



# LIMPOPO

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**PROVINCIAL GOVERNMENT**  
REPUBLIC OF SOUTH AFRICA

# **Budget Speech**

# **2012/13**

## **Budget Speech 2012/2013**

Honourable Speaker;  
Honourable Deputy Speaker;  
Honourable Premier,  
Honourable Members of the Legislature and NCOP;  
Members of the Executive Council;  
Executive Mayors and Mayors of Local Municipalities;  
Provincial Auditor-General, Dirk Strydom;  
Commissioner of Police;  
Director General and Heads of Departments;  
Leaders of Opposition Parties;  
Chairperson of the House of Traditional Leaders;  
Traditional leaders;  
Former MPs and MPLs;  
Provincial Secretary of the ANC Cde Soviet Lekganyane;  
Stalwarts and Veterans of our struggle who fought hard for our freedom;  
Leaders of our Chapter Nine and Ten Institutions;  
Leaders of the various religious formations;  
Leaders of Labour and Business; Women, Community and the Youth,  
Members of the media  
Distinguished guests, comrades, ladies and gentlemen

Mr Speaker, it gives me pleasure to table, the Appropriation Bill 2012, Estimates of Receipts and Payments, the Limpopo Provincial Budget Speech for 2012/13 and other documents. The budget that is being tabled today has been jointly prepared by the provincial and national government.

I address you at an important time in our country's history and when the global economy is in serious crisis.

This is the 100th anniversary of our movement, the ANC. It is a proud and glorious past. Our forefathers and mothers achieved victories which others could only imagine. They brought us a democracy founded on deep constitutional principles. However, huge challenges lie ahead of us if we want true democracy and real freedom on our country.

As President Zuma said in his State of the Nation address, “the triple challenge of unemployment, poverty and inequality persists, despite the progress we have made. Africans, women and the youth continue to suffer most from this challenge”.

Notwithstanding the worldwide economic crisis, we in South Africa must do everything possible to use our resources wisely and to find creative ways to boost growth, investment and job creation.

This budget is presented this morning in the midst of the on-going global economic crisis. This is a time when governments throughout the world are constrained in how much they have available to spend and how they can get their economies working again. There is simply not as much money to spend as there has been in previous years. In other words, we are all forced to do more with less.

Governments everywhere are forced to work more smartly with the limited resources at their disposal. South Africa is no different. Despite this, the fourth quarter results released about a month ago indicate that the rate of unemployment has begun to come down, although still only marginally. But we are not out of the woods yet.

National government remains resolute in insulating the poor against the impact of the economic slowdown. Infrastructure delivery, a cornerstone of every growing economy, is to be stepped up, especially network infrastructure like roads, rail, energy and water. The President explained how various projects and infrastructure initiatives have been identified. They have been clustered, sequenced and prioritised into a pipeline of strategic projects.

Limpopo is ready to benefit from Government's large scale infrastructure programme. For example, there is the plan to develop and integrate rail road and water infrastructure in two main areas in Limpopo – Waterberg in the West and Steelpoort in the East. This programme will help unlock the potential of the mining of coal, palladium, platinum, chrome and other scarce minerals.

The province is also expanding its own social and economic infrastructure programme. We will augment national initiatives by the building of logistics hubs in Polokwane, Musina, Burgersfort and Lephalale, which will also help to decrease the transportation of heavy goods on our roads and accelerate employment creation.

Honourable Speaker, as a province we need to support national government's attempts to ensure value for money. Collectively, we need to take bold steps to ensure that every cent of taxpayer's money is spent correctly and has a lasting impact on the people of our province. We need to ensure that the province is back on a sound financial footing as a matter of urgency. Steps have already been taken to ensure sound financial management practices are embedded in the provincial administration. Indeed, today I challenge the provincial legislature to hold us fully accountable for the budget I am tabling today on behalf of our executive council. We owe it to the people of Limpopo that we make every effort to ensure that quality services reach them.

Honourable Speaker, as we all know, Cabinet made a decision to intervene in the management of this province's finances in December 2011.

I am happy to report that the national intervention team, working closely with the relevant departments, has helped stabilize the provincial finances. The budget being tabled today signals a

clear path to sustainability. A credible plan has been put in place to address the problems of accruals and the accumulated unauthorized expenditure. In addition, the Provincial Revenue Fund has been stabilized and we have wiped out the overdraft. Today the province has a positive cash balance.

We make provision in the budget for technical support which is required for improved financial management, including budget management, the reduction of compensation of employees and a review of organizational structures and cultures to realize savings for service delivery.

The national intervention will assist us in accelerating our recovery. Together with the national cabinet team led by the Finance Minister, Pravin Gordhan, we are hard at work to overcome all of the financial challenges facing the province. As the Finance Minister said during his 2012 Budget Speech, 'we shall continue to work hard at building institutions and systems where weaknesses have been identified...' He also added that Cabinet ministers will report progress in their respective budget votes in the National Assembly.

Honourable Speaker, the state's resources must be managed properly and efficiently. Tough action must be taken against those who mismanage public funds. No one is free to mismanage our public funds.

Therefore we have started putting measures in place in Limpopo to ensure sound financial management practices. These measures include:

- Rebuilding the treasury function to ensure that it can meet the obligations entrusted to it by the Constitution and the Public Finance Management Act;
- The establishment of a credible budget preparation process that seeks to ensure optimal resource allocation;
- Adherence to supply chain management (SCM) regulations. This includes steps to revoke circulars and guidelines that contradict existing SCM regulations;
- Taking proactive steps to ensure that corruption is rooted out of the system; and;
- Enabling the provincial treasury, through the provincial Accountant-General, to provide support to the finance components of all provincial departments.

We acknowledge the financial management challenges in our provincial departments, the provincial public entities and in our municipalities. We want to reiterate our commitment to fight corruption. People must report corruption to our law enforcement agencies, and action must be taken against anyone regardless of who is involved.

As an EXCO we have also approved the Clean Audit Strategy with the following five key elements:

- 1) Continuous improvement of the availability of quality supporting documentation to support

all financial statements and management information.

- 2) Strengthening governance structures (namely internal audit, audit and risk management committees).
- 3) Strengthening capacity building initiatives.
- 4) Strengthening capacity to implement Operation Clean Audit (at various levels of leadership).
- 5) Sharing information and knowledge management within and amongst provincial departments, public entities, municipalities and other provinces.

Integral to the initiatives of Clean Audit are financial systems and in particular the roll out of the Integrated Financial Management System Asset Register.

The benefits of the implementation of the IFMS Asset Register will be to enhance the abilities of Limpopo's Provincial Departments to improve core asset management business processes, within the parameters of legislative and regulatory requirements in terms of assets. In addition the National Treasury and the National Department of Health have made Limpopo the lead site for health sector implementation of the IFMS Asset Register.

Honourable Speaker, we as the Limpopo Province, working together with the National Cabinet, remain confident that we will resolve the challenges we face. It is only a matter of time before we begin to see improvement in this regard.

### **Estimates of Provincial Expenditure**

Allow me Honourable Speaker to share with the House the financial allocations for each budget vote. It is worth noting that our total budget for the 2012/13 financial year is R 46.9 billion, composed of R 38.7 billion from the equitable share, R7.6 billion in conditional grants, and R 509.9 million from own provincial revenue.

Honourable Speaker,

Despite the budget constraints, our ANC-led government continues to prioritize the funding of our development of the economy and the socio-economic well being of our citizens.

- At a combined estimate of 77.4 percent, our budget is allocated to the Social Services Cluster through Education, Health, Social Development, Sport, and Arts and Culture.
- In the 2012/13 financial year the Economic Cluster is allocated R4.8 billion to support the human settlements, agriculture and other initiatives towards the New Growth Path.
- The Infrastructure Cluster is allocated R4.6 billion mainly for roads infrastructure tenance,

rehabilitation and maintenance, and the maintenance of office buildings.

- The Governance and Administration Cluster receives an allocation of R929.8 million and covers all transversal functions needed for the province.

Honourable Speaker, I now turn to the allocation per vote.

***Vote 1 (Office of the Premier)***

To ensure effective coordinated planning and implementation of our provincial government programmes, R329 million has been allocated to the Office of the Premier.

***Vote 2 (Provincial Legislature)***

To enhance democracy, public participation and strengthen the oversight functions over government, R217.7 million is allocated to our provincial legislature.

***Vote 3 (Education)***

Education is a major priority of our society and receives the largest share of the provincial budget. It is for this reason that we have increased the allocation from R20.7 billion to R22.1 billion to the education department.

Through this allocation, the Department will implement the 12 policy priorities, which include the funding of no-school-fee schools, teacher development, scholar transport, school furniture and school safety as well as food schemes for our scholars. All these are done to ensure that our learners are free from hunger, crime and HIV-AIDS, thus enabling them to acquire knowledge that will free them from ignorance.

***Vote 4 (Agriculture)***

The Department of Agriculture has been allocated R1.6 billion. This money will be utilized for amongst other things, the Comprehensive Agriculture Support Programme as well as the Land Care Programme.

***Vote 5 (Provincial Treasury)***

To enhance, the overall financial management in the province, R315 million is allocated to the Provincial Treasury.

Some of the provincial priorities catered for in the budget allocation are the implementation of the

bank overdraft and clean audit strategies, provincial budget reforms, Municipal Financial Management and Financial Governance. The integrity of the office of the Chief Financial Officer in provincial departments will be enhanced through proper staffing as well as the hiring of skilled officials with the requisite financial management skills.

### ***Vote 6 (Economic Development, Environment and Tourism)***

To facilitate environmentally friendly economic growth and development, R888 million is allocated to the Department of Economic Development, Environment and Tourism. The Department will also finalize the provincial mineral beneficiation strategy so that our province does not just export unprocessed minerals.

### ***Vote 7 (Health)***

The freedom of our people from disease is one of the priorities of the ANC-led government, and has become a societal priority. For this reason, the allocation to the department of Health increases from R11.5 billion to R 11.9 billion for 2012/13, to R12.6 billion in 2013/14 and R 13.8 billion in 2014/15, respectively.

The department of Health enjoys a high share of the provincial budget at 26 per cent due to the number of priorities outlined within the department, which include the implementation of the National Health Insurance scheme, the fight against HIV-AIDS, TB, malaria and cholera as well as the recruitment and increasing of the number of health professionals through building more nursing colleges.

### ***Vote 8 (Roads and Transport)***

Good roads and transport are essential for efficient movement of our citizens and the delivery of commodities, hence the increase in the budget allocation for the Department of Roads and Transport from R3.6 billion to R3.8 billion in 2012/13.

This money will enable the Department to fund the building and maintenance of an improved transport infrastructure in our province.

Included in the priorities for the current MTEF budget are the R33 and R37 roads which provide very important links between Lephalale and the N11 (Marble Hall). As we mentioned earlier, the economic development taking place in Lephalale such as the Medupi Power Station (ESKOM) and Project Mafutha (SASOL) will use these roads.

This money will also be utilized to construct intermodal facilities in Thohoyandou, Giyani and Burgersfort.

### **Vote 09 (Public Works)**

The Department of Public Works has been allocated R859 million. Using this amount the Department will continue to provide leadership on infrastructure development and maintenance in our province.

Honourable Speaker, our people are free to starve or enter into wage-labour. In order to reduce the levels of starvation and by working together with other departments, the Department of Public Works through the Expanded Public Works Programme (EPWP) will seek to provide work opportunities for our people.

### **Vote 10 (Safety, Security and Liaison)**

Honourable speaker, our people must be freed from the scourge of crime. Our people must be safe. No one has the freedom to commit domestic violence. Women must feel free to walk in any social space and live freely in our communities without fear of being harassed, raped or killed. R67.3 million is allocated to enable the Department of Safety, Security and Liaison to perform their tasks to ensure our peoples have rights to these freedoms, including supporting the Community Safety Forums.

### **Vote 11 (Co-operative Governance, Human Settlements and Traditional Affairs)**

Honourable Speaker, the department of Co-operative Governance, Human Settlements and Traditional Affairs is allocated R2.4 billion, of which R1.5 billion is a conditional grant for Housing and Human Settlements.

Through this allocation, the Department will not only build shelters for our people, but will also support our municipalities to realize the basic needs of our people. The department will also focus on operation clean audit and municipal financial systems, demarcation of sites and development of land use management schemes.

R80 million has been allocated to increase the salaries of our traditional leaders thereby ensuring that they work with our local municipalities to ensure that democracy is deepened and tribal land is used for the benefit of poor people in the countryside. We should do so because *khosi ndi khosi nga vathu ! kgosi ke kgosi ka batho ! Hosi i Hosi hi vanhu*. Therefore traditional leaders must work with our elected representatives and our people to deepen democracy and community development.

### **Vote 12 (Social Development)**

The allocation for Social Development increases to R1.2 billion. This money will be used for



amongst other things, to provide basic services to orphans and children made vulnerable by HIV/AIDS.

### ***Vote 13 (Sport, Arts and Culture)***

The 2012/13 allocation for Sport, Arts, and Culture increases from R280 million to R288 million. The department also receives Conditional Grants, which amount to 43.5 per cent of the department's total budget.

Through this money, the Department will finance cultural programmes, provide library infrastructure, build social cohesion, encourage mass sport participation especially school sport, amongst other things. This will ensure that our people are free to exercise their cultural and sporting talents.

Honourable Speaker

All institutions of government need to spend prudently and realign their budgets to ensure bias towards pro-poor frontline government services

Honourable Speaker, Premier and Honourable Members of the House, comrades and friends, the preparation of this budget depended on a great deal of hard work and inputs from a number of stakeholders and role players. In compiling this budget, consideration had to be taken of the provincial budget deficit and bank overdraft position and also to make trade-offs.

I would like to offer my sincere thanks to the honourable Premier and Finance Minister Pravin Gordhan for the support and guidance provided during the drafting of this budget.

I also thank my fellow MECs in our provincial cabinet for the level of co-operation, support and valuable critical comment offered during the drafting of this budget.

A word of appreciation also goes to Mr. Monde Tom, our Provincial Administrator for technically leading the National intervention. We also thank the rest of the national intervention team as well as the staff of the national and provincial treasury.

My special thanks also goes to my entire family, including my wife Trudy Modikadiketso Moshodi and our boys – Tirhani and Akani, for their on-going priceless support.

We further wish to extend our sincerest gratitude to the people of Limpopo, including everyone in attendance for the overwhelming support we continue to receive.

Comrade Premier, here is the budget which is designed to realize the priorities that have been

articulated in the state of the province address consistent with the President's State of the Nation Address.

Let me quote the President from his State of the Nation address in February: "I would like to appeal to all our people to join hands as they always do, as we deal decisively with the triple challenges of unemployment, poverty and inequality. Nobody will do this for us, it is in our hands. And we are equal to the task"

The tree of freedom for many of our people has not yet emerged. This budget is an attempt to plant the seeds for the upward growth of the tree of freedom.

**I thank you !**

**Re a leboga !**

**Ndaa !**

**Inkomu !**



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