our economy is also not growing at the desired pace, making it difficult to address socio-economic challenges. As I indicated during the tabling the provincial budget, to effectively cater for the basic needs of its impoverished population, the economy must grow above 2.2 percent. This is also stipulated in the Limpopo Development Plan (LDP) 2025-2030, however the provincial economy only grew by 0.4 percent in the fourth quarter of 2024.

Provincial Own Revenue generation

1. Honourable Speaker, this slow economic growth has made it challenging for the National Government to fund all national priorities. To alleviate this, provinces are stepping in with the implementation of revenue enhancement strategies to enable departments and public entities to increase provincial revenue which will contribute to the provincial equitable share. This support

helps maximise provincial revenue and supplements the provincial equitable share baseline.

2. The funds generated from provincial own revenue are allocated to address service delivery needs within the province. In essence, the province is taking proactive steps to boost revenue and alleviate fiscal pressures, ensuring that essential services are delivered to communities. Furthermore, as I indicated during the provincial budget, we are encouraged by the improvement we see in the implementation of our Revenue Enhancement Strategy. Our provincial own revenue target has increased from R1.851 billion in 2024/25 to R2.202 billion in 2027/28, reflecting an average growth of 6.0 percent over the 2025 MTEF period. This upward trend signals our commitment to strengthen our revenue base.

Curbing Provincial spending on Compensation of Employees

3. Honourable Speaker, the Provincial Treasury continues to play a critical role in managing the wage bill of the provincial government to ensure a balanced approach towards the funding of frontline service delivery personnel and provincial priorities, which are essential to grow the economy and create jobs. To achieve this balance, the province has been implementing the Provincial Personnel Management Framework (PPMF) as a strategy to manage the Compensation of Employees costs. It is worth noting that the national fiscal consolidation efforts have necessitated a rebalancing of our budget allocation, resulting in the need to contain employee costs.
4. Over the years, this strategy has yielded notable results, a decrease in the proportion of Compensation of Employees (COE) budget as a percentage of the total provincial budget. This reduction has freed up additional resources for catalytic projects, for driving growth and development in the Province. The COE percentage has decreased from 70.1% in 2019/20 to 64.5% in 2024/25, a 5.6

percentage point drop, however, it is still above the national norm. Thus, the province will continue to implement the Provincial Personnel Management Framework in the 2025/26 financial year and beyond, ensuring that COE costs remain manageable and that the province's finances remain on a sustainable trajectory.

Spending Reviews

5. The Minister of Finance announced that the National government will lead the spending review project in the 2025/26 financial year and beyond. Honourable Speaker, the Limpopo Provincial Government, led by the Provincial Treasury, initiated spending review processes in the previous financial year and will continue to seek guidance from the national government to intensify the efforts in the 2025/26 financial year. Given the tight fiscal environment characterised by increasing demand for services, spending reviews will assist in identifying inefficiencies, reducing waste, eliminating duplication of functions and closing fiscal leakages. The efficiency gains to be identified through this process will be reprioritised towards high-priority projects.

Provincial Budget Planning, Monitoring and Reporting

6. Honourable Speaker, the Provincial Treasury will continue to provide support on budget planning through various channels. This support includes budget guideline workshops, Medium Term Expenditure Committee hearings, as well as rigorous monitoring of budget implementation to ensure that funds are used as intended.
7. To ensure effective financial stewardship, we will continue to conduct monthly monitoring of performance through in-year monitoring reports and expenditure analysis reports, providing recommendations for improvement. These reports will be presented at various forums, including the CFOs Forum, HODs Forum and Provincial Executive Council. Furthermore, regular MECs bilateral

meetings will be held to assess the financial performance of departments and public entities, augmented by technical meetings.

Support to Municipalities

8. Honourable Speaker, as the Provincial Treasury, we are guided by Section 154(1) of the Constitution of the Republic of South Africa, which mandates us to support and strengthen the capacity of municipalities to manage their own finances within the prescripts of the MFMA.
9. Our efforts are focused on what National Treasury has identified as the six key game changers in municipal financial management. These are
 1. Budget management,
 2. Revenue management,
 3. Supply chain management,
 4. Asset management,
 5. Accounting support and
 6. the implementation of the Municipal Standard Chart of Accounts, known as mSCOA.
10. Within these areas, we pay special attention to critical issues such as ensuring municipalities adopt funded budgets, reducing their reliance on consultants in Budget and Treasury offices, cutting down on Unauthorised, Irregular, Fruitless, Wasteful Expenditure (UIFWe), improving revenue protection and supporting better audit outcomes.
11. Based on the 2023/24 audit outcomes and the Auditor-General's general report, we have reviewed how we provide support. We have since reconfigured our approach to ensure that the additional support offered to municipalities directly responds to the weaknesses identified. This is not just about audit

results; it's about helping municipalities comply with legislative prescripts and putting them on a path toward financial sustainability.

12. We are also conscious of the fact that the current Municipal Finance and Governance structure is not adequately geared to respond to the realities faced by local government. That's why we are in the process of reviewing this structure, to ensure that it reflects the current needs, challenges, aspirations of our municipalities.

13. One of our key priorities remains the improvement of audit outcomes across our municipalities. As Provincial Treasury, we are working with the central authorities to support municipalities in addressing audit-related challenges, ensuring their budgets are funded and adopted by municipal councils. We will continue to conduct the budget engagements to ensure that all relevant stakeholders participate in the planning and budgeting process of the municipalities. We cannot allow Unauthorised, Irregular, Fruitless, Wasteful Expenditure to persist. Going forward, we are shifting our attention to proactive and preventative measures, rather than reactive ones, because prevention is not just better than cure; it is also cost-effective and responsible.

14. Equally important, is our support to municipalities, so that we strengthen both revenue and expenditure management. Municipalities cannot achieve financial sustainability without improving their revenue collections. Yet, we are cognisant of the economic difficulty that ordinary residents face. Our approach must be both responsible and compassionate. It is with this in mind that we urge municipalities to implement their policies on free basic services for the indigent, while also ensuring that their credit control policies are enforced fairly but firmly. We encourage municipalities to explore other economic activities to unlock other revenue sources. We will continue to provide the necessary guidance on

revenue management so that we can eliminate leakages, curb non-priority spending, protect every rand that comes in.

15. Honourable Speaker, accountability remains key in local government. Provincial Treasury is committed to support the local government governance structures through training and continuous guidance on the implementation of the finance related prescripts. Besides mSCOA being a legislative requirement, it is also a key reform in ensuring standardisation of transacting and reporting in the local government sphere. Municipalities have made huge strides in implementing mSCOA and I am pleased to tell you that Limpopo is one of the highest performing provinces in the country in this regard. We therefore further encourage Municipalities to pay attention to the gaps identified, in particular on usage of the asset management module and transacting within the system.

Infrastructure

16. Honourable Speaker, a vital aspect of our province's future is investment in infrastructure to improve economic growth and essential services which enhance and transform the quality of life for our residents.
17. Honourable Speaker, it is also important to note that, the Treasury's role does not end with allocation of funds but strategically monitors effective execution of projects. Together with the relevant stakeholders, we will support departments and municipalities with Infrastructure Delivery Management System (IDMS) best practices, resources and expertise to maximise our impact on infrastructure delivery.
18. Honourable Speaker, allow me to Table the 2025/26 Vote 5 Budget - Limpopo Provincial Treasury for consideration by this August House.

Overall Budget

19. The Limpopo Provincial Treasury (Vote 5) has been allocated a budget of R512.897 million for the financial year 2025/26, which is an increase of 7 percent when compared to the main appropriation of R478.062 million tabled for 2024/25.

20. The key focus in the current financial year remains to strengthen the Provincial Treasury to improve its strategies to support and monitor provincial departments, municipalities and public entities. This is meant to ensure that we improve compliance to the PFMA, MFMA and other policies and legislation. Hence our commitment to rebuilding the public trust.

Economic Classification

21. Compensation of employees (CoE) increases from R337.908 million in 2024/25 financial year to R370.776 million in 2025/26 financial year and this allocation will be used to fund reprioritised critical vacant posts.

22. Goods & Services increases from R128.684 million in 2024/25 to R132.568 million in 2025/26 financial year due to reprioritisation of the budget to fund contractual obligations and key accounts.

23. Transfer and Subsidies decreases from R4.890 million in 2024/25 to R2.499 million in 2025/26 financial year due to a decrease in the number of officials that will retire during the financial year.

24. Payment for capital assets increases from R6.580 million in 2024/25 to R7.054 million in the 2025/26 financial year. The allocation will cater for the procurement of IT equipment and other necessary working tools.

Budget per Programme

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

Programme 1: Administration

26. Administration is allocated R220.160 million to provide effective and efficient strategic management, administrative support and sound financial management to the Provincial Treasury.

27. Honourable Speaker, through this Programme the department will be appointing 30 Interns for 24 months and Experiential Learners during 2025/26 financial year, the stipend for experiential learners is paid by respective SETAs. These Interns and Experiential Learners will attend in-house capacity building programmes in advanced excel, report writing and digital skills.

Programme 2: Sustainable Resources Management

28. Sustainable Resources Management is allocated R93.178 million. These funds will be used to fund financial resource allocation, manage the provincial budget. It will further fund for supporting and monitoring of provincial departments, municipalities and public entities for efficient and effective use of the province's fiscal resources.

29. An amount of R12.332 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 R5.962 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)

30. Honourable Speaker, (ALSCM) receives an allocation of R58.319 million. This 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.
31. 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 prioritise and support procurement from local SMMEs. It also encourages participation by historically disadvantaged individuals and groups in the provincial supply chain opportunities.
32. 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

33. Financial Governance receives an allocation of R81.152 million. This allocation will be utilised to strengthen governance structure including the Shared Audit Committees and other oversight structures. These are structures that support departments and public entities with financial accounting and audit matters. It will also be used to undertake forensic investigations, support and monitor all departments and public entities in implementing effective risk management.
34. In this regard, the province has finalised the appointment of Independent Risk Management Committee Chairpersons in Departments to encourage uniform and standard risk reporting and providing the overall oversight on Enterprise Risk Management.

35. This year, Honourable Speaker, we will continue to advertise for the recruitment of capable members of Audit Committees and all members of the public who qualify are encouraged to apply.
36. In line with the third government priority of building a capable, ethical and developmental state, the Programme will continue to provide capacity building programmes that are earmarked at professionalising the CFO's offices. This is meant to address skills and competency gaps that are identified through the assessment of the CFO's offices. Long and short-term qualification and certification programmes will be earmarked towards capacitating officials in Assets Management, Supply Chain Management, Internal Control, Financial Accounting and Reporting, as well as Risk Management. These include focused training on transversal financial management systems (BAS, PERSAL and LOGIS).
37. The unit's main task 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 all provincial institutions with risk management practices. One of our key priorities as Provincial Treasury is the implementation of the 2025 Audit Support and Improvement Strategy. This strategy is aimed at eliminating qualified audit opinions and increase the number of clean audits across the provincial administration over the MTEF period.
38. We are encouraged by the notable improvements recorded in the province's audit performance. However, we remain concerned that some departments and entities continue to have audit findings, particularly in the areas of supply chain management and asset management.

39. To turnaround the situation, Provincial Treasury has is implementing the Audit Support and Improvement Strategy with the goal to assist all Provincial Departments and related Public Entities to achieve effective governance to yield clean audit opinions. This will be done by addressing all issues raised by the Auditor General, Provincial Treasury and Internal Audit units.
40. The strategy is implemented through targeted projects per department and public entity by analysing findings and assisting departments and public entities to perform appropriate root cause analysis. The analysis help identify adequate mitigating measures to address the root causes and eliminate the recurrence of similar findings. Furthermore, Provincial Treasury offers targeted capacity building programmes to address skills gaps and improve efficiencies. Departments and public entities are monitored on quarterly basis to track the implementation of mitigating measures. This is to address recurring findings and hands-on support is provided where there are human capacity constraints.
41. We also encourage our institutions not to compromise provision of quality services to our people for the sake of attaining clean audit outcomes but to strike a balance between the two.
42. Honourable Speaker, last year Provincial Treasury reported on the plan to roll out the Logistical Information System (LOGIS) and procurement of LOGIS scanners in the province. We are now able to report that all eleven (11) Limpopo Departments have successfully migrated to LOGIS Assets Module and busy with Asset Register maintenance and support. Departments are now able to use the LOGIS scanner for asset verification which updates the asset register real time moving away from time consuming manual asset verification process, thereby eliminating errors that may result in material findings. Departments can also capture immovable assets and contracts in LOGIS to assist with the monitoring of both immovable assets and contracts respectively.

43. Working with National Treasury, a LOGIS invoice tracking dashboard was deployed in December 2024 which enables Departments to have a single view of the status of their captured invoices to enable monitoring of the 30 days invoice payment requirement. We are also working with National Treasury to enhance LOGIS to have an Invoice Tracking System that will track the capturing and the authorisation of each invoice and track its payment to supplement the dashboard.
44. National Treasury has also released the Central Supplier Database Request for Quotations (CSD RFQ) Functionality System, the Limpopo Provincial Government Departments will begin using the Central Supplier Database (CSD) to manage the distribution of Request for Quotations (RFQ) for their procurement below R1 million effective from 1st April 2025. The current manual system will be phased out over time; it will run concurrently with the CSD RFQ Functionality System.
45. Honourable Speakers, the Basic Accounting System (BAS) is being re-implemented as BAS Version 6 which has also been effective from the 01 April 2025. The historical data for the previously used financial systems are electronically securely archived for ease of future reference. This will also ensure that the compatibility is maintained for accessibility even with the changing technology.

Programme 5: Shared Provincial Internal Audit

46. Honourable Speaker, Shared Provincial Internal Audit Services receives an allocation of R60.088 million.
47. This Unit protects organisational value of the province by providing risk-based objective assurance, advice and insight. It also coordinates 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.

48. During the 2024/25 financial year, 20 learners were recruited on the Internal Audit Technician (IAT) learning programme, facilitated by the Institute Internal Auditors. These learners, after completing this programme, will be ready for the job market. Equally, the Unit has also produced eight (8) Chartered Accountants certified by SAICA through the CA Training Programme. Furthermore, 4 Trainees who have passed all the SAICA board examinations will be signed as qualified CA's during 2025/26 financial year. The department is working with the Department of Public Service and Administration; and National Treasury on a retention strategy for these programmes.

49. As we conclude, Honourable Speaker, we extend our deepest appreciation to the Honourable Premier, Dr Phophi Ramathuba; a visionary whose clear and decisive leadership provides us with focused direction. I also want to thank the ExCo Budget Committee, the Portfolio Committee on Provincial Treasury and SCOPA, whose continued oversight and support uphold Provincial Treasury's reputation for excellence.

50. Lastly, I would like to thank the staff of the Limpopo Provincial Treasury, led by HOD Gavin Pratt, for their hard work and commitment. Your efforts play a key role in building a solid foundation for an ethical and accountable province, I look forward to our continued success together.

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

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