

**PROVINCIAL 2010/11 FINANCIAL YEAR ADJUSTMENT
ESTIMATES BUDGET SPEECH DELIVERED BY THE MEC OF
LIMPOPO PROVINCIAL TREASURY MR SA'AD CACHALIA TO
THE SECOND SESSION OF THE FOURTH DEMOCRATIC
LEGISLATURE, LEBOWAKGOMO**

Honourable Speaker,

Allow me to present to the honourable house the Adjustment Estimates of the Limpopo Provincial Administration for the 2010/11 financial year.

The Adjustment Estimates provides detailed information on revised spending projections for the current financial year, as well as mid-year provincial actual expenditure.

As at the 30 September i.e. six months into the financial year the actual expenditure of the provincial administration stood at R17, 865 billion or 45.1% of total budget of R39, 652 billion.

On a straight line projection the provincial departments should have spent 50% of the allocated budget.

The adjustment tabled today attempts to deal with both slow and possible over spending reflected in the In Year Monitoring Reports of the various departments.

The estimates also attempt to alleviate the possible budget pressures anticipated by various departments.

Conditional grants spending in particular on infrastructure is below average, and in finalizing the adjustments cognisance has been taken of the comprehensive and detailed plans of the departments in spending their allocations.

The adjustment estimates allow us to adjust the main appropriation figures for the additional funding received via national adjustments as well as the roll-over of unspent funds from the preceding financial year.

Honourable Speaker,

The adjustment budget we table today ensures that we remain focused on our policy priorities and programmes. The discussions

and documents on our new growth path requires us to grow our economy, to reduce and eradicate poverty, deal with unemployment and advance towards a society fashioned along a more equitable basis. Our own Limpopo Employment Growth Development Plan does precisely this. Our growth path requires that we place issues of health, education, employment, infrastructure etc at the center of our policy framework. The adjustment budget does not steer away from this.

Our challenges of poverty, unemployment, infrastructure and service delivery demands our urgent response. Our challenges are indeed demanding.

Honourable Speaker,

It is pleasing to note that these commitments, priorities and programmes have influenced our departmental planning and budgeting. It is important therefore that the people of our province must be able to see the link between the activities and projects of our government departments and service delivery in their respective communities.

Honourable Speaker,

In short we will continue to build houses for our people.... We will build quality schools and health facilities for our people, we will build roads and connect our people to all parts of the province and the country. We will grow our economy by promoting farming, industry and tourism. We must ensure that our mineral wealth benefits the people of our province. We will and must root out corruption and waste. We will make Limpopo safe... a province of peace, security and comfort for all.

In the words of the Finance Minister “we know that we can deliver on a plan, on time and on budget.”

After all honourable members we built here in Polokwane a state of the art stadium in the midst of a global recession. The world saw South Africa and Limpopo at its best during FIFA World Cup Championships.

Honourable Speaker,

We propose an overall adjustment of R 1, 4 billion to be added to the main appropriation of R 39, 652 billion giving a final adjusted appropriation of R 41, 060 billion.

The allocation proposed in the budget adjustment deals inter alia with the following;

- Unauthorised Expenditure thereby dealing with the Unauthorised Bills passed by the Provincial legislature
- Improvement of Conditions of Service (ICS) and Occupation Specific Dispensation (OSD) for doctors
- Additional Conditional Grants
- Non recurring expenditure

Honourable Speaker and Honourable members will note that the wage settlement agreement in the public sector was settled at 7.5%. The initial budgeted amount in the main appropriation for salary increment was 5.3%. The impact of the 2.2% increase together with the housing allowance on compensation of employees amounts to R574m in monetary terms. National

Treasury has given us only R509m leaving us with a shortfall of R65m.

This adjustment Honourable Speaker, deals with this deficit and in this regard we remain grateful to the Department of Roads and Transport which has sacrificed R8 million to fund their ICS through departmental reprioritization. Similarly Local Government and Housing and Provincial Treasury sacrificed 100% of their respective ICS allocations through departmental reprioritization.

The Department of Health & Social Development shifted R40, million from the Health vote to the Social Development vote to cover the shortfall in compensation of employees in the latter.

Honourable Speaker,

I will now turn to the individual votes and present the proposed adjusted allocation for each vote.

Vote 1: The office of the Premier

The office of the Premier was allocated through the main appropriation an amount of R529 million. The adjustments are made up as follows;

Improvement of Conditions of Service	R5, 677 million
Roll over's approved:	R3, 900 million
2010 world cup	R2, 900 million
Capital expenditure	R1, 000 million
Unauthorised Expenditure	R3, 965 million
Once off for Traditional Affairs	R20, 000 million
Function Shift (Information Communications Technology & Internal Audit)	(R 57,262 million)

The budget for the office of the Premier reduces to R505 million.

Vote 2 Provincial Legislature

The Provincial Legislature was allocated through the main appropriation an amount of R183 million. The adjustments are made up as follows;

Improvement of Conditions of Service	R1, 423 million
Unauthorised Expenditure	R0, 630 million

Provincial Own revenue	R0,322 million
Funding for legislative affairs	R17, 000 million
– Common wealth Parliamentary	R3, 176 million
– National key points activities	R3, 300 million
– Payment for capital assets equipment	R10, 524 million

The budget for the Provincial Legislature increases to R202 million

Vote 3 Department of Education

The Department of Education was allocated through the main appropriation an amount of R18.8 billion. The adjustments are made up as follows;

Improvement of Conditions of Service	R345, 838 million
F E T (Conditional grant)	R6, 273 million
I G P (Infrastructure Grant)	R5, 000 million
Unauthorised Expenditure	R148, 958 million
Learner Teacher Support Materials	R120, 000 million

The budget for the Department of Education increases to R19.4 billion.

Vote 4 Department of Agriculture

The Department of Agriculture was allocated through the main appropriation an amount of R1,376 billion. The adjustments are made up as follows;

Improvement of Conditions of Service	R18, 302 million
Unauthorised Expenditure	R0, 325 million

The budget for the Department of Agriculture increases to R1,395 billion.

Vote 5 Provincial Treasury

The Provincial Treasury as allocated through the main appropriation an amount of R362 million. The adjustments are made up as follows;

Function Shift (Internal Audit)	R 34,516 million
Function Shift (IGP)	(R 8, 000 million)

The budget for the Provincial Treasury increases to R388 million.

Vote 6 Department of Economic Development, Environment and Tourism

The Department of Economic Development, Environment and Tourism was allocated through the main appropriation an amount of R874.8 million. The adjustments are made up as follows;

Improvements of Conditions of Service	R 6,868 million
Roll over's – Capital projects	R 1,820 million
Surrender of growth fund	(R88 000 million)
ICT	R22, 746million
Unauthorised Expenditure	R52, 604 million

The budget for the Department of Economic Development, Environment and Tourism decreases to R871.5 million.

Vote 7 Department of Health

The Department of Health was allocated through the main appropriation an amount of R10.5 billion. The adjustments are made up as follows;

Improvement of Conditions of Service	R102, 127 million
OSD (Doctors)	R19, 600 million

HIV/ AIDS- Conditional grant	R1, 000 million
EPWP	R6, 681 million
Health disaster response (Cholera)	R 39,713 million

The budget for the Department of Health increases to R10.7 billion

Vote 8 Department of Roads & Transport

The Department of Roads and Transport was allocated through the main appropriation an amount of R3.2 billion. The adjustments are made up as follows;

Improvement of Conditions of Service	R12, 524 million
Roll over (IGP)	R190, 440 million

The budget for the Department of Roads and Transport increases to R3.4 billion.

Vote 9 Department of Public Works

The Department of Public Works was allocated through the main appropriation an amount of R750 million. The adjustments are made up as follows;

Improvement of Conditions of Service	R13, 233 million
EPWP	(R 10,137 million)
Infrastructure Grant (IGP)	R 3, 000 million
Unauthorised Expenditure	R18, 486 million
Once off (Rates and Taxes)	R5, 500 million

The budget for the Department of Public Works increases to R780 million.

Vote 10 Department of Safety, Security and Liaison

The Department of Safety, Security and Liaison was allocated through the main appropriation an amount of R53.1 million. The adjustments are made up as follows;

Improvement of Conditions of Service	R 0, 540 million
Budget pressures – repair of roof	R 2,000 million

The budget for the Department of Safety, Security and Liaison increases to R55.7 million.

Vote 11 Department of Local Government & Housing

The Department of Local Government & Housing was allocated through the main appropriation an amount of R1.886 billion. The adjustments are made up as follows;

Unauthorised Expenditure	R1, 500 million
Purchase of sites/ land	R11, 400 million

The budget for the Department of Local Government & Housing increases to R1.899 billion.

Vote 12 Department of Social Development

The Department of Social Development was allocated through the main appropriation an amount of R806 million. The adjustments are made up as follows;

Improvement of Conditions of Service	R47, 163 million
EPWP - shift	R3, 456 million
Roll over- Capital	R8, 522 million
Unauthorised Expenditure	R140, 370 million

Transfers and subsidies to community based drop centers and upgrading of community development officers R100, 000 million

The budget for the Department of Social Development increases to R1.1 billion.

Vote 13 Department of Sports, Art and Culture

The Department of Sports, Art and Culture was allocated through the main appropriation an amount of R246 million. The adjustments are made up as follows;

Improvement of Conditions of Service	R1, 649 million
Roll over – Conditional grants:	R9, 768 million
Library	R5417 million
Mass sport	R 4351 million
Funding for Mapungubwe	R2, 164 million
Archive Building	R6, 900 million
Municipal payment for Auditorium	R6,383 million

The budget for the Department of Sports, Arts and Culture increases to R273 million.

Honourable Speaker,

Tabled evenly herewith is a provincial MTBPS. This document again is an attempt by Provincial Treasury, through research and

study to make observations on the socio-economic, financial and developmental issues we face as a province. I request members to read it make comments and critique its contents.

Honourable Speaker,

It would perhaps be appropriate to conclude with the words from the Minister of Finance in his MTBP speech delivered in parliament in October 2010. “We have done well, but it is not good enough. We know our challenges. It is time to be impatient with ourselves. The time for talking about our challenges is over. The challenges that we know so well – poverty, unemployment, deteriorating infrastructure, delay in services – demand our urgent responses. Our communities have been very patient. They want this economy to create jobs; they want faster and better delivery of public services. South Africans, all South Africans, those who are poor and those who are privileged, want economic growth. But not just any growth. We want economic growth that creates opportunities for meaningful participation, not only for ourselves, but for our neighbours, not only for ourselves, but for our sons and daughters.