



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

2023/2024

MEDIUM TERM BUDGET POLICY STATEMENT (MTBPS)



SPEECH

The heartland of southern Africa-development is about people

TABLING OF THE 2023/24 PROVINCIAL ADJUSTMENTS BUDGET AND THE ADJUSTMENT APPROPRIATION BILL BY THE MEC FOR LIMPOPO PROVINCIAL TREASURY HONOURABLE SEAPARO SEKOATI TO THE LIMPOPO PROVINCIAL LEGISLATURE ON 21 NOVEMBER 2023, AT POLOKWANE COUNCIL CHAMBERS.

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;

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;

The Media, Distinguished Guests; People of Limpopo;

Ladies and Gentlemen,

Good morning.

Par.1

Honourable Speaker, I am honoured to present the 2023/24 Medium-Term Budget Policy Statement for the Limpopo Province to this August house.

Par.2

Ladies and Gentlemen, the phrase "Be not afraid of going slowly. Be afraid only of standing still" attributed to the Chinese philosopher Confucius, advocates for a mindset centred on progress and continual improvement regardless of difficulties. As a province we can borrow from this wisdom.

Par.3

Amidst ongoing wars, geopolitical tensions, and disruptions in major commodity markets that has led to sluggish economic growth; Limpopo remains steadfast in its commitment to address the triple challenges of unemployment, poverty and inequality.

Par.4

As a province, we have been affected by austerity measures, but this Medium-Term Budget Policy Statement (MTBPS) is designed to strengthen economic growth while adopting a balanced approach to fiscal consolidation, with a focus on prioritizing infrastructure delivery and improving living conditions for the people of Limpopo.

Par.5

Half yearly Expenditure

Honourable speaker, the provincial half yearly expenditure for the financial year 2023/24 is R39.4 billion or 49.8 percent of the total budget of R79.2 billion, whereas R35.9 billion or 48.3 percent was spent during the same period in the previous financial year. Nonetheless, the Province is projecting to overspend by R1.795 billion or 2.3 percent primarily in the departments of Education; and Health because of Compensation of Employees, and non-negotiable items respectively and this adjustment budget will address these pressures, amongst others.

Par.6

MID-YEAR BUDGET REVIEW

Honourable Premier, ladies and gentlemen, in terms of our 2023/24 budget adjustment estimates, our provincial available funding sources are adjusted upwards by R2.027 billion or 2.6 percent from of R78.388 billion to R80.416 billion which comprises of:

- Equitable Share increase of R2.009 billion allocated for funding of 2023 National wage increases, specifically for Health and Education.
- Provincial Own revenue baseline increase from R1.710 billion by R214.493 million or 12.5 percent to R1.925 billion.

- While Conditional Grants allocations received rollovers of R254.438 million, and budget cuts of (R471.178) million leading to an overall allocation reduction of (R196.740 million).

Par.7

OWN REVENUE BUDGET ADJUSTMENT

The Provincial own revenue is expected to increase from the main appropriation of R1.710 billion to R1.924 billion for the year under review which represents an increase of R214.0 million or 12.5 percent.

Par.8

The increase is mainly influenced by improved collections of interest generated from favourable bank balances by Provincial Treasury, horse racing taxes, and once-off recovery of previous year's related debts by Economic Development, Environment & Tourism through Limpopo Gambling Board, and Social Development respectively. The other contributing factor towards some of the upward adjustment was influenced by once-off surrender of unspent funds from Limpopo Gambling Board (LGB) and Limpopo Tourism Agency (LTA).

Par.9

Through this adjustment budget the province will appropriate an additional R2.480 billion increasing the appropriated budget from R79.162 billion to R81.643 billion.

I therefore present the 2023/24 Budget Adjustment per department as follows:

Vote 1: Office of the Premier – R27.270 million

The institution is allocated the following;

- R1.600 million to fund Shared Disaster Recovery,
- R7.500 million to curb the shortfall on ICT infrastructure and assessment audit,
- R21.200 million to fund goods & services pressures (Contractual Obligations),
- R6.400 million for leave gratuities.
- R4.800 million for replacement of provincial pool cars and other capital assets;
and

- R1.000 million for CoE Management Research Study.

Par 10

The Office will surrender (R15.230 million) which comprises of

- (R11.000 million) from Compensation of Employees and
- (R4.230 million) from Earmarked Funds.

The budget for the Office of the Premier increases from R438.4 million to R465.6 million.

Par.11

Vote 2: Provincial Legislature – R43.795 million

The Legislature is allocated an additional R43.795 million as retention of the previous year's unspent funds, in line with Section 12 of the Financial Management of Parliament Amendment Act.

The budget for the Legislature increases from R492.4 million to R536.2 million.

Par.12

Vote 3: Education – R848.229 million

The Department is allocated additional

- R949.317 million to fund pressures in Compensation of Employees,
- R88.440 million for Equitable Share rollovers and
- R24.701 million for Conditional Grant rollovers.

Par.13

The Department will surrender

- (R10.000 million) from E-learning Earmarked funds and
- R204.229 million from Conditional Grant for budget cuts implemented by National.

The budget for the Department increases from R38.188 billion to R39.036 billion.

Par.14

Agriculture – R35.323 million

The Department is allocated the following;

- additional R26.000 million to fund Foot and Mouth interventions, R3.000 million for other machinery and equipment,
- R33.000 million to fund pressures in Goods and Services (Contractual Obligations),
- R18.000 million for Leave Gratuity,
- R11.063 million for Equitable Share rollovers and R30.021 million for Conditional Grant rollovers.

Par. 15

The Department will however surrender (R54.661 million) from Compensation of Employees, R5.000 million from Earmarked Funds and R26.100 million from Conditional Grant for budget cuts implemented by National.

The budget for the Department increases from R1.771 billion to R1.806 billion.

Par.16

Vote 5: Provincial Treasury – (R42.862 million)

The Department is allocated the following:

- R6.500 million additional funding for Capital Payments,
- R2.400 million for contractual obligations,
- R500 thousands for Leave Gratuity and
- R2.419 million in Equitable Share rollover.

The Department will however surrender (R54.681 million) from Compensation of Employees.

The budget for the Department reduces from R457.7 million to R414.8 million.

Par.17

Vote 6: Limpopo Economic Development and Tourism (LEDET) – R260.171 million

The Department is allocated the following:

- R5.900 million additional funds to fund Computer Services,
- R16.150 million to alleviate Goods and Services budget pressures,
- R5.000 million for leave gratuity,
- R800 thousand for other capital assets,
- R13.200 million for Operationalisation of Nylsvlei Nature Resort, completion of Blouberg staff accommodation, and Management fees for infrastructure projects.

The department further receives R4.505 million for Equitable Share rollovers.

Par.18

Furthermore, additional funds are allocated to support LEDET Entities:

Limpopo Economic Development Agency Group (LEDA) is allocated the following,

- R62.000 million for Compensation of Employees pressures in LEDA Group.
- R15.000 million for New Era Life to fund the Prudential Authority capital adequacy requirement. R33.000 million for Limpopo Connexion to maintain the broadband network and other operational cost to secure external investments.
- R104.000 million to fund Great North Transport's arrear statutory commitments and key suppliers.
- R3.500 million for Limpopo Tourism Agency (LTA) to fund the Limpopo DSTV soccer teams and for Profiling Women Owned Tourism Products in Limpopo; and
- R15.000 million for Limpopo Gambling Board (LGB) to fund operational pressures – this is own revenue retention in line with the Provincial Revenue Enhancement Strategy.

Par.19

The Department will however surrender (R17.697 million) which comprises of

- (R5.000 million) from Compensation of Employees and
- (R12.697 million) from Earmarked Funds.

EPWP Conditional grant was cut by (R0.187 million) by National,
The Department's budget increases from R1.450 billion to R1.710 billion.

Par.20

Vote 7: Health – R829.858 million

The Department is allocated the following:

- R8.500 million additional funds to purchase an EMS CAD System;
- R200.000 million for the purchase of EMS vehicles and related equipment,
- R15.000 million for revenue enhancement capital assets and infrastructure projects;
- R41.000 million for Medico Legal Claims;
- R629.500 million to fund critical medical supplies and contractual obligations,
- R25.694 million for Equitable Share rollover and
- R25.931 million for Conditional Grant rollover.

Par.21

The Department will however surrender

- (R8.500 million) from Cuban Scholarship Earmarked Funds and
- (R107.267 million) from Conditional Grant for budget cuts implemented by National.

The budget for the Department increases from R23.772 billion to R24.602 billion.

Par.22

Vote 8: Transport and Community Safety – R29.821 million

The Department is allocated the following:

- R1.000 million additional funds for Agency Support Services,
- R3.200 million for taxi permit consumables,
- R65.000 million for Bus Subsidies increases,

- R2.000 million for Leave Gratuity,
- R6.500 million for Traffic Training College Block B & C construction.

Par.23

The Department is also allocated an additional R3.000 million for Gateway Airports Authority Limited (GAAL) to fund its IT Services - Disaster Recovery Plan.

The Department will however surrender

- (R14.000 million) from Compensation of Employees,
- (R36.688 million) from Earmarked Funding and
- (R191 thousands) from Conditional Grant for budget cuts implemented by National.

The budget for the Department increases from R2.483 billion to R2.513 billion.

Par.24

Vote 9: Public Works – R130.479 million

The department is allocated additional funding the following:

- R10.000 million to conduct a Forensic investigation into its rental property portfolio,
- R56.000 million for Municipal Rates and Taxes,
- R17.000 million for Leave Gratuity,
- R66.000 million as part funding to complete the Maphutha Malatji Hospital Project,
- R35.478 million for Equitable Share rollover and
- R8.092 million for Conditional Grant rollover.

Par.25

The department is also allocated an additional R310.000 million for Roads Agency Limpopo, for Provincial and Municipal Roads Interventions.

The department will however surrender the following:

- (R69.303 million) from Compensation of Employees,

- (R125.000 million) from Earmarked Funds for ZCC Interchange and (R15.000 million) from Earmarked Funds for RAL MMSEZ Road Infrastructure, which have both been delayed,
- (R31.000 million) from the refurbishment of government buildings,
- (R65.000 million) from savings made on the procurement of Government Buildings budget.

Par.26

The Department will also surrender Conditional Grants of (R66.788 million) for budget cuts implemented by National, which include:

- (R64.952 million) for the Provincial Roads Maintenance Conditional Grant, and
- (R1.836 million) for EPWP Integrated Conditional Grant.

The budget for the Department increases from R4.950 billion to R5.080 billion.

Par. 27

Vote 10: Sport, Arts and Culture – R22.884 million

The Department is allocated the following:

- R9.900 million additional funds for pressures on Security Services for Libraries,
- R20.000 million for the Provincial Theatre and
- R21.588 million for Conditional Grant rollover.

Par 28

The Department will however surrender (R14.978 million) from Compensation of Employees, and Conditional Grant funding of (R13.626 million) for budget cuts implemented by National, as follows:

- (R4.935 million) for Mass Participation and Sport Development Grant, and
- (R8.500 million) for Community Library Services Grant and
- (R0.191 million) for EPWP Integrated Grant.

The budget for the Department increases from R621.8 million to R644.7 million.

Par.29

Vote 11: COGHSTA – R204.656 million

The additional allocation for the Department is the following:

- R27.350 million additional to fund pressures in Compensation of Employees,
- R38.500 million for procurement of Traditional Leaders' vehicles,
- R1.960 million for procurement of Traditional Leaders' office furniture,
- R24.730 million for Equitable Share rollovers and
- R144.105 million for Conditional Grant rollovers.

Par.30

The Department will however surrender (R31.989 million) from Conditional Grant for budget cuts implemented by National, which include:

- (R31.798 million) for the Informal Settlement Partnership Conditional Grant and
- (R0.191 million) for EPWP Integrated Conditional Grant.

The budget for the Department increases from R2.592 billion to R2.797 billion.

Par.31

Vote 12: Social Development – R90.199 million

The allocation for the Department is as follows:

- R60.000 million additional to fund Compensation of Employees pressures and
- R31.000 million to fund Contractual Obligations pressures.

Par.32

The Department will however surrender (R801 thousands) from Conditional Grant for budget cuts implemented by National, which includes:

- (R543 thousand) for EPWP Social Conditional Grant and
- (R258 thousand) for EPWP Integrated Conditional Grant.

Par. 33

It is important Honourable Premier, ladies and gentlemen to note that the additional funds are mainly recommended to address once off pressures in 2023/24 financial year as these funds may not be available in the Medium-Term Expenditure Framework (MTEF) as a result of fiscal consolidation. It will remain the responsibility of each department to ascertain that recurring costs are funded over the MTEF within the allocated baseline and improve measures to enhance revenue collection.

Par 34

Honourable Speaker, we note that our municipalities are also facing fiscal reductions and revenue collection challenges and as a province we still have a number of municipalities that are classified as being under financial stress. It is therefore now more important than ever to emphasise the key role each municipal council must play to ensure it approves a funded budget that will stimulate economic growth in their respective municipal areas.

Par 35

In the 2024/25 MTEF period the province is allocated the following changes to equitable share funds:

- The province will receive additional R145.763 million in 2024/25 and R189.006 million in 2026/27, however the province will lose R109.219 million in 2025/26 for new data updates (2023 allocations)
- The province will be cut by R2.272 billion in 2024/25, R2.397 billion in 2025/26 and R2.489 billion in 2026/27 respectively due to the National Fiscal consolidation, and
- The province will receive R2.506 billion in 2024/25, R2,642 billion in 2025/26 and R2.781 billion in 2026/27 for Health and Education compensation of employees pressures.

Par.36

The total provincial equitable share allocation for Limpopo in 2024/25 financial year amounts to R68.354 billion, growing to R71.637 billion in 2025/26, and R75.192 billion in 2026/27 financial years respectively.

Par.37

Total provincial funding, which comprises equitable share, conditional grants and provincial own revenue is increased in 2024/25 from R78.388 billion to R81.300 billion, by 4.8 percent in 2025/26 to R85.221 billion and by 4.3 percent to R88.865 billion in 2026/27 financial year.

Par. 38

The total provincial allocation for 2024/25 financial year amounts to R81.295 billion which reflects positive growth of 3.5 percent when compared to R79.162 billion main appropriations of 2023/24.

Par.39

In 2025/26 and 2026/27 financial years, the total provincial allocations amount to R84.980 billion, a growth of 4.5 percent and R88.875 billion a 4.5 percent growth year-on-year respectively.

Par.40

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 2023 Division of Revenue Act which requires the transferring officer to submit to the National Treasury, by 01 December 2023, the final conditional grant allocations and frameworks based on the provisional allocations and frameworks.

Par.41

As I conclude, it is important for me to emphasise that being persistent to continue growing the provincial economy under these unfavourable conditions will require a commitment to exercise fiscal prudence in the allocation and utilization of funds.

Par.42

The implementation of spending reviews and the adoption of zero-based budgeting are key strategies to pinpoint savings that can be reallocated to address deficiencies in service delivery.

Par.43

Therefore, this Medium-Term Budget Policy Statement asserts the provincial government's dedication to continue supporting economic growth and ensuring the stability of the provincial purse.

Par.44

Finally, I would like to express my gratitude to the Premier for his guidance, and Treasury portfolio committee for their commitment in this work.

I also want to thank Provincial Treasury budget team, led by HoD Gavin Pratt, for their dedication and diligent efforts in this endeavour.


Par.45


Honourable Speaker, ladies and gentlemen, it is my honour to table this 2023/24 Adjustment Appropriation Bill to this august house for consideration and approval, together herewith the:

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

Ke a leboga

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PR 328/2023

ISBN: 978-0-621-51640-1