

2022/23



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

**ADJUSTMENT
BUDGET SPEECH**

The heartland of southern Africa - development is about people

**TABLING OF THE 2022/23 PROVINCIAL ADJUSTMENTS BUDGET AND THE
ADJUSTMENT APPROPRIATION BILL BY HON. SEAPARO SEKOATI TO THE
LIMPOPO PROVINCIAL LEGISLATURE ON THE 17th NOVEMBER 2022,
LEBOWAKGOMO LEGISLATIVE CHAMBERS**

**Honourable Speaker Mme Rosemary Molapo;
The Deputy Speaker Honourable Tshitereke Matibe;
Honourable Premier of our Province Ntate Chupu Mathabatha;
Honourable Members of the Executive Council;
Honourable Members of this august Legislature;
The Director-General of the Province
HOD Gavin Pratt and All Heads of Departments present;
Ladies and Gentlemen;**

Madam Speaker, as courage demanding, and as strength drawing was our journey through active COVID-19 period, our passage through recovery phase likewise requires more aptitude, more balance, more care, and smarter strategies.

We need these attributes to ultimately survive the economic ravages of the pandemic and the continued stalemate between Russia and Ukraine

Our provincial economic recovery plans are well on course, and we continue to traverse with utmost diligence to ensure that there are no avalanches triggered by our actions or inactions in our course to find the base.

As we navigate towards the base, the Provincial Treasury conducted the adjustment budget bilateral meetings with Departments and Public Entities with a view to assess the budget pressures in departments, and the presentation of this Adjustment Budget today will seek to address some of those pressures, without losing the balance, thus potentially triggering avalanches.

Hon. Premier, the provincial own revenue is anticipated to increase from the baseline of R1.481 billion to R2.176 billion in the year under review, which represent a significant growth of 46.9 percent.

The increase is mainly due to once-off surrender of 2021/22 unspent funds from public entities, Roads Agency Limpopo (RAL), Limpopo Gambling Board (LGB) and Limpopo Tourism Agency (LTA), and improved collections of motor vehicle licences, horse racing taxes, interest from favourable bank balances by Transport & Community Safety, Economic Development, Environment & Tourism and Provincial Treasury.

Our 2023/24 own revenue target is expected to decrease to R1.706 billion or by negative 21.6 percent due to the once off surrenders received from public entities in 2022/23. However, the revenue targets for 2024/25 and 2025/26 will then increase to R1.789 billion and R1.878 billion or by 4.9 percent and 5.0 percent respectively.

The socio-economic outlook of the province and nationally makes it essential for provinces to continuously strive to enhance revenue collection.

We are also pleased to report to this august House that as a province we continue to rely on strong infrastructure investment and development to spearhead our economic recovery.

For the financial year under review, we are implementing approximately 1379 infrastructure projects, with an original allocation of R6.848 billion and as at 30 September 2022, the overall provincial infrastructure expenditure was at R3.208 billion or 47.0 percent which is a substantial improvement compared to the two previous financial years.

To this effect, our provincial infrastructure budget is proposed to be adjusted upwards from R6.848 billion to R8.391 billion. This represents an increase of twenty two point five percent (22.5 %) and those adjustments are as follows:

- ❖ Department of Education – adjusted upwards from R1. 5 billion to R1. 6 billion.
- ❖ Department of Agriculture – adjusted upwards from R180 million to R192 million.

- ❖ Department of LEDET – adjusted upwards from R27 million to R37 million.
- ❖ Department of Health – adjusted upwards from R759 million to R1 billion
- ❖ Department of COGHSTA – adjusted upwards from R1.17 billion to R1.48 billion.
- ❖ Department of Public works, Roads and Infrastructure – adjusted upwards from R3 billion to R3.84 billion.
- ❖ Department of Transport – adjusted downwards from R57 million to R50 million.
- ❖ Department of Sports – adjusted downwards from R89 million to R64 million, and
- ❖ Department of Social Development – adjusted downwards from R20 million to R17.6 million.

These adjustments have been made after identifying key projects that are ready for implementation during the 2022/23 financial year. We will continue to review the project implementation through the Technical Committee on Infrastructure to identify blockages and provide appropriate interventions to ensure efficient delivery.

As disheartening as is, we must equally report that the provincial half yearly expenditure for the financial year 2022/23 is R35.9 billion or 48.3 per cent against the budget of R74.2 billion which equates to an under spending of 1.7 per cent, on a straight-line basis.

However, the Province is projecting to overspend by R1.952 billion or 2.6 percent which will, in the main, be in departments of Health and Education at R1.2 billion or 5.5 percent and R518.5 million or 1.4 percent respectively.

The projected over expenditure in Health is because of contractual obligations whereas in Education is due to both contractual obligations, scholar transport, external examination printing and on Compensation of Employees.

Madam Speaker, during 2022 MTEF allocations, the National Treasury implemented budget cuts that were affecting 2022/23 to 2023/24 financial years, and these were implemented as follows:

- ❖ R824.833 million, R1.308 billion in 2022/23 and 2023/24 respectively for New Data updates due to a decrease in population numbers (2021 allocations);
- ❖ R8.518 billion in 2022/23 , R5.484 billion in 2023/24 for Compensation of Employees Budget Cuts due to public service wage freeze; and
- ❖ R970.801 million, R1.747 billion in 2022/23 and 2023/24 respectively for Fiscal Consolidation;

In the 2023/24 MTEF period the province is allocated the following additional funds

- ❖ R585.551 million in 2023/24 and R661.709 million in 2024/25 for new data updates (2022 allocations).
- ❖ R578.731 million, R969.789 million and R1.446 billion in 2023 MTEF for new data updates (2023 Allocations).
- ❖ R884.669 million for Presidential Youth Employment Initiatives in Education in 2023/24 financial year.
- ❖ R40.820 million and R48.619 million for Social Development Welfare NGO Funding in 2023/24 and 2024/25 respectively.
- ❖ R389.117 million and R540.523 million for Health Sector in 2023/24 and 2024/25 respectively.
- ❖ R867.622 million and R907.390 million for Education Sector in 2023/24 and 2024/25 respectively.
- ❖ R866.781 million, R906.960 million and R944.079 million in Health for Pressures (CoE, Service Backlog, etc) in 2023/24, 2024/25 and 2025/25 respectively.
- ❖ R655.636 million, R796.827 million and R885.423 million in Education – for CoE Pressures in 2023/24, 2024/25 and 2025/26 respectively.

The total provincial equitable share allocation for Limpopo in 2023/24 financial year amounts to R64.175 billion, growing to R66.774 billion in 2024/25, and R70.276 billion in 2025/26 financial years respectively.

These equitable share allocations represent a positive increase of 0.2 percent in 2023/24 financial year, 4.0 percent in 2024/25 and 5.2 percent in 2025/26 financial

year. The low increase is due to the fact that the annual salary increases for public service are not yet allocated over the MTEF period.

Total provincial funding, which comprises equitable share, conditional grants and provincial own revenue is increased by 0.2 percent in 2023/24 from R76.277 billion to R76.426 billion, by 4.1 percent in 2024/25 to R79.542 billion and by 4.5 percent to R83.134 billion in 2025/26 financial year.

The total provincial equitable share allocation to departments in 2023/24 financial year amounts to R66.496 billion which reflects positive growth of 4.7 percent when compared to R63.490 billion in 2022/23 financial year. In 2024/25 and 2025/26 financial years, equitable share allocations amount to R67.996 billion or growth of 2.3 percent and R71.693 billion or 5.4 percent growth year-on-year respectively.

The total provincial allocation for 2023/24 financial year amounts to R77.042 billion which reflects positive growth of 3.8 percent when compared to R74.230 billion main appropriations of 2022/23. All votes show positive growths, except LEDET at negative 17.4 percent due to reduction of earmarked funds and phasing out the 3D public entities from the provincial fiscus.

In 2024/25 and 2024/25 financial years, the total provincial allocations amount to R78.976 billion or growth of 2.5 percent and R82.673 billion or 4.7 percent growth year-on-year respectively.

The above allocations are inclusive of the preliminary provincial grant allocations, since national departments must still finalize their respective conditional grant allocations per province after consultations with relevant stakeholders as prescribed in Section 26(2)(e) of the 2022 Division of Revenue Act which requires the transferring officer to submit to the National Treasury, by 02 December 2022, the final conditional grant allocations and frameworks based on the provisional allocations and frameworks.

Honourable Premier, ladies and gentlemen, in terms of our 2022/23 budget adjustment estimates, our provincial available funding sources are adjusted upwards by R3.923 billion or 5.3 percent from of R74.230 billion to R78.154 billion.

The total provincial receipts will increase by R2.271 billion which comprises of:

- ❖ Equitable Share, which is revised upwards by R1.186 billion for funding of 2022 Salary Increases for Public Service;
- ❖ Conditional Grants Allocations which are also revised upwards by R908.094 million, comprising of rollovers from 2021/22 to 2022/23 year amounting to R827.071 million and additional allocations of R81.023 for Provincial Roads Maintenance Grant (PRMG) in Department of Public Works, Roads and Infrastructure for rural bridges; and
- ❖ The Provincial Own revenue, which is adjusted upwards by R177.294 million or 12.0 percent from R1.481 billion to R1.659 billion.

I therefore present the 2022/23 Budget Adjustment per department as follows:

Vote 1: Office of the Premier – R25.299 million

The institution is allocated R7.241 million to fund Compensation of Employees for 2022 wage increases, R15.664 million for Executive Development Programme, R5.000 million for Youth Development Enterprise, R11.509 million for Premiers Events, R12.000 million for pressures in Goods and Services (Contractual Obligations) and R2.770 million for rollover of funds from 2021/22 to 2022/23.

The office will surrender (R28.885 million) which comprises of (R20.591 million) from Compensation of Employees and (R8.294 million) from Earmarked Funds that will not be utilised.

Vote 2: Provincial Legislature – R108.229 million

The Legislature is allocated R5.970 million to fund Compensation of Employees for 2022 wage increases, R10.000 million for Audio Visual Equipment, R45.000 million

for political party support and R47.259 million as retention of previous year's unspent funds, as per Section 22 of the PFMA.

Vote 3: Education – R1.182 billion

The department will receive R640.143 million to fund Compensation of Employees for 2022 wage increases, R150.000 billion for pressures in Compensation of Employees, R103.000 million for Scholar Transport, R58.000 for External Examinations, R10.000 million for Matric Result Improvement Programme, R14.000 million for Contractual Obligations (Security Services) and R87.283 million for Equitable Share rollovers. The department will also receive R219.338 million for Conditional Grant rollovers.

The department will however surrender (R100.000 million) for Storm Damage Schools Project.

Vote 4: Agriculture and Rural Development – R136.618 million

The department will receive R24.950 million fund Compensation of Employees for 2022 wage increases, R71.421 million to fund Foot and Mouth Disease interventions, R20.000 million to fund pressures in Goods and Services, R5.754 million for Leave Gratuity and R14.493 million for Conditional Grant rollovers.

Vote 5: Provincial Treasury – (R6.715 million)

The department is allocated R6.349 million to fund Compensation of Employees for 2022 wage increases, R15.000 million to fund pressures in Goods and Services and R0.879 million for Equitable Share rollover.

The Department will however surrender (R28.943 million) for Compensation of Employees.

Vote 6: LEDET – R123.338 million

The department is allocated R12.938 million to fund Compensation of Employees for 2022 wage increases, R5.600 million for Waste Management, R5.400 million for Air Quality Management Support, R12.000 million for Goods and Service (Contractual Obligations), R10.000 million for Infrastructure Projects, R1.200 million for rollover of

Liquor Licence Management System, R35.600 million for additional Compensation of Employees in LEDA, R7.000 million for Goods and Services in Limpopo Gambling Board and R35.000 million for Fetakgomo-Tubatse SEZ (LEDA).

The Department will however surrender (R1.400 million) for Compensation of Employees.

Vote 7: Health – R868.007 billion

The department is allocated R382.488 million to fund Compensation of Employees for 2022 wage increase, R542.000 million to fund pressures in Goods and Services, Equitable Share rollovers of R41.876 million and Conditional Grant rollovers of R251.643 million.

Also included is additional equitable share budget of R302.331 million for the following:

- ❖ Funding for Purchase of EMS Vehicles: R58.448 million,
- ❖ Assistive Devices (Orthotic and Prosthetics): R10.110 million,
- ❖ Infrastructure & Non-Infrastructure Maintenance: R27.063 million,
- ❖ Surgical Backlog (implantable Sets): R14.710 million,
- ❖ Additional Funding for Medico Legal Claims: R22.000 million,
- ❖ Funding for Chiller Plants: R80.000 million, and
- ❖ Additional Funding for Maputha Malatji Hospital: R90.000 million.

The Department will however surrender (R652.331 million) as follows:

- ❖ (R542.000 million) for Compensation of Employees,
- ❖ (R66.951 million) for Cuban Scholarship (Earmarked Fund), and
- ❖ (R43.380 million) for EMS CAD (Earmarked Fund)

Vote 8: Transport and Community Safety – R126.410 million

The department is allocated R26.165 million to fund Compensation of Employees for 2022 wage increases, R40.000 million to fund pressures in Goods and Services (contractual obligations), R64.245 million for bus subsidies, R2.5 million for repairs to GAAL fire trucks and R6 million for Traffic College - Block C construction.

The Department will however surrender Earmarked Funding amounting to (R12.500 million) for Thohoyandou Taxi Rank amounting – (R6.000 million) and K53 projects amounting - (R6.500 million).

Vote 9: Public Works, Roads and Infrastructure – R883.006

The department is allocated R21.127 million to fund Compensation of Employees for 2022 wage increases, R124.800 million to fund pressures in Goods and Services, R10.000 million for ZCC Interchange on R71 Road (RAL), R79.360 million additional allocations for Purchases LGB Building, R19.800 million for refurbishment of Paul Kruger Building, R27.790 million for Conditional Grant rollover and R602.994 million for rollovers.

Included in the rollover is R517.248 million for Road Projects (RAL), R80.000 million for Purchase of LGB Building and R5.746 million for GTAC Project.

The department is also allocated additional R81.023 million for the Provincial Roads Maintenance Conditional Grant for rural bridge projects.

The Department will however surrender (R83.888 million) for Compensation of Employees.

Vote 10: Sport, Arts and Culture – R15.536 million

The department is allocated R4.916 million to fund Compensation of Employees for 2022 wage increases, R1.980 million to fund pressure on Compensation of Employees, R12.000 million to fund pressures in Goods and Services, R5.500 million for Schoemansdal Museum construction costs, R10.000 million for Mapungubwe Arts Festival, R3.000 million for Operationalisation of RFDI System and R1.526 million for Leave Gratuity. The department also receives Equitable Share rollover of R1.689

million, Conditional Grant rollover of R4.925 million for Community Library Services Grant.

The department will however surrender (R29.000 million) from Earmarked Funding for the Provincial Theatre.

Vote 11: CoGHSTA – R341.735 million

The department is allocated R23.258 million to fund Compensation of Employees 2022 wage increases and R6.000 million to fund pressures on Legal Fees. The department also receives Equitable Share rollover of R7.595 million for Construction and Furniture for Traditional Council Offices and Conditional Grant rollover of R308.882 million which comprised of R1.597 million for EPWP Grant, R189.487 million for Human Settlement Development Grant and R117.798 million for Informal Settlement Partnership Grant.

The department will however surrender (R4.000 million) for Earmarked Funding for Construction of Traditional Council Offices.

Vote 12: Social Development – R119.415 million

The department is allocated R30.393 million to fund Compensation of Employees for 2022 wage increases, R101.274 million to fund pressures on Goods and Services and Equitable Share rollover of R9.022 million. The Department will however surrender (R21.274 million) for Compensation of Employees.

The allocation to departments is adjusted upwards from R74.230 billion to R78.154 billion which is an increase of R3.923 billion or 5.3 percent.

It is important Honourable Premier, ladies and gentlemen to note that the additional funds are mainly recommended to address once off pressures in 2022/23 financial year as these funds may not be available in the Medium-Term Expenditure Framework (MTEF). It will remain the responsibility of each department to ascertain that recurring costs are funded over the MTEF within the allocated baseline.

In this regard, our departments need to be prudent in allocating and spending the allocated funds and apply spending reviews and zero based budgeting to realize savings to augment service delivery shortfalls. In this way, we will indeed ensure that we settle at the base without any fear of potential avalanches that are caused by our actions or inactions downhill.

In conclusion, Honourable Speaker, Honourable Premier, ladies and gentlemen, as I table this 2022/23 Adjustment Appropriation Bill to this august house for consideration and approval, allow me to table it together herewith the:

- ✓ The Provincial Medium Term Budget Policy Statement; and
- ✓ Adjusted Estimates of Provincial Revenue and Expenditure

Kea Leboga

I thank you



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