

BUDGET SPEECH BY MEC K. A. PHALA ON THE TABLING OF LIMPOPO PROVINCE BUDGET 2014/15 TO THE LEGISLATURE, 04 MARCH 2014.



MEC for Finance Mr K.A Phala Delivering the Budget Speech

Honourable Speaker,
Honourable Deputy Speaker,
Honourable Premier;
Honourable Members of the Executive Council;
Honourable Members of the Legislature;
Former Members of the Provincial Legislature;
Executive Mayors and Mayors of our Local Municipalities;
Acting-Director-General;
Heads of Departments;
Representatives from National Treasury
Section 100 (1) (b) Chief Administrator Mr. Monde Tom;
Chief Executive Officers of Public Entities;
Leaders of the Opposition Parties;
Chairperson of Limpopo House of Traditional Leaders;
Stalwarts and Veterans of our struggle;
Heads of our Chapter Nine and Chapter Ten Institutions;
Leaders of the Trade Union Movement;
Leaders of Religious Organisations and Churches;
Youth, Women, Business and Community leaders in our midst;
Distinguished guests;
Ladies and gentlemen;
Comrades and friends;
The people of Limpopo.



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

Thank you very much Honourable Speaker for this opportunity to table the 2014/15 Budget. This budget speech is dedicated to the memory of that outstanding son of the soil, hero of our people, giant of giants, an extraordinary nation builder and the greatest South African that ever lived, President Nelson Mandela, who left us almost three months ago on 5 December 2013. We hope that his spirit will guide us as we continue to build a new South Africa. May his undying spirit live long amongst us. We live in a better South Africa today than in 1994 because of his immeasurable contribution.



TWENTY YEARS OF DEMOCRACY

Honourable Speaker, this year 2014 the World will join our nation in celebrating 20 years of democracy and freedom. And as President Jacob Zuma said during the State of the Nation Address (SONA), South Africa is truly a far better place to live in than before 1994. Through the budgets appropriated by this august House over the years we have built houses, roads, schools, hospitals, clinics and libraries for the people of our province. We have done very well in delivering a better life for all. It is clear to everyone that today is better than yesterday and that tomorrow will be even better. We have done very well in building a non-racial, non-sexist, united, democratic and prosperous South Africa. We succeeded exceptionally in the construction of a new society on the ruins of apartheid.

JOB CREATION

Honourable Speaker, reducing unemployment and job creation are at the centre of work of this government. Most of the government programmes are focused on both speedy and efficient service delivery and job creation. The rolling out of infrastructure, the building of houses, the construction of roads and the Expanded Public Works Programme will open thousands of job opportunities in this financial year.

SERVICE DELIVERY PROTESTS.

Honourable Speaker, one of the issues that concerns us as a provincial government is the violent service delivery protests. While our people have all the rights enshrined in our constitution to march, to picket, to strike, to stay away, to demonstrate, those rights do not extend to the destruction of property. The public amenities such as roads, libraries, halls, schools, and offices belong to the people themselves. We take this opportunity to call on our people to exercise their democratic rights freely and peacefully. We also call on our people to adequately use the avenues available to them to raise their concerns and service delivery frustrations such as ward committees, councilors, constituency offices, municipalities, government offices, and public representatives.



THE SECTION 100(1)(b) INTERVENTION.

Honourable speaker, when national government confirms the finalization

of the section 100 intervention we will continue to implement the recovery plans and take the province to new levels of better financial administration. We take this opportunity to thank them for the job well-done of turning the Province around. We will fully implement the recovery plans that they have designed including enhancing forward planning in the provincial administration, strengthening the CFO offices, implementing technology to help us run a better administration, strengthening and capacitating the Provincial Treasury to do better at its work of oversight over the entire Provincial government. Today we proudly proclaim that the Province is on sound financial footing and better able to deliver services to the people of our Province, however there is still work to be done.

THE FIGHT AGAINST CORRUPTION.

Honourable speaker, one of the areas we must work together in and tighten all our efforts is the fight against the scourge of corruption, including all other acts of dishonesty such as bribery, fraud, tender-rigging, nepotism, patronage, money laundering and embezzlement. This includes among others striving to totally remove or reduce irregular, unauthorized and fruitless and wasteful expenditures. It means tightening our supply chain processes to avert corruption, fraud and bribery. It also means dealing thoroughly with any conflict of interest whether perceived, potential or real. And of course corruption is a dangerous cancer that if allowed to fester will ultimately destroy our hard-won gains of democracy and freedom. It is therefore in our direct interest and that of our future generations to collectively fight and defeat corruption wherever it rears its ugly head. In the Provincial Administration several officials have been arrested for

corruption related crimes of fraud, tender-rigging and other misdemeanors in the previous few years and months. We vow to redouble our efforts to uproot similar rotten apples that are still inside the public service. Working with the police, the Special Investigations Unit (SIU), the Hawks, the Auditor General (AG), the Public Protector and other state agencies we want to clean the public administration of these nefarious activities. Nationally we will be tightening the Legislative framework to make it criminal and thoroughly punishable offence for public servants and public office-bearers to do business with government. Working together we must prove that crime does not pay. None of us want this beautiful democracy we fought for so much to degenerate into a "Kleptocracy". We do not want to bequeath to future generations a state whose thieves both within the state and from outside do as they like. As President Nelson Mandela said on the occasion of his inauguration in 1994 that, "NEVER, NEVER AND NEVER AGAIN SHOULD THE SUN SET ON SO GLORIOUS A HUMAN ACHIEVEMENT." We dare not fail!



ECONOMIC OUTLOOK

Honourable Speaker, the budget is presented at the time when the world economy is showing some signs of recovery and improved growth in 2014. The International Monetary Fund (IMF) World Economic Outlook, projects that world economic growth will increase from 3.7 percent in 2014 to 3.9 percent

in 2015. This growth is expected to be driven largely by strong growth in United States of America, emergence of the Eurozone from recession and continued strong to moderate growth in emerging markets. The current recovery in the world's largest economies could be a sign of hope as world demand is expected to increase significantly as the effects of the recession subside. Some regions in Africa start to register significant growth.

The South African economy has continued to show moderate growth at 1.8 percent in 2013 and is expected to improve to 2.7 percent in 2014, reaching 3.5 percent by 2016. Honourable Speaker, the Limpopo Economy started recovering during the first quarter of 2010 to a growth rate of 1.2 percent in 2012. Labour disruptions, a weaker rand and slow infrastructure rollout constrained growth in 2013. Limpopo economic growth is forecast at 2.8 % for 2014 and 3.3% for 2015. Investment in infrastructure is likely to increase growth moving forward. In 2012, mining (20%), finance (18%) and community services (17%) continue to contribute a major share of the provincial output. In 2009 the consumer inflation in the province was at 4.7% and remained within the national target, during the fourth quarter of 2013 provincial inflation increased to 5.6%. The Provincial unemployment rate has dropped to 16.9 percent in the fourth quarter of 2013. Honourable speaker this is an improvement considering that during the same quarter in 2009 unemployment in the province was 26.9 percent.

Nevertheless, significant risks still remain, as evidenced by a few simple observations. Firstly, the depreciation of the rand during 2013 presents a double-edged sword. The currency fell to its lowest level in 4 years during last year and this presents an opportunity for South African manufacturers and exporters to sell more to the rest

of the world. However, the decline in the currency has caused some inflationary pressures, with the price of fuel and food rising and affecting the ability of households to afford basic goods, while at the same time government's buying power is reduced and the upward pressure on the wage bill for civil servants is very strong.



The second risk is the still higher levels of government debt compared to the pre-2008 financial crisis period. The gap between expenditure and revenue is still at its highest levels since the 1990s and this very critical for the house to note. According to the 2014 national Budget Review, government's borrowing requirement will add another R162.9 billion to the national debt, causing government's net loan debt to rise from R1.4 trillion in 2013/14 to R2 trillion in 2016/17. Every year, government must service this debt through, for example, interest payments to creditors. These debt service costs are now sitting at R101.3 billion and this is set to grow to R139.2 billion. What this means is that spending behavior must change and change significantly for the foreseeable future. The reductions to the province's own equitable share, which I will touch on in a moment, will be further exacerbated by national government's growing inability to maintain increases for all provinces due to the mounting pressure to service these debts; debts which are themselves caused by the spending behavior of national and provincial departments.

PERFORMANCE INFORMATION

Economic Sector

Honourable Speaker, as a province we acknowledge that economic infrastructure supports the regeneration and development process of local economies. Investment in infrastructure therefore provides a better life to all people and it reduces poverty by enabling faster economic growth. It also creates employment opportunities, develops skills and provides SMME development opportunities with the implementation of EPWP.



Infrastructure development gives communities access to facilities such as schools, hospitals, roads, water, electricity, housing and so on, helping meet the basic needs of our communities. To emphasize, infrastructure delivery underpins the very strength of our province's competitive performance and contributes to the welfare and continuous improvement in quality of life of our people by the provision of social support structures. Honourable Speaker, the main focus of the Integrated Human Settlement Strategy is to eliminate informal settlements in the province. In this regard, the ANC led government delivered over 100 000 housing units to the needy citizens creating about 14 000 jobs between 2009/2010 and 2012/2013 financial years.

Honourable Speaker, key to the successes of this administration was amongst others ensuring the implementation of the policy on Breaking New Ground thus creating integrated sustainable human settlements. The development of mixed-income high density integrated human settlements in and around Polokwane in line with the Breaking New Ground

strategy is an example of such. We are confident that given the strategies and attention this sector deserves, housing units' statistics will rise per annum over the MTEF period.

Despite capacity challenges facing our local municipalities, we continued to improve the provision of basic services to the communities of this province. At least 86% of households have access to portable water while 87% of our households have access to electricity.

We take note of the fact that our transport infrastructure remains the engine of our provincial economy. In this case, we gave special attention to construction and maintenance of existing roads infrastructure. Between 2009/2010 and 2013/2014 the province constructed 417 km of tarred roads and performed routine maintenance on 369 km of existing tarred roads. During the same period, we also constructed 20 bridges across the province.

Social Sector

Honourable Speaker, the need to improve our educational systems in the province has been a priority of this administration and a lot has been achieved in this regard. We have witnessed an improvement in the matric pass rate from 48.9 percent in 2009 to 71.8 percent in 2013. The above statistics do not only reflect an improvement in the quantity as there has also been significant improvement in both Mathematics and Physical Science in the same period. We improved the Mathematics pass rate from 39.3 percent in 2009 to 59.3 percent in 2013 and the pass rate in Physical Science from 31.8 percent in 2009 to 65.6 percent in 2013. We built 33 new schools between 2009 and 2012 in an endeavour to reduce overcrowding in our schools. We have delivered textbooks to all schools in the 2014 school year.

This administration successfully completed the construction of 13 new Libraries, most of which are in rural areas. We continued the maintenance 12 existing libraries between 2009/2010 and 2012/2013 and a total of 52 libraries were connected with Information Communication Technology (ICT) infrastructure. We continued with the provision and maintenance of libraries across the province.

Honourable Speaker, delivering better-quality health services remains one of the key priorities of government. In an attempt to achieve this, the government has constructed 24 Health Centres and 21 Gateway Clinics between 2010 and 2013. During the same period 421 clinics were maintained throughout the province. Our priority has always been making health services accessible to previously disadvantaged areas. We have just sent 110 students to Cuba to train as doctors. We believe this will surely improve the patient-doctor ratio.



We have strengthened our fight against HIV and Aids and this yielded positive results in that the provincial HIV prevalence rate of 22.1 percent was recorded in 2011 which is lower than the national prevalence rate of 29.5 percent. Honourable Speaker, Limpopo province remains the third lowest province affected by the HIV epidemic in the country and the intention is to reduce new HIV infections by strengthening Voluntary and Testing and HIV Counselling and Testing campaigns and also making ARVs more assessable. We continued to provide social grants to the needy citizens of our

province. We have managed to increase the number of children accessing Early Childhood Development (ECD) from 80 082 to 122 413 between 2010/2011 and first quarter of this financial year. The increase in the number of Social Workers and Social Auxiliary Workers contributed to the decrease in the backlog of children to be placed in foster care.

Honourable Speaker, the Fetsa tlaia programme has been a phenomenal success on its inception. We have done over 50 000 hectares of land in the few months of the programme implementation. We hope to further enhance this work going forward.

PROVINCIAL BUDGET ALLOCATIONS 2014/15 MTEF

Honourable Speaker, this MTEF budget is intended to promote the objectives of the National Development Plan (NDP) and Government priorities set out in the Medium-Term Strategic Framework (MTSF) and Government's 12 Outcomes.



Overall Provincial Budget

Honourable Speaker, Limpopo Provincial Government allocates a total MTEF budget of R51.460 billion in 2014/15, R53.443 billion in 2015/16 and R55.621 billion in 2016/17, including both equitable share and conditional grants. This represents 4.6 percent increase in 2014/15 budget from 2013/14 financial year budget of R49.697 billion.

The provincial equitable share formula is reviewed and updated with new data annually. For the 2014 MTEF, the formula has been updated with data from

1. The 2013 mid-year popula-

tion estimates published by Statistics South Africa;

2. The 2013 preliminary data published by the Department of Basic Education on school enrolment;

3. Data from the 2012 General Household Survey for medical aid coverage; and

4. Data from the health sector and the Risk Equalisation Fund for the risk-adjusted capitation index. Because the formula is largely population-driven, the allocations capture shifts in population across provinces, which lead to changes in the relative demand for public services across these areas. The impact of these updates on the provincial equitable share is phased in over three years (2014/15 to 2016/17). The incorporation of Census 2011 data for the first time in a decade resulted in significant changes. To give provinces time to adjust to their new allocations, the Census updates were phased in over three years and a "top-up" was made available for provinces with declining shares over the 2013 MTEF period.

Honourable Speaker, the reduction in the equitable share was due to the fact that 2013 mid-year population estimates had decreased when compared to the 2011 Census results. Five provinces of Gauteng, Mpumalanga, Northern Cape, North West and Western Cape had population increases whilst the other four provinces including Limpopo had noticeably reduced population figures.

Nonetheless, I am pleased to inform this august house that during the current financial year the Provincial Treasury prioritised the implementation of the Provincial Revenue Enhancement Strategy and it is expected that this will yield positive results on provincial own revenue collection. Honourable Speaker, through this strategy, the province is investing in revenue enhancement projects, such as good cash management initiatives by investing surplus cash, close monitoring of revenue collected by Schedule 3C Public Entities as well

as the determination and implementation of "high road" revenue targets such as the construction of weighbridges by the Department of Roads and Transport and improved infrastructure for the patient administration system in the Department of Health.



Honourable Speaker, through these initiatives, the province has managed to increase its own revenue collection budget for 2013/14 financial year by 24 percent from R629.5 million to R781.4 million in the adjustment budget of which 82 percent has already been collected by 31st January 2014. This revenue collection budget continues to increase by an average of 8 percent over the MTEF period. These increases have assisted the province in cushioning the impact of the downward revision in the equitable share of R605 million in 2014/15 and R323 million in 2015/16 as already alluded to above. The cushioning was mainly allocated to the social sector departments of Education and Health. I also wish to inform this august house that provision has been made through provincial own revenue collection to increase roads infrastructure allocation by R231 million in 2015/16 and R438 million in 2016/17.

Breakdown per Cluster

Honourable Speaker, the total provincial 2014/15 MTEF budget allocations per cluster is as follows:

- G&A Cluster receives R1.026 billion in 2014/15, R1.073 billion in 2015/16, and R1.131 billion in 2016/2017
- Economic Cluster receives R9.325 billion in 2014/15, R10.111 billion in 2015/16, and R10.885

billion in 2016/2017

- Social Cluster receives R41.108 billion in 2014/15, R42.257 billion in 2015/16, and R43.604 billion in 2016/2017.



Breakdown per department

Honourable Speaker, all 13 provincial votes have received their respective shares from the total provincial envelope. I should inform this august house that a number of determinant factors were considered in arriving at these allocations, inclusive of various mandates, government priorities outlined above, pressing community needs and the availability of resources. However, it is worth mentioning that the above allocations include Conditional Grants. I will just outline the big figures; MEC's would detail the programmes and projects to be implemented by various votes in their respective budget speeches..

Vote 1: Office of the Premier

Honourable Speaker, the Office of the Premier (OTP) plays a critical oversight role through the coordination and management of the performance of the provincial administration and provision of strategic direction on policies and programmes of government. To execute this significant function, OTP receives an allocation of R335.6 million in 2014/15 and this represents 2.4 percent growth from their current budget allocation of R327.6 million. The OTP will see an increase of 6.0 percent increase in 2015/16 and 5.4 percent in 2016/17 wherein it will receive an amount of R355.7 million and R374.9 million respectively.

Vote 2: Limpopo Provincial Legislature

Honourable Speaker, the Provincial Legislature's constitutional responsibility is oversight, law-making and public participation. This is a mammoth task that requires constant interaction with citizens and stakeholders through public engagements which among others include public hearings, public education initiatives and sites visits. It is through these activities that the Legislature enforces accountability and promotes effective service delivery to the community. It also promotes multiparty democracy by funding the political parties represented in the house. In this regard, the Limpopo Provincial Legislature will receive an allocation of R248.5 million in 2014/15. This budget is to ensure that the Legislature meets its constitutional obligations. This budget will grow by 2.4 percent in 2015/16 and 5.4 percent in 2016/17 thereby by receiving R254.5 million and R268.2 million respectively.



Vote 3: Education

Honourable speaker, in his State of Province Address (SOPA) just a week ago, the Honourable the Premier of the Limpopo Provincial government, Mr Chupu Mathabatha reiterated on the importance of education in nation building. In his own words, the Premier said, I quote, "It is for this reason, therefore, that as government we have invested heavily, both in terms of expanding access to education and also in the improvement of the quality of education in our schools." For this purpose, I am glad to mention that Education still receives the biggest portion

of the entire budget, a whopping 48.5%. In the current financial year, the department has a budget of R23.948 billion and this has grown by 4.2 percent to R24.965 billion 2014/15. The department's budget will continue to grow throughout the MTEF period. In 2015/16 its budget will increase by 2.5 percent and 3 percent in 2016/17. The department will receive R25.589 billion and R26.349 billion in 2015/16 and 2016/17 respectively. The above figures include allocations for Conditional grants such as, the Education Infrastructure Grant, HIV and AIDS (Life Skills Education) Grant, National School Nutrition Programme Grant, Technical Secondary Schools Recapitalisation Grant and Further Education and Training Colleges Grant. In their totality, the Conditional Grants in this Department received an MTEF budget of R2.591 billion in 2014/15, R2.017 billion in 2015/16, and R1.622 billion in 2016/17.

Vote 4: Agriculture

Honourable Speaker, the Department of Agriculture plays an important role in food security, poverty alleviation, job creation, rural development, economic growth and creation of sustainable livelihoods. For these purposes and to further enhance the Fetsa Tlala programme, the Department receives a total budget of R1.602 billion in 2014/15 which comprises 1.8 percent increase from the current budget of R1.573 billion. This budget will increase to R1.667 billion in 2015/16 and R1.750 billion in 2016/17. This represents 4.1 percent and 5 percent growth respectively. The Department has three Conditional Grants, namely; Comprehensive Agricultural Support Programme Grant, Letsema Projects Grant and Land Care Programme Grant. These grants receive an MTEF budget to the tune of R282.1 million in 2014/15, R284.1 million in

2015/16, and R291.3 million in 2016/17.

Honourable Speaker, the Premier precisely cited in the SOPA that Limpopo is predominantly an agricultural province regardless of the recent decline in employment creation by the sector. We strongly believe that Agriculture is our strength and therefore hope to turn the situation around through closely monitoring the implementation of these grants and other related strategies.

Vote 5: Provincial Treasury

Honourable Speaker, the Limpopo Provincial Treasury continues to manage the provincial budget by guiding budget processes and monitoring budget implementation by provincial departments and public entities. Key to this is the management of provincial own revenue enhancement initiatives that is necessary to augment the equitable share allocations from the National Treasury. The Provincial Treasury will as a result receive R357.8 million in 2014/15, which during the MTEF period increases R380 million in 2015/16 and R400.5 million in 2016/17. This presents 6.2 percent growth between 2014/15 and 2015/16 financial years and 5.4 percent in 2016/17.

Vote 6: Economic Development, Environment and Tourism

Honourable Speaker, the Department of Economic Development, Environment and Tourism (LEDET) remains fundamental in the implementation of the Limpopo Employment Growth and Development Plan (LEGDP). The Department promotes economic development through, among others, investment promotion and attraction and in the development of SMMEs and Cooperatives. The department is also responsible for environmental protection and the promotion of tourism in the province. LEDET has a current budget of R1.1 billion and this will grow by 1.1 percent to R1.112 billion in

2014/15 and again by 5.2 percent to R1.170 billion in 2015/16. In 2016/17 LEDET will receive R1.230 billion which represents an increase by 5.1 percent from 2015/16 allocation. This Department has three public entities which are accountable to it, namely, Limpopo Economic Development Agency (LEDA), Limpopo Tourism Agency (LTA) and Limpopo Gambling Board (LGB). Included in the budget allocations outlined above are amounts to be transferred to these public entities. LEDA will receive R244.4 million in 2014/15. LTA will receive R146.5 million in 2014/15 increasing to R156.1 million in 2016/17. LGB will receive R45.7 million in 2014/15 and will decrease to R44.9 million in 2016/17. The reduction is due to the need to allocate additional funds in 2014/15 to enable the entity to implement the provincial revenue enhancement strategy.



Vote 7: Health

Honourable Speaker, the role of the Department of Health is to deliver quality, accessible and affordable healthcare to the people. In order to keep up with this mandate, the Department of Health gets the second largest part of the provincial budget after the Department of Education. The department of Health has a current total budget of R13.481 billion. In 2014/15 the departmental budget will increase by 6.6 percent to R14.371 billion. The MTEF budget will continue to grow by 3 percent in 2015/16 and 3.3 percent in 2016/17. The department will receive a budget of R14.8 billion in 2015/16 and R15.288 billion in 2016/17. Included in the allocation of the Department of Health

are Conditional Grants amounting R1.897 billion in 2014/15, R1.725 billion in 2015/16 and R1.7 billion in 2016/17. The Comprehensive HIV and Aids grant is allocated R978.1 million 2014/15 and increases to R1.207 billion in the outer year, 2016/17. The main purpose of this grant is strengthen the management of and reduce the impact of HIV and Aids pandemic in the province.

Vote 8: Roads and Transport

Honourable Speaker, the provision and maintenance of reliable transport infrastructure is significant to economic growth in the province. This is a mammoth task that requires serious strategic and resource intervention. For this reason, the Department of Roads and Transport receives a budget of R3.524 billion in 2014/15. The department's budget will increase to R4.097 billion in 2015/16 and R4.492 billion in 2016/17. This represents a growth of 16.2 percent and 9.7 percent respectively.

Honourable Speaker, the above allocations include two Conditional Grants, namely; Provincial Roads Maintenance Grant and Public Transport Operations Grant which together receive an MTEF allocation of R1.424 billion in 2014/15, R1.372 billion in 2015/16, and R1.430 billion in 2016/17.

The department has two public entities, namely, Roads Agency Limpopo (RAL) and Gateway Airport Authority Limited (GAAL). Included in the budget allocation to the department is transfer payments amounting to R644.6 million in 2014/15, R906.6 million in 2015/16 and R1.227 billion in 2016/17 that must be transferred to the Public Entities. About 96 percent of this allocation is due to RAL. Also included is a further amount of R30 million that is allocated to SANRAL, in 2014/15, to implement weighbridges in terms of the Provincial Revenue Enhancement Strategy.

Vote 9: Public Works



Honourable Speaker, the core functions of the Department of Public Works are to co-ordinate and facilitate the provision of government buildings, co-ordinate the Expanded Public Works Programme (EPWP), and most importantly the planning and delivery of provincial infrastructure. Infrastructure, including schools, clinics, hospital, circuit offices, health centres, libraries and tribal authority offices. The Department has a current budget of R883 million. However, the department's budget will grow by 5.2 percent to R928.6 million in 2014/15. This will further grow by 5.7 percent to R981.7 million 2015/16 and by a further 5.3 percent to R1.034 billion in 2016/17.

Vote 10: Safety, Security and Liaison

Honourable Speaker, the Department of Safety, Security and Liaison will strive to ensure we have a safe and secure Limpopo through the facilitation of social crime prevention programmes, promotion of good relations between the South African Police Services (SAPS) and the community. It also does its work by commissioning research on Safety and Security issues and monitoring the SAPS service delivery programmes. In order to carry this mandate, the department of Safety, Security and Liaison will receive an allocation of R84.4 million in 2014/15. This is 13 percent increase from 2013/14 budget of R74.7 million. In 2015/16 the department will receive R83.1 million and that will increase by 5.4 percent to R87.6 million in 2016/17 financial year.

Vote 11: CoGHSTA

Honourable Speaker, the Department of Co-Operative Governance, Human Settlements and Traditional Affairs (CoGHSTA) is at a strategic position for service delivery in the Province as it is charged with the responsibility of monitoring and supporting Limpopo municipalities and Traditional Councils and also ensuring that houses are built, and water, electricity and sanitation are provided to Limpopo's citizens. All municipalities in Limpopo are service-delivery partners of the Provincial Government through this department. The Department will receive a budget of R2.158 billion during 2014/15 financial year. In 2015/16 it will get R2.195 billion which is 1.7% growth and R2.377 billion in 2016/17 which is 8.3% increase. CoGHSTA administers the Human Settlement Development Grant which aim is to provide suitable human settlements in the province. The grant has an MTEF budget allocation of R1.219 billion in 2014/15 and R1.202 in 2015/16 and R1.329 billion in 2016/17.



Vote 12: Social Development

Honourable Speaker, the policies and programmes of the Department of Social Development (DSD) are designed to alleviate poverty, to fight drug and substance abuse. To deliver on this mandate effectively, it is imperative to ensure that DSD has constantly growing MTEF budget allocations. The department's budget will increase by 6.3 percent from its current budget of R1.381 billion to R1.468 billion in 2014/15. The budget will increase by 3.8 percent in 2015/16 to R1.524 billion and by 5.2 percent to R1.604 billion in 2016/17.

Vote 13: Sport, Arts and Culture

Honourable Speaker, the Department of Sport, Arts and Culture receives R302.4 million in 2014/15. However, this will increase by 13.7 percent to R343.7 million and again by 5.6 percent to R362.8 million in 2015/16 and 2016/17 respectively. These allocations are to assist the Department of Sport, Arts and Culture in executing its mandate of assisting arts and cultural organisations in promoting, developing and preserving the cultures of the people in Limpopo province, promoting nation building, and national cohesion, providing Library Services for our local communities and promoting participation in sporting activities in Limpopo. The Department has Statutory Bodies which assist in service delivery, namely Limpopo Arts and Culture Council, Limpopo Provincial Language Committee, Limpopo Provincial Geographic Names Committee, Limpopo Heritage Resources Council and the Provincial Library Board. Included in the allocations are two conditional grants, namely the Mass Participation and Sport Development Grant and the Community Library Services Grant. These two grants are allocated R142.5 million in 2014/15 and increase to R184.1 million in the outer year of the MTEF.

Infrastructure Development

Honourable Speaker, we have allocated an amount of R5.115 billion across departments for infrastructure development in the 2014/15 financial year as listed below:

- Department of Education - R1.099 billion
- Department of Health - R593.7 million
- Department Social Development - R 59.9 million
- Department of Agriculture - R226.2 million
- Department of Roads and

Transport - R1.769 billion

• LEDET - R63.3 million

• Department of Public Works - R 59.4 million

• CoGHSTA - R1.219 billion; and

• Department of Sport, Arts and Culture - R26 million

Included in the infrastructure

budget are Conditional Grants.

The main purpose of the Grants is to help accelerate construction, maintenance and rehabilitation of new and existing infrastructure.



Honourable Speaker, our provincial total infrastructure investment over the MTEF will be R14.139 billion broken down as follows:

• New construction - R4.512 billion

with R1.546 billion in 2014/15,

• Maintenance and Repairs - R3.346 billion with R1.056 billion in 2014/15,

• Upgrading and additions - R5.378 billion with R2.248 billion in 2014/15,

• Rehabilitation and refurbishment - R323.4 million with R54.2 million in 2014/15, and

• Capital Infrastructure transfers - R579,2 million with R212.4 million in 2014/15

Honourable Speaker, since 2009 the Province has invested more than R27 billion in provincial infrastructure development and maintenance. In terms of 2013 Division of Revenue Act (DoRA), Provinces are required to bid for their 2015/16 infrastructure grant allocations in the Departments of Education and Health two years in advance. In this regard, the accounting officers of these two departments must submit to the national transferring officer and the National Treasury the following important documents:-

- A document setting out the roles and responsibilities of the relevant provincial departments regarding infrastructure delivery, approved by the Executive Council of the province;
- A User Asset Management Plan for all infrastructure programmes for the next MTEF period; and,
- An infrastructure programme management plan and construction procurement strategy for infrastructure programmes.

Honourable Speaker, the Executive Council has adopted the Infrastructure Delivery Management System (IDMS) which is the basis of delivery for infrastructure across all nine provinces. The IDMS has been customised to meet Limpopo specific needs. This IDMS clearly defines the mandates, roles and responsibilities of user and client departments in provincial infrastructure delivery based on best practice methodologies for planning, delivery and maintenance of infrastructure.

Honourable Speaker, it is worth noting that the working relations between the Provincial Treasury, the Department of Public Works and other client departments has improved resulting in joint infrastructure planning. Departments are now striving towards the alignment between the Infrastructure cycle, Budget cycle as well as the Strategic planning cycle. The budget preparation process going forward will be strengthened by actual planned projects to be implemented by ensuring that User Asset Management Plans, Infrastructure Programme Management Plans, Construction Procurement Strategies and Infrastructure Programme Implementation Plans are produced on time. The IDMS also provides for the establishment of institutional arrangements in the form of IDMS Management and Reporting. Honourable Speaker, the Honourable Premier has set up a task team on infrastructure conditional grants, coordinated by Department of Eco-

nomics Development, Environment and Tourism. The task team is currently conceptualizing and designing a turnaround model to address the infrastructure roll out challenges. This is to equip the infrastructure plans of the provincial departments in order to improve spending going forward.

Honourable Speaker, the year 2014 marks the eleventh year since the promulgation of the Municipal Finance Management Act, Act 56 of 2003. The implementation of this act transformed the financial management systems in local government and promoted sound financial management. National Treasury introduced various reforms in order to ensure the effective and efficient implementation of the Act. In 2009 National Treasury issued the Municipal Budget and Reporting Framework in order to nationally standardise the budget frameworks for local government and also to improve accountability by municipalities. Treasury provided intensive training on this framework to all municipalities in the Province which resulted in all municipalities complying with the framework.



The preliminary audit outcomes for the financial year 2012/13 depict that as a Province we are regressing. The Department had already diagnosed all critical challenges that contributed to the regressions. A Task Team comprised of HODs has been established to speedily resolve some of the challenges which amongst others include classification of municipal and provincial roads. We have observed that municipalities have been under-spending on Municipal Infrastructure Grants including Municipal Water Infra-

structure Grant (MWIG) which undermines government's intention of addressing service delivery backlogs in the Province. The Provincial Treasury and CoGHSTA will enhance their support provided to municipalities.

Conclusion.

Honourable Speaker, it must be mentioned that the Honourable Minister of Finance is still the Executive Authority of Provincial Treasury.

Through this budget we have put money aside to fund key priorities of this government. Education and Health receives the lion's share of the total R51, 460 Billion, by getting R24, 965 and R14,371 billion respectively. The construction and maintenance of roads and human settlements are also highly prioritized. Our focus is clear and unshaken: to improve the life of the people of this Province. This budget will help us in that regard.

I take this opportunity to thank the Honourable Premier of our Province, Honourable C. S. Mathabatha, for tireless support and motivation. My colleagues, Members of the Executive Council, for the close cooperation, commitment and collegiality in serving the people of our beautiful Province. The HOD Mr. Gavin Pratt, the Senior General Manager: Sustainable Resources Mr. Motlhanke Phukuntsie and the Section 100 Chief Administrator Mr. Monde Tom for the support and utmost dedication to their work. Head of the AG's Office in our Province Mr. Strydom and Public Service Commissioner Mr. Zacharia Mawasha. The Portfolio Committee on Provincial Treasury and its Chairperson Honourable M. H. Nematdzhivanani for words of wisdom and encouragement. Heads of Provincial Departments. Staff of Provincial Treasury. Thank you all

very much for contributing to this budget 2014.

South Africa is by far a different place today than it was in 1994!

Today is better than yesterday and tomorrow would be even better than today!

Working together we can do more to move South Africa forward!

I hereby table the Budget 2014/15 and all the supplementary documents Honourable Speaker.

Moshate!

Thank you very much!



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PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY