

SPEECH BY MEC RWN TOOLEY ON THE OCCASION OF THE TABLING OF THE LIMPOPO ADJUSTMENTS APPROPRIATIONS BILL 2015: LIMPOPO LEGISLATURE; 17 NOVEMBER 2015. LEBOWAKGOMO.

Honourable speaker.

Honourable deputy speaker.

Honourable Premier.

Honourable members of the executive council.

Honourable members of the legislature.

Executive Mayors, Mayors and leaders of municipal councils present here.

Leaders of political parties present here

Traditional leaders present here

Leaders of chapter nine institutions.

Acting Director General and heads of departments.

Ladies and Gentlemen.

Madam Speaker, this year marks 60 years since that day, on the 26 June 1955, that people of our country, from all corners of our country, all colours, classes, religious groups and creeds, gathered in Kliptown, and bequeathed us a vision of a society that was, an alternative to the nightmare that was the crime of Apartheid. It was, and still is a vision that inspires, and indeed inspired men and women to aspire for, and fight a bitter and protracted struggle, to see that vision realised. The vision of a united democratic non-racial, non-sexist and prosperous South Africa.

At the centre of the vision of the Freedom Charter, is that our people should be afforded the minimum requirements of decent humanly lives, as opposed to the inhuman existence that apartheid subjected them to. The right to decent shelter, education, decent work and friendship being amongst some of those bare minimum necessities. Since the 1994 democratic breakthrough, we have made giant strides in building a society envisaged in the Freedom Charter. We have changed the lives of our people for the better, and should be proud of ourselves as the government for the changes that we have made in the lives of our people.

Minister Nene, in his 2015 medium term budget policy statement, made reference, to some of these achievements, referring to a report on developmental indicators, released by the minister of performance, monitoring and evaluation, Cde Jeff Radebe, the Minister pointed out that the report showed that life expectancy in the country has increased from 52 years in 2004 to 61 in 2014. Infant mortality has dropped from 58 to 34 deaths per 1000 live births between 2002 and 2014. Over this period the number of households living in formal dwellings increased from approximately 8 million to 12,4 million. The proportion of children attending early childhood development facilities has more than doubled to 87 percent, and adult literacy has increased to 84 percent.

The developmental indicators according to the minister, also signal several important long term trends in our social and economic structure like, the movement of people from rural to urban settings and the lifestyle changes associated with that. The increasing demand for education, use of social media, and access to the internet. Limpopo specific indicators will be shown when we deal with the indicators of the province later on in the address to the legislature, Honourable Speaker

Honourable Speaker, these are profound developments, and should be lauded. Of course there are many challenges that still confront us and as a government, and we do not shy away from them, We have on our own identified them and also provided solutions to those problems. The culmination of such an exercise has been the adoption of the National Development Plan (NDP), which is our guide to building the society that those men and women, from all races and all corners of our country, envisaged when they compiled the demands of our people into the Freedom Charter. As a province we have adopted the Limpopo Development Plan (LDP), which is a provincial adaptation of the National one.

Madam Speaker, we table this 2015, Adjustment Appropriation bill, driven by our historical responsibility as democratic and developmental state, to champion the aspirations of the majority that have been marginalised by decades of undemocratic rule. Our policies and practice in all our institutions of government and state have been driven by this desire to emancipate this majority, which is a mainly black, both urban and rural poor, the women, youth and disabled. The NGC of the ruling party (ANC) has urged us to move faster in addressing weaknesses that exist in several of our agencies, so that we can maximise the impact of our programmes, and thus reinforce our fight against the triple challenges of poverty, unemployment and inequality.

Just last week the Premier of our Province relaunched the Limpopo Anti-Corruption Forum, a structure that must ensure that any corrupt activity within our society, be it in the administration or otherwise may be reported and dealt with. This scourge of corruption challenges our ability as an administration and government to achieve the

objectives that we have agreed to as a collective. It is the responsibility of all of us Honourable Members to report any of these untoward actions to the hotlines numbers, and that we ensure there are consequences for transgressors.

Most importantly the mandate that our people gave us in the 2014 national and provincial general elections is to accelerate the second more radical phase of economic freedom. To accelerate the deracialisation and democratisation of our economy. We are on course to attain this objectives, and our work is geared towards realising this desire of our people. Our proposals will be informed by these objectives.

Indeed Madam Speaker, we grapple with these challenges under the material conditions not of our choosing, as the great philosopher and revolutionary, Karl Marx, would remind us, but under conditions of sluggish economic growth and a challenging fiscus environment. We are thus called upon to do more with less. These circumstances imposes a more pressing obligation on us as elected members of this august house to continue with our oversight role and ensure that the outputs and objectives set out by the various departments are realised. It is also our duty to ensure that we get value for our money, by ensuring that the wage deal agreed with the civil servants results in our people receiving appropriate services, effectively and efficiently. We must, Madam speaker, ensure that we monitor and see to it that annual performance plans and departmental strategies are implemented without fail.

Minister Nene has reflected on the international and national economic environment in his medium term budget policy statement, and I will not repeat what the minister said, instead I will focus on the economic environment in our province, so our proposals find expression therein.

LIMPOPO ECONOMIC OVERVIEW

GDPR

Economic activities in South Africa takes place in provinces. The economy of Limpopo is the fourth largest economy in the country according to comparative studies done over three years, with improvements of 1,1 percent in 2012 to 1,3 percent in 2014, and then a decline of 1,1 percent in the 3 quarters of 2015

GROSS VALUE ADDED

The 1,3% economic growth recorded in the province in 2014 was contributed to by the increase in trade, transport, finance and commercial services however these sectors experienced a serious decline between 2013 and 2014. The other sector that experienced a serious decline between 2013 and 2014 is mining that declined from 1,4 percent to negative 0,5 percent. We are all aware honourable members of the massive decline in commodity prices, just to mention Platinum that was priced at over \$2000 in 2008 to the current price being just over \$ 900

PROVINCIAL PRODUCT INFLATION

In terms of our provincial product inflation, there were decreases in the second quarter of 2015, with a constant growth rate of 10,1 percent for education in the second and third quarters of 2015. There were also increases in clothing and footwear from 6,8 percent to 7,9 percent, health from 6 percent to 6,3 percent, food and non-alcoholic beverages from 2,4 to 2,7 percent respectively. This indicates an increase in the cost of goods and services in the current economic climate

LIMPOPO LABOUR STRUCTURE: 16-64

Between the first and second quarters of 2015 , the labour in the country decreased by 107 000 people, Limpopo's meanwhile increased by 82 000 in the same period. Compared to the first quarter of 2015, employment in the country has increased by 198 000 in the second quarter, while the province has increased by 85 000, unemployment decreased by 3000, while the economically active population decreased by 67 000 in the second quarter.

LIMPOPO LABOUR STRUCTURE : Ages 15-34

The total youth labour force increased by 4,7% between the second and third quarter in 2015. Discouraged work-seekers decreased by 9,7 % from 274 000 in the second quarter of 2015 to 248 000 in the third quarter. Overall employment among the youth increased by 30 000, while their unemployment rate decreased by 0.6 percent to 28,0 percent, which remains unacceptably high. This situation calls for us

as a collective Honourable Speaker to find long term sustainable solutions with regard to youth unemployment.

EMPLOYMENT PER INDUSTRY

Industries that had job gains were, Agriculture at 50 000, construction at 40 000, and finance at 38 000. There has been a decrease of 1000 recorded in the trade sector. Increase in the construction industry can also be attributed to projects done by government which is positive for service delivery and expenditure in the infrastructure grants.

HUMAN DEVELOPMENT INDEX.

Human development in Limpopo has remained at a medium level between 2011 and 2014 as it improved from 0,57 to 0,60. In simple terms, life expectancy in the province has increased from approximately 57 years in 2011 to 60 years in 2014. Blacks, that is coloured, Indians and Africans remain at medium level while the level of whites is higher.

PROVINCIAL 2015/16 FINANCIAL YEAR ADJUSTMENT APPROPRIATION REPORT

As at 30 September 2015 Honourable Speaker

The province reported the following

On our Provincial Revenue Performance

- As at 30 September 2015 our revenue collection is **R632.8 million** or **64.8 percent** more than we projected, our projection was **R412.7 million** or **42.3 percent**.
- The overall over collection is **R220.1 million** which is mainly contributed by Provincial Treasury, Department of Economic Development, Environment and Tourism and Department of Public Works, Roads and Infrastructure due to more interests earned on bank balances and the surrender of unspent funds or accumulated surpluses from Public Entities.

- The collection is higher than that of the previous corresponding period of **R505.6 million** or **58.2 percent**.
- The overall provincial spending as at 30 September 2015 amounts to **R25.3 billion** or **47.9 percent** of the total budget of **R52.7 billion**. Previous year spending at the same period was at **R24.0 billion** or **46.7 percent** of the budget of **R51.5 billion** which represent a **1.2 percent** increase.
- The highest spending departments are Legislature at **61.0 percent**, Health at **52.7 percent** and Economic Development at **49.9 percent**.
- Most of the expenditure is incurred under Compensation of Employees (CoE) which is at **48.6 percent** and on payments for capital assets at **49.8 percent** due the projects in departments of Health and Education.
- The Province is projecting to overspend by **R451.5 million** or **0.9 percent**, **in the capital projects in the departments of Education and Health**. Treasury will be monitoring this very closely to prevent any over expenditure.

Provincial Available Resource

- The total provincial receipts will increase by **R1.239 billion** which comprise of equitable share **R488.8 million**, conditional grants **R525.3 million** and an increase in own revenue baseline by **R224.9 million**.
- Out of the **R1.239 billion** available only **R1.094 billion** is recommended for allocation in departments while the remainder will be made available for funding of the unauthorized expenditure

Proposed Provincial Adjustment Allocation per department

Office of the Premier – (R1.544 million)

- The Office of the Premier will surrender an amount of **R11.644 million** as a result of resignations that occurred during the financial year and delays in filling vacant posts.
- Office of the Premier is allocated additional **R10.100 million** to fund budget pressures.

Legislature + R45.147 million

- An amount of **R3.988 million** will be re-allocated back to the Legislature in line with surrendered funds into the PRF as per Section 22 of the PFMA.

- The institution will receive additional **R6.159 million** to fund salary increases which has been agreed at **8.5 percent** and for filling of critical vacant posts.
- It is recommended that the Provincial Legislature be allocated additional **R35.000 million** to fund good and services is an amount of **R10.000 million** and for transfers to political parties an amount of **R25.000 million**.

Education – No changes

- The department received a rollover amount of **R3.104 million**.
- A reduction of **R5.000 million** on the HIV & AIDS grant.
- Education will surrender an amount of **R461.260 million** due to unplanned resignations by educators that occurred during the financial year and delays in filling vacant posts.
- Additional funding **R313.156 million** is earmarked for Norms and Standards
- **R150.000 million** is recommended to relieve pressures on Infrastructure projects.

Agriculture – (R46.530 million)

- An amount of **R2.723 million** is approved for rollover to finalise outstanding projects at Madzivhandila Agricultural College.
- The department will surrender an amount of **R49.253 million** due to delays in filling vacant posts.

Treasury- R2.124 million

- Provincial Treasury receives a rollover of **R3.387 million**.
- The department will surrender an amount of **R11.922 million** due to delays in filling vacant posts.
- An additional funding of **R10.659 million** is recommended to fund provincial financial system requirements.

Economic Development, Environment and Tourism – (R.0629 million)

- An amount of **R10.185 million** is allocated as a rollover
- The department will surrender an amount of **R15.914 million** due to delays in filling vacant posts.

Limpopo Tourism Agency (LTA)

- It is recommended that the entity be funded additional **R5.100 million**, for Asset valuation **R2.100 million** and for arrear payments on office rental, **R3.000 million**

Health – R647.659 million

- An amount of **R4.900 million** is approved as rollover on equitable share and **R27.833 million** for HIV & AIDS and on Health Insurance Grants.
- An additional amount of **R170.000 million** is allocated for Health Facility Revitalization fund
- The department will receive additional funding of **R187.314 million** to fund pressures on ICS, translation of medical practitioners and to pay outstanding performance bonuses and pay-progression.
- The Executive Budget Committee recommends that the department be allocated additional funding amounting to **R257.612 million** broken down as follows **R107.612 million** for Goods and Services and **R150.000 million** Infrastructure projects.

Transport – (R100.373 million)

- An amount of **R3.046 million** is allocated as rollover funding on equitable share allocation.
- The department will require additional **R20.581 million** to compensate for ICS and salaries for additional traffic officers appointed during the current financial year.
- The Department will transfer **R3.000 million** from its current allocation to Gateway Airport Agency Limited for implementation security system.
- It is recommended that the department surrender earmarked funding of **R124.000 million** due to delays in implementation of the capital projects.

Public Works, Roads and Infrastructure – R7.180 million

- An amount of **R12.444 million** is allocated as a rollover on equitable share.
- The department will surrender an amount of **R5.264 million** due to delays in filling vacant posts.
- An amount of **R 100 million** for projects signed with the DBSA.
- The Department will transfer **R141.000 million** from its current allocation to Road Agency Limpopo for implementation of 20 roads infrastructure projects.

Safety, Security and Liaison – (R1.617 million)

- An amount of **R5.198 million** is approved however the department will not receive the allocation due to delays in the implementation of the project. Provincial Treasury recommends that the Department of Public Works, Roads and Infrastructure should continue with the projects utilising its current funding.
- The department will surrender an amount of **R1.617 million** due to delays in filling vacant posts.

CoGHSTA – R420.287 million

- An amount of **R308.012 million** is approved for rollover on the Human Settlement grant.
- The department will require additional **R22.075 million** to compensate for annual increment for staff and traditional leaders implemented above projected CPI.
- The Executive Committee on Budgets recommends that the department be allocated additional **R90.200 million** to cover unforeseen and unavoidable expenses for traditional leaders within the province.

Social Development – R72.227 million

- The department will require additional **R70.050 million** to compensate for annual increment for staff and additional critical posts filled during the current financial year.
- EXCOMBUD recommends that the department should reprioritize from within and be allocated additional **R2.177 million** for relocation costs.

Sport, Art and Culture – R50.238 million

- An amount of **R21.741 million** is approved as rollover on Community Library Services grant.
- The department will require additional **R4.213 million** to compensate for annual increase and filling of critical vacant posts.
- EXCOMBUD recommends that the department be allocated an additional amount of **R24.284 million** to cover budget pressures.

CONCLUSION

In conclusion we present this bill with a commitment to strive for excellence in the management of the resources of our people, and would like to thank the honourable premier for his support and guidance, my colleagues in the executive of the province for their support and co-operation. The members of the portfolio committee, under

the leadership of The Honourable Cde Soviet Lekganyane, the Mankweng Cluster, for their support and oversight, and the staff at the provincial treasury under the leadership of Mr Gavin Pratt.

I hereby table the Limpopo Provincial Appropriation bill

Let us together continue moving our country forward.

I thank you.