



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY



LIMPOPO PROVINCE - BUDGET ADJUSTMENT SPEECH



2024/25

The heartland of Southern Africa-Development is about people

**BUDGET ADJUSTMENT SPEECH FOR THE 1ST READING OF THE LIMPOPO
ADJUSTMENT APPROPRIATION BILL 2024 (B03-2024) BY THE MEC FOR FINANCE
MR K.E MAHOAI AT LIMPOPO LEGISLATURE, LEBOWAKGOMO ON 21
NOVEMBER 2024**

The Speaker of the Provincial Legislature, Honourable Makoma Makhurupetje;

The Deputy Speaker of the Legislature, Honourable Tebogo Mamorobela;

The Honourable Premier of our Province, Dr Phophi Ramathuba;

Fellow Honourable Members of the Executive Council;

Honourable Members of the Provincial Legislature;

Leaders of various opposition parties;

Chairperson of the House Traditional Leaders and Khoisans in the province, Hosi Ngove;

The Director-General and HODs;

All guests present, Ladies and gentlemen;

1. Honourable Speaker, it is an honour for me to stand before this august house to table the 2024/25 Provincial Adjustment Appropriation Bill and outline the preliminary 2025 Medium-Term Expenditure Framework (MTEF).
2. The path forward for the current administration calls for absolute fiscal discipline and steadfast commitment toward the implementation of the purpose for every allocation, with strict adherence to set time frames. All this should be done with

precision, honouring our duty to the people of Limpopo, who eagerly await the tangible realisation of 'a better life for all'.

3. As I take you through this budget adjustment, we are guided by the unified national vision set forth by His Excellency, President Matamela Cyril Ramaphosa and further emphasised by our Premier Dr Phophi Ramathuba, stating clearly the three priorities of our government, which serves as the cornerstone of this adjustment budget, namely:

- i. driving inclusive growth and job creation;
- ii. reducing poverty and tackling the high cost of living; as well as
- iii. building a capable, ethical, and developmental state.

4. It is therefore against these policy directives that this budget adjustment is strategically directed to fund some of our critical commitments, prioritising economic infrastructure programmes to ensure our continued growth and leaving no one behind (ari khou sia muthu murahu).

SOCIO-ECONOMIC OVERVIEW

5. Honourable Speaker, as highlighted by the Minister of Finance, Hon. Enoch Godongwana, during the 2024 Medium Term Budget Policy Statement (MTBPS), the International Monetary Fund projects that global growth will moderate from 3.3 percent in 2023 and remain steady at 3.2 percent in 2024 and 2025. Persistent geopolitical challenges and the impact of elevated sovereign

debt pose significant risks to this global outlook. Additionally, structural constraints such as low productivity and aging populations continue to limit potential growth in many major economies to which our economy is inextricably linked.

6. Inflation has shown signs of easing, creating opportunities for interest rate cuts in major economies, including our country. However, services inflation and lagged wage adjustments continue to disrupt the normalization of interest rates.
7. On the other hand, despite the downward revision of South Africa's 2024 growth forecast during the MTBPS, medium-term prospects have shown some improvement. The South African Gross Domestic Product (GDP) growth is projected to average 1.8 percent between 2025 and 2027. A tentative return to confidence is reflected in the rebound of financial markets, a stronger rand, and comparatively lower sovereign borrowing costs.

PROCUREMENT REFORMS

8. Honourable Premier, you gave a clear mandate to ensure fair procurement practices in the province. Therefore, in an effort to address socio-economic challenges facing the province while stimulating economic development the province is implementing the Limpopo Provincial Procurement Strategy in the procurement of goods and services and the implementation of infrastructure projects. To this end, an amount of **R6.883 billion** was spent, in the first half of the financial year, on various designated groups, which includes amongst others,

black owned, women owned, youth owned people with disability owned, military veteran owned, SMMEs and rural/township businesses.

9. To increase spending and achieve the strategy, the province is currently participating in the processes set by the National Treasury for the finalisation of the Regulations for the newly promulgated Public Procurement Act. These regulations will provide meaningful participation for those who were previously excluded and disadvantaged, as alluded to by the Minister of Finance during the 2024/25 Medium Term Budget Policy Statement.

PROVINCIAL INFRASTRUCTURE EXPENDITURE

10. Honourable Speaker, given the mid-term reviews held with departments and the provincial infrastructure workshop conducted, the main appropriation for infrastructure is proposed to be adjusted upwards from **R7.8 billion** to **R8.3 billion** which represents an increase of 6.2 percent. The upward adjustment is predominately allocated to the Departments of Cooperative Governance Human Settlement and Traditional Affairs, and the Departments of Public Works, Roads and Infrastructure.
11. The catch-up plans for each department and their implementing agencies have been finalised taking into consideration the additional funds and will be monitored by Provincial Treasury and Department of Public Works, Roads and Infrastructure on a monthly basis.

MID-YEAR BUDGET REVIEW

12. Honourable Premier, ladies, and gentlemen it is of paramount importance to inform this August House that for this budget adjustment period, no additional equitable share funding has been received by the province from the National Treasury.

13. Nevertheless, our provincial available funding sources for the 2024/25 financial year has been adjusted upwards by **R542.547 million** or **0.7 percent** from of **R83.255 billion** to **R83.797 billion** which comprises of:

- i. Conditional Grants increase from **R11.779 billion** to **R11.911 billion** as a result of **R132.249 million** approved rollovers, and
- ii. An increase in provincial own revenue **of R410.298 million** from **R1.851 billion** to **R2.261 billion**.

OWN REVENUE BUDGET ADJUSTMENT

14. The Provincial Revenue Enhancement Strategy continues to yield positive results, thus the increase in Provincial own revenue from the set target of **R1.851 billion** to **R2.261 billion** for the year under review, which represents an increase of **R410.298 million** or 22.2 percent.

The increase is mainly because of the improved collections on interest generated from favourable bank balances by Provincial Treasury; horse racing taxes by the Department of Economic Development, Environment & Tourism through the Limpopo Gambling Board; and once-off surrender of unspent funds by Roads

Agency Limpopo (RAL). The once-off surrender of **R90 million** is from RAL and has been approved by National Treasury as roll-over of funds for the Welisizwe bridges construction project.

ADJUSTMENTS PER DEPARTMENT

15. Honourable Speaker, I therefore present the 2024/25 Budget Adjustment per department as follows:

Vote 1: Office of the Premier – R4.202 million

16. The Office's budget is adjusted upward by **R4.202 million** from **R506.194 million** to **R510.396 million**. This followed a total surrender of **(R28.397 million)**, additional funding requirements of **R31.804 million** and equitable share rollovers of **R795 thousand** from previous financial year.

17. The additional funding will mainly augment the budgets for provincial priorities, and these include **R1.640 million** for Disaster Recovery as a Service (DRAAS) and Provincial Energy Strategy; **R3.499 million** for Provincial ICT Infrastructure Assessment/Audit; **R1.193 million** for completion of Compensation of Employees Management Research Study and Gartner - IT Infrastructure Services; and **R25.472 million** for Goods and Services, mainly for contractual obligations.

18. The Equitable Share rollover of **R795 thousand** from 2023/24 to 2024/25 financial year will fund commitment on video camera and streaming equipment.

Vote 2: Provincial Legislature – R98.959 million

19. The Legislature's budget is adjusted upward by **R98.959 million** from **R549.516 million to R648.475 million** as follows:

- i. **R47.651 million** for transfers and subsidies, inclusive of Compensation of Employees due to an increase in the number of members in the Legislature.
- ii. **R47.558 million** as retention of revenue surpluses as per Section 12 of the Financial Management of Parliament Act of 2014; and
- iii. **R3.750 million** is transfer from Department of Public Works, Roads and Infrastructure for temporary accommodation for the 15 additional members of the Legislature.

Vote 3: Education – R30.710 million

20. The department's budget increases by **R30.710 million** from **R40.029 billion to R40.060 billion**. However, a total of **R425.000 million** of the department's budget will be reprioritised within the vote to fund **R189.5 million** additional allocation for Scholar Transport, to increase the coverage for the benefits of eligible learners. Furthermore, a total of **R223.5 million** has been reprioritised

towards E-Learning for procurement and distribution of ICT devices to schools and **R12 million** to fund the SETA levy.

21. The department also receives Equitable Share rollover of funds from 2023/24 financial year to 2024/25 financial year amounting to **R24.469 million (R7.434 million)** to cater for capital payments and **R17.035 million** for Presidential Youth Employment Initiative).

22. Furthermore, the department receives Conditional Grant rollover of **R6.241 million (R3.598 million)** is for National Schools Nutrition Grant; **R1.6 million** for Education Infrastructure Grant; **R967 thousand** for Learners with Profound Intellectual Disabilities; and **R76 thousand** for Early Childhood Development Grant).

Vote 4: Agriculture and Rural Development – R63.489 million

23. The department will receive a net additional funding of **R63.489 million**, increasing its total budget from **R1.782 billion** to **R1.846 billion**.

24. The department will surrender **(R9.6 million)** for Compensation of Employees. The department will reprioritise and reallocate an amount of **R13 million** to augment in-year pressures in the department and an additional equitable share allocation of **R47.402 million** will be made, to also address the in-year pressures in the department as follows:

- i. **R26.130 million** for security services;
- ii. **R8.772 million** for Disaster Awareness and Procurement of Animal Feeds;
- iii. **R12.5 million** for Foot and Mouth Disease (Animal Vaccines and other related costs);
- iv. **R7 million** for Refurbishment of Broiler Houses and
- v. **R6 million** for Agriculture Youth Awards.

25. The department also receives Equitable Share rollover of funds from 2023/24 financial year to 2024/25 financial year amounting to **R787 million** and Comprehensive Agricultural Support Programme Grant Conditional Grant rollover of **R24.9 million**.

Vote 5: Provincial Treasury – (-R24.952 million)

26. The department's budget decreases by **(R24.952 million)** from **R478.062 million** to **R453.110 million**. This follows total surrender of **(R27.135 million)** which is made of **(R22.442 million)** for Compensation of Employees, **(R3.670 million)** for Goods and Services; and **(R1.023 million)** for transfers to households. However, the department will receive rollovers from the prior financial year of **R2.183 million** for payment for firewalls and ICT equipment.

Vote 6: Limpopo Economic Development Environment and Tourism (LEDET) – (-R55.933 million)

27. The department's budget is adjusted downward by **(R55.933 million)** from **R1.866 billion** to **R1.810 billion**. The decrease is mainly as a result of a surrender from Earmarked Funding for Special Economic Zones **(R360 million)** to be reallocated in the 2025/26 financial year.

28. The department will however receive additional funding amounting to **R312.678 million** as follows:

- i. **R250 million** for Limpopo Economic Development Agency (LEDA) operational costs;
- ii. **R5 million** to Limpopo Tourism Agency (LTA) to ease spending pressures on contractual obligations and Collaborative marketing;
- iii. **R13.1 million** to Limpopo Gambling Board (LGB) as retention of revenue surpluses;
- iv. **R12 million** for the 2024/25 Marula event and Tourism Career Expo;
- v. **R10 million** for Liquor and Consumer Affairs implementation costs;
- vi. **R4 million** to operationalise Masebe Resort; and
- vii. **R18.578 million** for other contractual obligations.

29. The department also receives Equitable Share rollover of **R2.389 million** from 2023/24 financial year for the procurement of resorts equipment.

Vote 7: Health – R117.526 million

30. The department's budget increases by **R117.526 million** from **R24.639 billion** to **R24.757 billion**. The department will reprioritise and reallocate an amount of

R645 million within the department and an additional **R100 million** equitable share is allocated to the department to ease budget pressures on operational items. The pressures on contractual obligations and non-negotiable items that will be funded are the following:

- i. **R200.897 million** for medicine;
- ii. **R204.118 million** for Medical supplies;
- iii. **R70.116 million** for Food supplies in hospitals;
- iv. **R32.987 million** for Fleets services.
- v. **R101.1 million** for property payments and
- vi. **R135.782 million** for other contractual obligations.

31. The department also receives Equitable Share rollover from 2023/24 financial year to 2024/25 financial year amounting to **R17.526 million**. This allocation is mainly for the procurement of Ambulance at **R14.049 million**, and other capital payments amounting to **R3.477 million**.

Vote 8: Transport and Community Safety – R31.410 million

32. The department's budget increases by **R31.410 million** from **R2.611 billion** to **R2.642 billion**.

33. The department receives additional funding amounting to **R95.040 million** to augment budget pressures which include:

- i. **R20 million** for the Construction of Seshego and Thohoyandou K53 testing stations;
- ii. **R8 million** for construction cost at the Traffic Training College;

- iii. **R2.5 million** for the procurement of land for Bandelierkop Weighbridge;
- iv. **R15.251 million** for fleet services;
- v. **R29.014 million** for property payments and
- vi. **R20.275 million** for other contractual obligations.

34. The department will surrender a total of (**R62.288 million**) from earmarked funds which included funding for the Training College Kitchen and Canteen; traffic facility refurbishment, Thohoyandou Taxi Facility; Gateway Airports Authority Limited (GAAL) infrastructure projects, and COE. These funds will be reallocated in the 2025/26 financial year.

Vote 9: Public Works, Roads and Infrastructure – R402.984 million

35. The department's budget increases by **R402.984 million** from **R5.272 billion** to **R5.675 billion**.

36. The department will reprioritise and reallocate an amount of **R99.344 million** within the department and an **additional R431.055 million** equitable share is allocated to the Department, of which **R372.217 million** will be transferred to Roads Agency Limpopo (RAL) to fund roads projects pressures and supplement the construction cost of the Steelpoort steel bridge project and **R158.182 million** to the department to ease budget pressures on operational items as listed below:

- i. **R79.815 million** for construction fleet operational costs and maintenance.

- ii. **R11.307 million** to complete the Letaba A Hospital project.
- iii. **R11 million** to supplement the procurement cost of an office building;
- iv. **R7.255 million** for refurbishment of Shamavunga & Unigaza Building.
- v. **R800 thousand** for the replacement of the Executive Authority's Vehicle
- vi. **R8 million** for professional services for the construction of 15 houses for the 15 additional Legislature members.
- vii. **R6 million** for infrastructure projects at the Parliamentary Village and Premiers' guest house.
- viii. **R2.5 million** to replenish and replace furniture at the Parliamentary Village.
- ix. **R14 million** to pay municipal rates and taxes; and
- x. **R17.505 million** for contractual obligations and operational costs.

37. Furthermore, the department receives rollovers from 2023/24 financial year to 2024/25 which include **R23.598 million** for Equitable Share; **R30.052 million** for Road Maintenance Grant, and a rollover of **R90.854 million** for the Welisizwe bridges project. The Equitable Share rollovers is mainly for refurbishment of LEDET Building in Suid Street; Maphutha Malatji Hospital infrastructure project; and procurement of ICT Equipment.

38. The department will surrender (**R172.575 million**) for reallocation in the 2025/26 financial year of which R125 million is for the construction of the Z.C.C St.

Engenas Interchange project; R36.250 million is for the construction of 15 houses for members of the Legislature and R11.325 million for other construction projects.

Vote 10: Sport, Arts and Culture – (-R73.095 million)

39. The department's budget decreases by **R73.095 million** from **R827.099 million** to **R754.004 million**. This follows a R100 million surrender to the Provincial Revenue Fund of Earmarked Funding for the construction of the Provincial Theatre which will be reallocated in 2025/26.

40. The department will receive additional equitable share funds of **R15.600 million** for contractual obligations which include **R10.8 million** for the Autumn and Summer Games and **R2 million** for the maintenance of the Schoemansdal Museum and **R2.8 million** for other operation costs.

41. The department also receives Conditional Grant rollover approval of **R11.305 million** for the Community Library Services grant.

Vote 11: CoGHSTA – R213.535 million

42. The department's budget increases by **R213.535 million** from **R2.473 billion** to **R2.687 billion**. The additional Equitable Share resources include;

- i. **R50 million** for Human Settlement Infrastructure projects,
- ii. A once off allocation of **R50 million** to support the s139 intervention at Thabazimbi Municipality,

iii. **R15 million** for legal fees and

iv. **R3.631 million** for other contractual obligations.

43. The Department will receive Equitable Share rollovers from the 2023/24 to the 2024/25 financial year of **R52.824 million** for **payment of accruals** for motor vehicles purchased for traditional leaders to the value of **R35.515 million**; R12.511 million to fund the construction of traditional council offices; and R4.978 million for ICT equipment.

44. The department will also receive conditional grant rollovers to the value of **R59.751 million** for Informal Settlement Partnership Grant and Human Settlement Development Grant.

45. The department will surrender an amount of **(R17.671 million)** earmarked funds for reallocation in the 2025/26 financial year.

Vote 12: Social Development – R27 million

46. The department's budget will increase by **R27 million** from **R2.077 billion** to **R2.103 billion** mainly to ease spending pressures on contractual obligations.

TOTAL ADJUSTMENT BUDGET

47. Honourable Speaker, the nett effect of all these adjustments is that the Provincial allocation to departments and public entities is adjusted upwards by **R835.835 million** from **R83.111 billion** to **R83.946 billion**.

48. Honourable Speaker, it is important to highlight that these adjustments followed a rigorous assessment of the expenditure performance, provincial priorities implementation progress and in-year emerging spending pressures.

49. The additional resources are therefore allocated to address once-off spending pressures in 2024/25 financial year as these funds may not be available over the 2025 Medium-Term Expenditure Framework as a result of the constrained fiscal environment. It remains the responsibility of each department and public entity to ascertain that recurring costs are funded in the 2025 MTEF within the allocated baseline and to improve measure to realise efficiency gains.

OVERVIEW OF THE 2025 MTEF

50. Honourable Speaker, I now will share with the August House the 2025 MTEF which sees the conclusion of the fiscal consolidation strategy announced and implemented by the National Treasury in the 2020 MTBPS. While the first two financial years of the 2025 MTEF period remain severely affected by fiscal consolidation, there is no further fiscal consolidation implemented during the outer year. Over the 2025 MTEF period, the Provincial Equitable Share allocation has been increased as follows:

- i. **R450.163 million** in 2025/26; **R737.422 million** in 2026/27, and **R1.287 billion** as a result of new data updates in the Equitable Share Formula.
- ii. No additional allocation for Wage-Carry through costs has been provided in all departments including Education and Health.

51. As a result of the above adjustments, the Provincial Equitable Share increases from **R69.625 billion** in 2024/25, to **R73.375 billion** in 2025/26; **R77.219 billion** in 2026/27; and **R 81.203 billion** in 2027/28.
52. Including Conditional Grants and Provincial Own Revenue, total receipts available to the province will be **R86.787 billion** in 2025/26, increasing to **R90.839 billion in 2026/27** and to **R94.922 billion** in 2027/28.
53. The preliminary allocation to the provincial departments and their respective public entities amounts to **R86.854 billion** in 2025/26, **R90.306 billion** in 2026/27 and **R93.371 billion** in 2027/28.
54. In support of the commitments of the 7th Administration, a total of **R7.282 billion** has been allocated and ringfenced for provincial priorities over the 2025 MTEF period.
55. As I conclude, Ladies and gentlemen, the road ahead may be tough, but our unwavering commitment to improving the lives of our people will guide us forward. In the words of Premier Dr. Phophi Ramathuba, *“we dare not fail the people of Limpopo.”*
56. Honourable Speaker, please allow me to commend my fellow members of the provincial legislature in their different portfolio committees, for their swift consideration and approval of the budget votes shortly after the transition from the 6th to 7th Administration.

57. I would also like to extend my gratitude to our Premier, for her exceptional stewardship and guidance, as well as the executive council budget team and the entire EXCO for their unwavering support; and to the portfolio committee on finance, a big thank you for your robust oversight in the finances of the province. Lastly, I would like to express my sincere appreciation to team Limpopo Provincial Treasury led by HOD Gavin Pratt, for their prudence and dedication that is evidently very effective.

58. I herewith table before this august house the following documents

- i. The Limpopo Adjustment Appropriation Bill 2024
- ii. The Mid Term Provincial Budget Overview 2024
- iii. Adjustment Estimates of Provincial Revenue and Expenditure 2024
- iv. The Adjustment Budget Speech 2024
- v. Relevant Gazettes

Ndo livhuwa, ke a leboga, Na khensa



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