



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

# Budget Speech

**2013/14**



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PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

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**BUDGET SPEECH ON THE TABLING OF THE 2013/14 LIMPOPO  
BUDGET TO THE LEGISLATURE - DELIVERED BY LIMPOPO  
FINANCE MEC DAVID MASONDO, 12 March 2013**

Honourable Speaker, Rudolph Phala  
Honourable Deputy Speaker, Joyce Mashamba  
Honourable Premier, Cassell Mathale  
Honourable Members of the Legislature and NCOP;  
Members of the Executive Council;  
Executive Mayors and Mayors of local municipalities;  
Provincial Secretary of the ANC Cde Soviet Lekganyane;  
Stalwarts and Veterans of our struggle who fought hard for our freedom;  
Provincial Auditor-General, Dirk Strydom;  
Commissioner of Police; General Mpempe;  
Provincial Commissioner of the Public Service Commission, Matome Mawasha; and other leaders of Leaders of Chapter Nine and Ten Institutions  
Director General, Ms. Rachel Molepo-Modipa;  
Heads of Departments;  
Leaders of Opposition Parties;  
Chairperson of the House of Traditional Leaders, Kgoshi Dikgale  
Traditional leaders;  
Former MPs and MPLs;  
Leadership of various religious formations;  
Leadership of Labour and Business; women, community and the youth,  
The Dean of the Faculty of Engineering at Johannesburg University,  
Professor Tshildizi Marwala;  
The Dean of the Faculty of Management and Law at Limpopo University,  
Professor Pumela Msweli;  
Members of the media;  
Distinguished guests, comrades, and friends;  
The People of Limpopo.

Ndi matsheloni !  
Avuxeni !  
Dumelang !

## Growth and Redistribution

Honourable Speaker

We are presenting this budget in a context where the global economy ....and the SA economy is still labouring under the stresses of the European recession, slow growth in SA, and a lack of job creation and dynamism in our economy.

The Census 2011 results show that we have made significant strides in providing education access, health services, improving life expectancy and housing and sanitation.

However, many of our people are still without social services and productive assets, and some with very low or no income at all, despite the numerous socio-economic achievements the ANC-led government has made since 1994.

Those of us who are charged with the responsibility of delivery of key services and a better life clearly need to do better and do so with a greater sense of urgency and seriousness.

During recent EXCO public participation meetings several community members expressed their dissatisfaction with the pace of service delivery. To quote a few of the remarks and concerns, one community member said:

*'We need water, we need electricity... our government must act with speed ... we are suffering.. we have no jobs!'*

Another community member said:

*'we have been waiting for a better life for long now.. it is not coming...'*

The message we get from the voices of our communities is that we are making progress, but our people still need their government to accelerate service delivery.

The National Development Plan calls for an *'inclusive growth path'*. This signifies government's commitment to addressing poverty, growth, service delivery and inequality.

When the ANC was elected into government in 1994, one of the central questions was how should we increase economic growth and at the same time redistribute (a) income, (b) social services such as education, health, electricity, water; (b) productive assets such as land.

The National Development Plan, supported by the Growth Path and IPAP and other government plans, provides a roadmap for broad-based growth and development. It also provides a clear guideline in respect of the critical priorities, challenges and opportunities that we face. Firstly, we are a young nation. Our demographics reflect millions of young people who are leaving the schooling system every year. Therefore, we need to improve the performance of our education system, provide high quality training and work opportunities.

Secondly, our society is rapidly urbanizing. While we need to develop and strengthen our rural economy, we need to respond to the urgent needs for housing, municipal services, schools, clinics, transport and commercial development.

Thirdly, our economy must become more competitive, through investing in infrastructure, raising productivity and living standards.

And finally, it is government's commitment to build a more equal society, with social solidarity and respect.

This provincial budget is presented within the context of our government's national budget presented on 27 February, 2013. In summary, the budget for the country is outlined as follows:

In the past, we have been able to add substantially to medium term spending plans during the Budget, but this year is different. Money has been taken away from programmes that are not performing or are not aligned to government's core priorities and given to programmes that are delivering as planned. The main appropriation provides for R1 055 billion in expenditure next year, rising to R1 226 billion in 2015/16. Debt-service costs will come to R100 billion next year, and R4 billion is set aside as a contingency reserve. This leaves R951 billion to be divided between the national, provincial and local spheres. National departments are allocated 47.6 per cent of available funds in 2013/14. Provinces are allocated 43.5 per cent, mainly for education, health and social welfare.

Local government receives 8.9 per cent, primarily for providing basic services to low-income households.

### **Advances made in economic growth and redistribution**

As a country and in Limpopo we have done relatively well in increasing the distribution of basic services such as health, education, electricity and water, though a lot still needs to be done in this regard. In Limpopo household access to electricity has increased from 36% in 1996 to 87% in 2010 and 86% of the households have access to water.

As confirmed by Statistics South Africa in the Census 2011 results Limpopo province has made strides in providing housing for our communities. More than 89 per cent of households live in formal dwellings, up from 62 per cent in 1996, and this is the highest of all provinces in the country.

We have to transform our spatial human settlement patterns in line with the vision of the Freedom Charter, which said – *South Africa belongs to all who live in it – black and white.*

Honourable Speaker

South Africa has increased its economic growth rates from a negative growth in 1993 to 2.5 per cent in 2012. However, in the recent past South Africa's economic growth has declined from 2.8% to 2.5% in 2012. And our provincial economic growth rate has also declined from 2.6% in 2010 to 2.4% in 2011.

In Limpopo, mining and agriculture constitute the largest percentage of our economic activities.

With the major advanced capitalist countries experiencing slow economic growth, mining is still experiencing some difficulties in selling its commodities, which is making the realization of profits more difficult and thus negatively affecting our ability to generate state revenue.

## Honourable Speaker, turning to the 2013 Budget

In tabling the 2013 National Budget the Minister, Pravin Gordhan said:

*“The 2013 Budget is presented in challenging times, but against the background of a new strategic framework for growth and development. This is a budget in which there is limited room for expansion, yet there are significant opportunities for change.”*

There is a national tax revenue shortfall of **R16.3 billion in 2012/13** financial year, due to slow economic growth rate which has been deepened by the global economic crisis and recent unrest in the mining sector. As a result, the national budget deficit is estimated to be 5.2% of GDP in 2012/2013 financial year. The impact of this is, among other things, a decline in the equitable share of the province.

Honourable Speaker

The outcomes of the 2011 Census, which shows a lower population growth in Limpopo compared to other provinces, has had an impact on our equitable share. Over a period of three years, the province will lose **R3.6 billion**. But the national government has made available **R1.16 billion** to cushion the negative impact of this decline in our equitable share over the next three years. This means this cushioning will fall away after 2015/16. Therefore for the next three years we have to spend our budget with an understanding that our equitable share will not increase and still settle the remaining **R1.5 billion** of the accumulated unauthorised expenditure.

Honourable Speaker, the current economic growth and the decline in state revenue means that we have to live within our current financial means. This will require efficient and effective ways of utilising our budget. This implies that as a province we must moderate spending growth over the medium term. Our composition of expenditure needs to change to support inclusive development that encourages economic growth while improving delivery in social services. The challenge is to balance between personnel, goods and services and capital spending over the 2013/14 MTEF.

## **Forging ahead with government's commitment in spite of difficult economic times**

Despite the current constraints, our government is still committed to accelerate economic growth, distribution, investment and development through building a highly productive economy by investing in infrastructure, and raising productivity and living standards in order to build a more equal society based on social solidarity, as the Finance Minister, Pravin Gordhan pointed out in the 2013 National Budget Speech.

In doing so, the bulk of expenditure is directed to the areas of highest economic potential and greatest need, in line with national and provincial priorities. Focus is placed on giving effect to the objectives of eradicating poverty through agricultural investments and strengthening education and health while, at the same time, ensuring economic infrastructure investments.

### **Size and composition of the 2013/14 provincial budget**

The total budget for the financial year 2013/2014 is **R48.433 billion**. **R41.362 billion** comes from equitable share, **R7.179 billion** from conditional grants and **R629 million** from own revenue.

Honourable Members will notice that in the 2013/14 financial year we will increase our own provincial revenue by 14.4 per cent. This significant increase is due to amongst other things, the new gambling sites which will serve as additional sources of revenue in public entities linked to the Limpopo Department of Economic Development, Environment and Tourism (LEDET), as well as an increase in motor vehicle tariffs.

Moreover, we have through the revenue enhancement strategies in departments under the leadership of the provincial treasury, seen and will hopefully continue to see sharp increases in revenue streams through the “high road revenue collection” in LEDET; Health; Public Works and Roads and Transport.

The R7.2 billion for infrastructure conditional grant is allocated as follows:

- **Education – R2.3 billion**, which includes:
  - o R932 million for National Schools Nutrition;
  - o R984 million for the Education Infrastructure grant;
  - o R375 million for FET Colleges.
- **Agriculture – R279 million**, which includes
  - o R285 million for the Comprehensive Agricultural Support Programme;
  - o R19 million for Land Care
- **Health – R1.8 billion**, which includes
  - o R467 million for Hospital Revitalisation
  - o R861 million for Comprehensive HIV and AIDS
  - o R305 million for National Tertiary Services
- **Roads and Transport – R1.3 billion**, which includes
  - o R991 million is set aside for road maintenance;
  - o R275 million for Transport Operations
- **CoGHSTA – R1.3 billion for Human Settlements**
- **Sport, Arts & Culture – R113 million**, which includes
  - R56 million for Mass Sport Participation and Sport Development;
  - R56 million for Community Library Services

**An amount of R98 million** for the Expanded Public Works Programme and incentive which will be used to initiate new job creation possibilities.

Allow me to outline how this money has been allocated. In doing so, I will show allocations in terms of (a) government clusters and (b) departmental allocations.

## **CLUSTER ALLOCATIONS**

Fellow Limpopo citizens in government, we have grouped departments into different clusters.

**The Social Sector Cluster** (i.e. Education, Health, Social Development, Safety Security and Liaison and Sport, Arts and Culture) is allocated



**R38.271 billion**, which is 79 per cent of the total budget. This will go a long way in the distribution of social services to Limpopo citizens.

**An amount of R 6.998 billion** constituting **14.5** per cent **is allocated to the Economic Cluster** (i.e. LEDET; Agriculture; Public Works and Roads and transport) to build the provincial economy through conserving the natural environment, building and maintaining the economic institutions and infrastructure, including farmer support.

**The Governance and Administration Cluster** (i.e. Office of the Premier, Provincial treasury, Provincial Legislature, CoGHSTA and the Legislature) is allocated **R3.164 billion**, which is 6.5 per cent to assist the province with financial good governance, wide planning, law making and legislative oversight as well as decent human and integrated settlements for our people.

The Compensation of Employees (**COE**) still constitutes the highest percentage of the expenditure at 70 per cent. The percentage COE for Education increasing from 80.9 to 82.3 per cent and Health from 66.8 to 72.6 per cent.

Honourable Members will recall that this is the area we have attempted to contain and will continue to explore alternatives within the framework of the law, without sacrificing services we have to provide to the poor.

## **DEPARTMENTAL ALLOCATIONS**

Honourable Speaker, let me now turn to how these amounts are allocated to each department or votes.

### **Economic Growth and Redistribution through Education**

Honourable Speaker, let me take this opportunity to join the Premier and others in congratulating the Department of Education led by MEC Masemola and his team for increasing our matric pass rate since 2009, particularly 2012, which was one of the most difficult schooling years for the province characterized by negative publicity. Despite these difficulties, 15 out of 27 top national matric students are from Limpopo.

The ANC led government has successfully built more than 54 state-of-the-art schools in the province from 2009 to date and 82 schools giving many of our learners the opportunity to be taught in proper school buildings suitable for learning and teaching.

The National Development Plan has clearly stated that good education and training is a critical foundation for a 'more productive and inclusive growth'. To undertake this task, the department's budget increases from **R22.884 billion to R23.475 billion** for this financial year. The department of Education has the highest share of the provincial equitable share at 51 per cent. This will fund educational priorities such as school norms and standards, learner support materials, school furniture and scholar transport.

### **Economic Growth and Redistribution through Intergraded Planning and Monitoring**

Honourable Speaker, The office of the Premier is allocated **R323 million**. This budget will be used to ensure good governance and integrated planning and improving monitoring and evaluation of government programs in the province, including the intensification of the interactions with communities through the EXCO-public participation program.

### **Economic Growth and Redistribution through Law making, Oversight and Public Participation**

Honourable Speaker, the allocation for the Provincial Legislature decreases from **R244 million** in 2012/13 to **R226 million** in 2012/13, due to the decline in our provincial equitable share.

The budget will be used for the running of the Provincial Legislature, strengthening the oversight functions and public participation to ensure that political power is not concentrated amongst the elected representatives, but is also distributed to the poor.

### **Economic Growth and Redistribution through Tourism and Natural Environment friendly Economic Development**

The allocation for the Economic Development, Environment and Tourism Department grows from **R890 million** for the 2012/13 financial years to **R1.074 billion** in 2013/2014. This money will be used to conserve our nature areas, implement the broadband project, and support for SMMEs, co-operatives and tourism.

The amalgamation of economic development agencies – LIBSA, LIMDEV, TIL and LADC into a single agency within the province came to a successful conclusion in 2012 with the establishment of the Limpopo Economic Development Agency (LEDA) which has been established to assist in boosting the level of industrialization in our province to break our dependency on raw materials.

**R307 million** has been allocated to the agency to undertake this task. However, the agency has to be financially self-sustainable. It cannot be a rent-seeking government institution without generating income for itself.

### **Economic Growth and Redistribution through Agriculture**

As mentioned earlier, agricultural land distribution to individual and collective black farmers is still low and slow. The call for agricultural land redistribution is not just on racially equitable grounds. It is an economic imperative!

Honourable members, the development and growth of agriculture is a critical condition for the further industrialization of the country and the province of Limpopo. Many countries that have industrialized did so through building a strong agricultural economic base. Agriculture serves as a source of supply and demand for industry. On the one hand, agriculture supplies products such as food and raw materials, which are required for consumption by workers and industrial production. On the other hand, agriculture is a source of demand for industry in that agriculture needs machinery such as tractors, harrows and fertilizers. So we cannot speak about industrialization without agriculture. The two are linked!

The budget for the Department of Agriculture is allocated **R1.525 billion**. These funds will be utilized to provide farmer support and better access to affordable and diverse foods and sustainable agrarian reform with small and large-scale farming.

## **Economic Growth through Good Financial Governance and Budget Allocation**

Economic growth and redistribution cannot take place without enforcing good financial governance, including fighting fraud and corruption. Corruption through amongst other things, pricing commodities above their market value robs the poor of money that should be used for development.

The allocation for the Provincial Treasury is **R385 million** to build a strong foundation for Operation Clean Audit and enhance the overall financial management of the province whilst at the same time, restoring the oversight function of the provincial treasury.

## **Economic Growth and Redistribution through Health Services**

The allocation for the department of Health increases from **R12.8 billion** to **R13.076 billion** for the 2013/14 financial year. After education, this is the second highest allocation of our equitable share in the provincial budget at 27 per cent.

This amount will be allocated to amongst other things, recruitment of new doctors and nurses, buying of food and medicine and fighting TB and HIV and AIDS.

## **Economic Growth and Redistribution through Roads and Transport**

Economic growth and redistribution cannot take place without the movement of goods, services and people.

We have been improving the living conditions of our people through roads infrastructure development. We have built bridges for communities that were using 'segwaigwai' for many years.

We have built more than **15 bridges** in the past four years. Excluding roads built by municipalities, we have constructed more than **370 kilometers** of roads for our communities.

To continue with this work of building road infrastructure in our province, the Department of Roads and Transport is allocated **R3.521 billion**. This allocation must also be used repair damages caused by the recent floods.

## **Economic Growth and Redistribution through Public Works**

The allocation for Public Works increases from **R826 million** in 2012/13 to **R877 million** for the 2013/14 financial year. These funds will be used to enable the department to build and maintain public infrastructure and implement the Expanded Public Works Programme.

## **Economic Growth and Redistribution through Safety, Security and Liaison**

Honourable Speaker, during the recent EXCO public participation, Ms. Nansina from Lethale at Maruleng complained that criminals steal their main switches for household electricity. At another recent EXCO Public Participation meeting at Mahlathi in Giyani two weeks ago, Ms. Chave appealed to government to intervene and stem the tide against rape and other forms of sexual violence against women and children.

We want to say to *mme* Nansina and *manana* Chave that we are allocating **R74 million** to the Department of Safety, Security and Liaison to ensure that they continue to work in our communities through Community Policing Forums to eradicate crime, which includes theft and abuse of women and children.

Ms. Chave will also be pleased to know that the Family Violence, Child Protection and Sexual Offences Units have been increased to bolster state capacity to combat the abuse of women and children, as indicated by the state President Jacob Zuma.

## **Economic Growth through Integrated Human Settlement and Co-operative Governance**

Apartheid settled people in racial, class and ethnic compartments. The department of Co-operative Governance, Human Settlements and Traditional Affairs is hard at work to ensure that this pattern is changed. **R2.241 billion**, of which **R1.324 billion** is a conditional grant for Housing and Human Settlements, has been allocated to change the Apartheid human settlement.

## **Economic Growth and Redistribution through Social Development**

Social Development is allocated **R1.377 billion to amongst other retain and employ** social work graduates and to support broader NGO work, which includes home and community, based care.

## **Economic growth and distribution through Sport, Arts and Culture**

The allocation for Sport, Arts and Culture Department is R266 **million** to build and redistribute material culture through amongst other things the building of library infrastructure, archives and mass sport participation.

## **Spending within our means**

For the main budget of 2012/13, emphasis was placed on stabilizing the cash position through putting in place stringent cash flow and control measures, curtailing expenditure through austerity measures and putting forward plans to reduce compensation of employees' costs. These efforts have paid off in that the province has partially recovered from the bank overdraft as a result of the accumulated unauthorized expenditure dating back to 2001. With the positive cash balances in the provincial revenue fund, Provincial Treasury was able to generate interest income that assisted in relieving some of the fiscal pressures, and reallocate the money to areas of dire need as earlier mentioned.

The cornerstone of the 2013/14 budget strategy is the reprioritisation of the existing provincial budget and maintaining a healthy budget surplus to provide a sufficient cushion in case of fiscal shocks in the system. The province will continue with the implementation of fiscal austerity measures to ensure that the fiscal framework remains stable in the years ahead, without sacrificing the ability of government to address the socio-economic needs of our people.

In response to this difficult, yet not insurmountable financial situation, the Provincial Treasury with the support of the Executive Council, has already begun to implement measures to ensure that we spend efficiently, effectively and within our means. These measures include:

- Cost containment in departments for non-core activities;

- Address wasteful activities and processes for critical services such as medical procurement and management, learner teacher support material, and infrastructure project management. This is not merely to save money, but also to ensure that services get to the people faster as wasteful and fruitless activities are cut out of the system, as well as ensuring that resources are freed up to further extend service levels and quality to our communities
- Reductions in the proportion of the overall budget that is spent on personnel or compensation of employees;
- Ensuring that payments are made within 30 days, to comply with our public finance legislation, but also to support the growth and sustainability of businesses who provide services to the provincial government; and
- in light of the under-expenditure on conditional grants, we have encouraged departments to prioritize spending on the grant allocation, and improving our monitoring mechanisms to ensure that departments spend timeously.
- Fighting corruption, maladministration and incompetence in the public service,

We must be realistic. The task of fighting corruption is a difficult one. As mentioned by the Minister in the 2013 Budget Speech, too many points of resistance!

However, we have registered some progress. In the present system, procurement transactions take place at too many localities and the contracts are short term. Consequently there are hundreds of thousands of transactions from a multitude of centres. There is very little visibility of all these transactions. While our ablest civil servants have had great difficulty in optimizing procurement, it has yielded rich pickings for those who seek to exploit it. There are also too many people who have a stake in keeping the system the way it is. Our solutions, hitherto, have not matched the size and complexity of the challenge. As much as I want, I cannot simply wave a magic wand to make these problems disappear. This is going to take a special effort from all of us in Government, assisted by people in business and broader society. And it will take time. But we are determined to make progress.

We are happy to report Honourable Speaker that there is a lot of progress in the abovementioned areas since the application of Section 100 on our province in December 2011. As the provincial government we have indeed worked well together with the Section 100 National Intervention Team. Several Recovery Projects are already underway to ensure that the way government does business yields value for money, and to ensure efficiency and sustainability beyond the intervention. The recovery plans are at different stages of implementation, and it is anticipated that significant milestones will be achieved in the projects by the end of the current financial year.

## Conclusion

Fiscal policy is one of the critical instruments for setting inclusive growth path and us on a new. Through the combination of different macro-economic instruments, many of which are beyond the control of the provincial government, our government will continue to seek to influence economic growth and redistribution in our country.

Honourable Speaker, this is a proposed budget to deal with the priorities you set in the State of the Province Address, which is also informed by the priorities set by the President, Jacob Zuma, in the State of the Nation Address.

As we present this Budget speech, we say Rest in Peace to President Hugo Chavez, for your bold and decisive leadership in economic growth and development for we shall forever remain in our memories. *Etlela hi Ku rhula nhenha ya ti nhenha!*

I have the honour to table before this House the following budget documents:

- The Appropriation Bill 2013/14;
- Estimates of Receipts and Payments;
- The Limpopo Budget Citizens Guide;
- The Gazette of transfers to municipalities, public entities, schools and hospitals.
- The Limpopo Provincial Budget Speech for 2013/14; and



## **Thanking all**

I would like to thank the different people who made possible the Tabling of this Budget.

I would like to thank the Premier for his continuous guidance and provision of leadership to the provincial administration and Limpopo in general.

I offer my thanks to the Finance Minister, Pravin Gordhan for his continuous support during this intervention period.

The inputs of my colleagues in EXCO have been invaluable.

I would like to thank Mr. Monde Tom, the Section 100, 1(b) Chief Administrator, and Mr. Gavin Pratt, the Head of Department of the Provincial Treasury and your teams.

I would like to thank the Portfolio Committee on Finance for their continuous critical support.

Of course, my thanks also go to my family for their continuous support.

Finally, I sincerely thank you all.

We cannot fully and effectively redistribute what we do not own, and without forcing the privileged sections of our society to make certain sacrifices. To do this, will require to us heed Hugo Chavez's call that:

“We must confront the privileged elite who have destroyed a large part of the world’.

To do this will also require us to think outside the box. And as we do so, we should remember Bob Marley's lyrics in his liberatory song:

*Emancipate yourselves from mental slavery;  
None but ourselves can free our mind.  
Wo! Have no fear for atomic energy,  
'Cause none of them-a can-a stop-a the time.  
How long shall they kill our prophets,  
While we stand aside and look?  
Yes, some say it's just a part of it:  
We've got to fulfill the book.  
Won't you help to sing  
These songs of freedom? -  
'Cause all I ever had:  
Redemption songs -  
All I ever had:  
Redemption songs:  
These songs of freedom,  
Songs of freedom*

Ndaa!  
Re a leboga!  
Baie Dankie !  
Ha nkensa !  
Siyabonga !