

TABLING OF THE 2024/25 MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) PROVINCIAL BUDGET AND THE APPROPRIATION BILL BY THE MEC FOR LIMPOPO PROVINCIAL TREASURY HON. SEAPARO SEKOATI TO THE LIMPOPO PROVINCIAL LEGISLATURE ON THE 05th MARCH 2024, POLOKWANE COUNCIL CHAMBERS.

Speaker of our Provincial Legislature, Honourable Rosemary Molapo;

The Deputy Speaker of the Legislature, Honourable Tshitereke Matibe;

Honourable Premier of our Province, Ntate Chupu Mathabatha;

Honourable Members of the Executive Council;

Honourable Members of the Provincial Legislature;

Leaders of various Opposition parties present;

Chairperson of the House of Traditional Leaders, Hosi Ngove le maKgoshi kamoka present;

Former Members of the Provincial Legislature, present here;

The Director-General of the Province and All Heads of Departments;

Members of the Boards and Chief Executive Officers of our various Entities present;

Executive Mayors, Mayors, and All Councillors present;

Leadership of the ruling party, the African National Congress, represented by Musanda Vho Madadzhe;

Leaders and Representatives of our Chapter 9 and Chapter 10 Institutions present;

Leaders of Organised Labour, Faith Based, and Civil Society Organisations present;

Captains and leaders of various Industries;

All leaders of our Youth, Women, and People Living with Disabilities present;

Distinguished Guests;

People of Limpopo;

Good Morning

1. Honourable Speaker, In the symphony of democracy, we stand here today as custodians of a vision crafted over three decades of resilience, progress, and unity. The melody of our province's journey echoes through the corridors of time, shaped by the diversity of the people of this province and the rhythmic beats of democracy.
2. President Cyril Ramaphosa, in his State of the Nation Address, reminded us, and I quote "We are not passive observers of our history. We are its authors. We are the builders of this country we call home. As we look towards to the next 30 years of freedom, we must choose the kind of country, and indeed the kind of world, we want to create for ourselves and for our children." close quote.
3. As we unveil the budget for Limpopo, let us keep in mind that this is not merely a fiscal exercise, but a moment to sculpt the very contours of our shared destiny. It is a pivotal juncture where fiscal allocations transcend numerical values, transforming into instruments that shape the lives of every citizen, paving the way for a future that reflects the aspirations of a resilient and united province.
4. Ladies and Gentlemen, South Africa and Limpopo economies continue to be affected by the global economic performance, where the world economies are recovering from the ongoing wars in critical economic regions.
5. The world trade growth is projected at 3.3 percent in 2024 and 3.6 percent in 2025, below its historical average growth rate of 4.9 percent. Rising trade distortions and geo-economic fragmentation are expected to continue to weigh on the level of global trade.
6. In this regard, our country's, as Africa's most-industrialized economy, will likely grow a meagre 1 percent in 2024, significantly slower than the IMF's forecast in October, when it saw South Africa's gross domestic product expanding by 1.8 percent.

7. Despite these predicaments, it is worth noting that South Africa, notwithstanding its many operational challenges, is becoming a more attractive location for private business compared to some countries in the Emerging Markets regions. This improvement reflects positively on South Africa's Economic Reconstruction and Recovery Plan (ERRP) which, as part of structural reforms aimed at helping the economy recover from Covid-19, pledged in 2020 to make it easier for private businesses to operate in the country, including the regulatory reforms and incentives implemented that allow businesses to invest in renewable energy installation.
8. In the main, the major sector contributors to our provincial economy are the mining sector (28.1 percent), followed by community service (25.1 percent), finance (17.3 percent) and trade (13.9 percent). Construction sector remains the lowest at 1.9 percent and this sector has been failing to bounce back from the effects of COVID-19. Manufacturing sector (2.6 percent) contribution is continuously very low and if explored fundamentally it has potential of increasing the province's GDP growth. It is also imperative that the Provincial Government continues to develop value addition strategies across these sectors, with greater growth potential. Such strategies and policies should complement the developed sector master plans such as Agriculture and Agro-processing Master plan, and Tourism master plans amongst others.
9. Honourable Premier, in the past years and over the 2024 MTEF period, the provincial resources have been negatively impacted by fiscal consolidation implemented by the National Treasury as part of fiscal strategy, aimed at stabilising the economy and reducing public debt. This has since limited resources available for allocation to provinces through Equitable Share and reduced the budget available in the province to allocate for provincial priorities, projects and programmes that will contribute towards job creation, development, and socio-economic growth in the province.
10. Therefore, over the 2024 MTEF period, Provincial Treasury will implement various strategies to mitigate the impact of fiscal consolidation on services delivery. This includes collaboration between the Provincial Treasury and

provincial institutions in an effort to assist the latter to leverage on Budget Reforms such as Spending Reviews, Zero-Based-Budgeting, and Budget Facility for Infrastructure (BFI).

- 11.** Honourable Speaker, the financial outlook of the provincial administration has significantly improved, as in 2011/12 the province had 19 disclaimer audit opinions which to date have all been eliminated. It is also notable that we received a number of clean audits over the last couple of years. However, they are not yet sustainable. Therefore, through enhancing financial governance, strengthening of audit remedial action and oversight we endeavour to improve the sustainability of clean audits and elimination of remaining unqualified audits in the foreseeable future.
- 12.** In terms of our work in Municipal Support and Governance, Provincial Treasury continues to collaborate with MPAC committees to strengthen the governance and oversight. We have also established MUNMEC forums in which MEC for Treasury and MEC for CoGHSTA meet with all the mayors and municipal managers to assess financial and governance progress.
- 13.** We are thus happy to announce that ALL Municipalities in the province are effectively implementing MSCOA. Currently we are working on strengthening Municipality's Assets Management Module of the MSCOA.
- 14.** Honourable Speaker, given the current economic challenges and fiscal constraints facing the province, since 2019/2020 budget cycle, the provincial government has invested resources to enhance the planning, delivery and governance of infrastructure to improve the delivery mechanism, the expenditure of infrastructure budgets, to promote value for money and efficacy of our investments.
- 15.** Therefore, our resolve is to continue addressing challenging factors hampering infrastructure implementation by supporting and strengthening capacity at the Limpopo Department of Public Works Roads and Infrastructure (LDPWR&I) to

perform its role as the custodian of immovable assets, and the implementing agent of infrastructure through alternative funding models remains resolute.

16. Honourable Speaker, in preparation and finalising the 2024/25 MTEF, all departmental infrastructure plans were used to inform the final allocation. Over the 2024 MTEF period, a total budget of R 21.691 billion has been allocated for the delivery of infrastructure within the province. This allocation will fund infrastructure projects of various categories in line with the overall strategic objectives of the province and the project details are captured in the project list of each department.

17. Honourable Speaker, ladies and gentlemen, the provincial infrastructure budget for the 2024/25 financial year will be R7. 851 billion, representing an increase of six-point one percent (6.1%) compared to the 2023/24 financial year. The R7. 851 billion is allocated to various departments as follows:

- Department of Education to receive R1. 623 billion through the Education Infrastructure Grant (EIG) which includes maintenance of Early Childhood Development (ECD) centres and priority project for Storm Damage Schools.
- Department of Agriculture and Rural Development to receive R206.260 million.
- Department of Economic Development, Environment and Tourism to receive R25.000 million for refurbishment of State Resorts as part of the provincial priorities.
- Department of Health to receive R848.228 million.
- Department of Transport and Community Safety to receive R62.688 million also as part of the provincial priority projects.
- Department of Public works, Roads, and Infrastructure to receive receives R3.714 billion.
- Department of Sport, Arts and Culture to receive R243.585 million; included in the departmental allocation is the R200.000 million for construction of the Provincial Theatre.

- Department of COGHSTA to receive R1.107 billion representing a negative growth of seventeen point four (17.4%) from 2023/24 financial year.
- Department of Social Development to receive R20.333 million.

18. The procurement plans for each department have been finalised and are at advance stages to have projects at pre-planning stages concluded. We are also expediting implementation through acceleration and catch-up plans that the Provincial Treasury monitors on a monthly basis, including implementing controls to prevent unwanted expenditures such as irregular, unauthorised, fruitless, and wasteful expenditure as mandated by PFMA.

19. Honourable Members, National transfers, which include the Provincial Equitable Share and Conditional Grants are the primary revenue sources for the provincial expenditure. These two sources of funding, on average, constitute 97.8 percent of the total revenue of the province while the balance of 2.2 percent is provincial own generated revenue over the MTEF.

20. In 2024, transfer receipts from National Government amounted to R79.718 billion in 2023/24 and is set to increase over the 2024/25 MTEF to R81.404 billion in 2024/25, R84.328 billion in 2025/26 and R87.998 billion in 2026/27 financial years respectively. Including provincial own revenue, the total provincial receipts will be R83.255 billion in 2024/25, R86.264 billion in 2025/26, and R90.027 billion in 2026/27.

21. The Provincial Equitable Share, which is the largest source of provincial revenue, accounts for 84.4 per cent of the total provincial revenue over the 2024 MTEF period. The Equitable Share allocation allocated to the province will be R69.625 billion in 2024/25, R72.925 billion in 2025/26 and R76.482 billion in 2026/27.

22. In the 2024 MTEF period, the Province's Equitable Share has been adjusted upward as follows:

- R145.763 million in 2024/25, and R153.199 million in 2025/26 for new data updates in the Equitable Share Formula.
- Pre-MTBPS additions of R2.506 billion in 2024/25; R2.642 billion in 2025/26 and R2.781 billion in 2026/27 for Wage carry-through cost, mainly for Education & Health.
- Post-MTBPS additions of R1.415 billion in 2024/25; R1.440 billion in 2025/26; and R1.486 billion in 2026/27 for Wage carry-through cost, mainly for Education & Health.

23. The province's Equitable Share is also adjusted downward as follows:

- Total reduction of R109.219 million only in 2025/26 for new data updates in the Equitable Share Formula.
- Pre-MTBPS fiscal consolidation of R2.272 billion in 2024/25; R2.398 billion in 2025/26; and R2.489 billion in 2026/27.
- Post-MTBPS reduction on Education and Health wage-carry through cost of R144.331 million in 2024/25; R152.006 million in 2025/26; and R159.854 million in 2026/27 which was National Treasury clawback of part of the additional funding made available for these departments pre-MTBPS. The funds have been redirected to these departments' Compensation of Employees under Conditional Grant portfolio.

24. The adjustments outlined above resulted in a net increase of **R1.651 billion** in 2024/25; **R1.423 billion** in 2025/26; and **R1.771 billion** 2026/27 financial years, respectively.

25. These net increases mainly cushioned the social sector departments (Health & Education) against the impact of reductions to ensure the protection of core services delivered by these departments. It will ensure that we continue to fully compensate the doctors, nurses, educators and fill critical vacancies in the education and health sector.

26. Madam speaker, the provincial conditional grants allocation amount to R34.698 billion over the 2024 MTEF period, with R11.779 billion allocated in 2024/25, R11.403 billion in 2025/26 and R11.516 billion in 2026/27 financial years. The

conditional grant allocations increase by 4 percent in 2024/25, decline by 3.2 percent in 2025/26 and rebound by 1 percent in 2026/27 financial year, as part of fiscal consolidation and repurposing of this portfolio by the national government.

27. The Provincial Own Revenue target for 2024/25 is R1.851 billion, which further increase to R1.937 billion and R2.029 billion in 2025/26 and 2026/27, respectively. The increase in provincial own revenue is proving to be instrumental in closing the gap in provincial revenue caused by decreasing Equitable Share, whereas the province's envelope is increasing at a decreasing rate. This demands that we develop strategies to mitigate the impact on service delivery imperatives.

28. Ladies and gentlemen, in the words of Premier Chupu Mathabatha, "It has been an illustrious 30 Years of responding to the needs and expectations of the people of Limpopo – altering their economic conditions, upgrading them socially, affirming their belonging to this beautiful province and country."

29. With this sentiment in our hearts, we continue to embark on this budgetary journey with determination and purpose, guided by the principles of equity, inclusivity, and prosperity for all. Together, let us forge a path towards a Limpopo that not only fulfils the dreams of its citizens but also serves as a beacon of hope and inspiration for the current Tintswalos of Limpopo and the Tintswalos yet to come.

30. Honourable Premier, as I now turn to allocations per department, let me begin by highlighting that these allocations were informed by robust assessment of each departments' readiness, capacity to absorb, effectively and efficiently spend resources. The Provincial Treasury assessed the Business Plans and Implementation Plans of all projects that will be implemented by departments over the 2024 medium term to ascertain readiness, hence only projects that were found ready to commence received funding.

Vote 1: Office of the Premier

31. The Office of the Premier is allocated R506.194 million in 2024/25, R515.450 million in 2025/26 and R533.515 million in 2026/27 financial years. The 2024/25 allocation is inclusive of R83.144 million earmarked funding for, amongst others, ICT related projects in the province, Provincial Energy Strategy, Review of the LDP for the 7th Term of the Administration and Limpopo SMS Development Programme.

Vote 2: Provincial Legislature

32. The Provincial Legislature is allocated a total budget of R549.516 million in 2024/25, R542.085 million in 2025/26 and R626.182 million in 2026/27 financial years. This allocation is mainly for the operational expenditure of the Provincial Legislature.

Vote 3: Education

33. There is hope for Tintswalo, Education receives the bulk of the provincial budget at 48.2 percent as part of the province's commitment to continue providing social protection, and fund programmes that are essential in the improvement of learners' performance across all grades. The department is allocated R40.029 billion, R41.808 billion and R44.163 billion in 2024/25; 2025/26; and 2026/27 financial years, respectively.

34. The first financial year's allocation is inclusive of R1.596 billion for wage -cost carry through, R100.000 million for E-Education, R100.000 million for Storm Damage Schools, and R70.000 million for Improvement of Matric Results Project. These programmes/projects are funded by the combination of Equitable Share, Conditional Grants and Own Revenue.

Vote 4: Agriculture and Rural Development

35. Agriculture and Rural Development is allocated a budget of R1.783 billion in 2024/25, R1.887 billion in 2025/26 and R1.962 billion in 2026/27 financial years

respectively. The allocation in the first financial year of the MTEF includes R320.960 million received by the province in the form of Conditional Grants.

- 36.** The allocation for 2024/25 includes an amount of R31.350 million for the Revitalisation of Agriculture and Agro-Processing Value Chain (RAAVC) Projects.

Vote 5: Provincial Treasury

- 37.** The Provincial Treasury is allocated a total budget of R478.063 million in 2024/25, R500.122 million in 2025/26 and R519.577 million in 2026/27 financial year. In 2024/25, the budget is inclusive of the R17.514 million made available for National Priority Funding pertaining to Municipal Intervention Capacity Building (R11.803 million) and Infrastructure Capacity Building Programmes (R5.711 million).

Vote 6: Economic Development, Environment and Tourism

- 38.** The Department of Economic Development Environment and Tourism is allocated a budget of R1.866 billion in 2024/25, R1.674 billion in 2025/26 and R1.429 billion in 2026/27 financial year. The 2024/25 allocation is inclusive of R986.113 million set aside for transfer to the department's public entities, as follows: Limpopo Economic Development Agency (LEDA) R834.656 million, Limpopo Tourism Agency R82.864 million, and Limpopo Gambling Board at R68.592 million. The transfer to LEDA includes an amount of R561.323 million for the implementation of catalytic projects such as Musina-Makhado Special Economic Zone at R417.475 million, and Fetakgomo-Tubatse Industrial Park at R143.848 million.

- 39.** The function of economic development in the province is within the ambit of this department and hence the 2024/25 allocation also includes an amount of R25.000 million for state resort refurbishment, R8.500 million for Reserve commercialization, R5.000 million for the purchase of resort equipment, furniture, bedding and cutlery and R1.900 million for the implementation of a

resort central reservation system. The department is also allocated R28.000 million for Waste Management and Air Quality Control Projects.

Vote 7: Health

- 40.** As part of providing social protection, the Department of Health receives the second largest allocations of the provincial budget after Department of Education at 29.7 percent. The total allocation to the department is R24.639 billion in 2024/25, R25.769 billion in 2025/26 and R27.443 billion in 2026/27 financial years. The allocation consists of a combination of Equitable Share, Conditional Grant, and Provincial Own Revenue.
- 41.** The 2024/25 budget is inclusive of R52.250 million for purchase of new Ambulances and all the necessary ambulance equipment. Furthermore, a total of R150 million has been made available for the appointment of 143 permanent doctors in various Health facilities across the province. The department will also continue funding the Cuban Doctor programme in 2024/25 and a total budget of R20.900 million has been set aside for this purpose.

Vote 8: Transport and Community Safety

- 42.** The budget for Department of Transport and Community Safety is R2.611 billion in 2024/25, increasing to R2.684 billion in 2025/26 and R2.791 billion in 2026/27.
- 43.** Through this budget, the department will implement a number of key projects in the 2024/25 financial year, including for revitalization of Traffic Training College at R13.000 million, the construction of K53 Projects in Thohoyandou and Seshego at R25 million, the refurbishment of traffic facilities in the province at R8.688 million, and the remedial work at Thohoyandou facility at R16.000 million.
- 44.** The allocation of the department is also inclusive of R127.015 million set aside for transfer to Gateway Airport Authority Limited (GAAL) in 2024/25, with more than half of this allocation at R74.011 million, being dedicated towards the implementation of Service Delivery Improvement Plan Projects.

Vote 9: Public Works, Roads, and Infrastructure

- 45.** The allocation for the Department of Public Works, Roads, and Infrastructure is R5.272 billion in 2024/25, R4.770 billion in 2025/26 and R4.529 billion in 2026/27 financial years.
- 46.** In 2024/25, the allocation will be utilized to implement various infrastructure projects in the province, including the ZCC R71 Interchange Road Project at R125.000 million, the purchasing of new Yellow Fleet at R100.000 million, the Refurbishment of LEDET Suid Street Building at R20.000 million, and MMSEZ Road Infrastructure project at R15.000 million. And a total of R150.000 million has also been set aside for the settlement of municipal rates and taxes.
- 47.** As per EXCO resolution, the province remains committed to purchasing and owning office building to reduce rental costs, and a total budget of R100.000 million in 2024/25 has been allocated within this department for this purpose.

Vote 10: Sport, Arts and Culture

- 48.** The Department of Sport, Arts and Culture receives a total budget of R827.099 million in 2024/25, R763.447 million in 2025/26 and R734.301 million in 2026/27 financial year. The allocation for 2024/25 includes conditional grants allocations amounting to R231.074 million.
- 49.** In 2024/25, a total budget of R200 million has been allocated to commence the construction of the Provincial Theater. Provincial Treasury assessed the Business and Implementation Plans for this project and indication is that construction work will be commencing in April 2024.

Vote 11: Co-Operative Governance, Human Settlements and Traditional Affairs

- 50.** The Department Co-Operative Governance, Human Settlements and Traditional Affairs receives a total budget of R2.473 billion in 2024/25, R2.557 billion in 2025/26 and R2.521 billion in 2026/27 financial year. The budget for

2024/25 includes conditional grant allocations of R1.108 billion, which includes R892.884 million for Human Settlement Development Grant, R212.572 for Informal Settlement Upgrading Partnership Grant, and R2.128 million for EPWP Grant.

51. Furthermore, the allocation for 2024/25 financial year also includes R37.000 million for Construction of Traditional Council Offices and R5.000 million for Furnishing of Traditional Council Offices.

Vote 12: Social Development

52. The budget for Department of Social Development amounts to R2.077 billion in 2024/25, R2.256 billion in 2025/26 and R2.344 billion in 2026/27 financial years. The 2024/25 allocation includes a conditional grant allocation of R7.203 million for Expanded Public Works Programmes.

53. Within the 2024/25 budget, is an allocation R13.317 million to fund the fight against GBVF, at R15.939 million for social workers programme, as well as R17.106 million for HIV prevention programmes.

54. Madam Speaker each vote will, in the next couple of weeks, present further details of their respective budgets to this honourable house.

55. Honourable Members, ladies, and gentlemen, it is my conviction that the budget delivered today reconfirms the ANC government's commitment to prudent fiscal allocations and better public finance management.

56. As we look forward to yet another 30 years of a better life for all, I join my voice to echo the sentiments of our Premier that we need to prioritize industrialization, recognizing it is the symphony of progress, transforming dreams into reality and propelling nations towards a future where innovation and prosperity harmonize on the grand stage of economic evolution.

57. Honourable Premier, allow me to take this privileged moment and express my heartfelt appreciation for the opportunity to serve in your Administrations.

Supporting each financial cycle, your tenacity to develop solid plans and guide them through your visionary leadership has seen our province emerging from a state of obliterations to a socio-economic investment destination of choice.

58. Mahlatse-A-Hlabirwa, it is with a profound sense of reflection that I am reminded of the words of Isaac Newton: and I quote "If I have seen further, it is by standing on the shoulders of giants." close quote.

59. To my colleagues in the Executive Council, I am also indebted to you for sharing with me the collective responsibility for the overall integrity and coherence of the provincial budget. Ours was indeed a fulfilment of our revolutionary commitments to change the lives of people of Limpopo for the better.

60. To Honourable Rudolf Phala, the Chairperson and members of the Portfolio Committee on Provincial Treasury, your continued oversight and support has delivered us to where we are.... A shining example of functional government. I sincerely thank you.

61. Gavin Pratt and the Treasury Team, I appreciate your diligent work and steadfast commitment. Your devotion goes beyond the call of duty, showcasing a deep sense of patriotism. Keep up the hard work even in the next administration for the enhancement of quality of life for all the people in Limpopo.

62. To my wife and our children, thank you for your patience with me being away from you for many hours of the day. Your unwavering support, love and prayers have made it easy for me to execute my responsibilities.

63. Finally, to all residents of our beautiful province, you have jealously guarded the future of our province through your constructive criticisms, support, hard work, and persistence through all adversities.

64. I therefore table before this august house:

➤ The Limpopo Appropriation Bill, 2024;

- Estimates of Provincial Revenue and Expenditure 2024;
- Overview of Provincial Revenue and Expenditure 2024;
- Socio-Economic Review and Outlook 2024; and
- Supporting gazettes.

Ke a Leboga, Ndo livhuwa, Na khensa.