



# LIMPOPO

PROVINCIAL GOVERNMENT

REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

## LIMPOPO BUDGET SPEECH



**2025/26**

**LIMPOPO 2025/26 BUDGET SPEECH TABLED BY THE MEC FOR FINANCE, MR KGABO MAHOAI, AT THE PROVINCIAL LEGISLATURE, LEBOWAKGOMO ON THE 03<sup>rd</sup> JUNE 2025**

Honourable Speaker Dr Mmakoma Makhurupetje, and Deputy Speaker Honourable Tebogo Mamorobela,

Honourable Premier, Dr Phophi Ramathuba

My fellow Members of the Executive Council;

Honourable Members of the Provincial Legislature;

Ladies and Gentlemen, People of our province, Limpopo;

Thobela, Ndi Matsheloni, Avuxeni

1. Honourable Speaker, I rise to re-table the 2025/26 Limpopo Provincial Budget following a series of developments at both the national fiscal and monetary policy levels that have impacted our provincial fiscal planning.
2. Last week, we received encouraging news from the South African Reserve Bank. The Governor, Mr Lesetja Kganyago, announced that the Monetary Policy Committee has decided to reduce the interest rate by 25 basis points. This brings the repo rate down to 7.25% and the prime lending rate to 10.75%. The decision offers a degree of relief in an otherwise turbulent and volatile economic climate. It is expected to ease financial pressure on our people and support economic activities. This monetary policy shift coincides with adjustments at the fiscal level and aligns to support economic stability.
3. Honourable Speaker, you will recall the events that led to the revised national fiscal framework. The Minister of Finance has re-tabled the revised national budget in Parliament on 21 May 2025 in line with the developments. Subsequent to that, I withdrew the Limpopo Appropriation Bill and related

documents on 27 May 2025, which were previously presented to this House on 25 March 2025.

4. In terms of Section 27(2) of the Public Finance Management Act, MECs of Finance in provinces are required to table their budgets within two weeks of the national budget. Accordingly, we are gathered here today to re-table the 2025/26 Limpopo Appropriation Bill and supporting documents, aligned with the updated national fiscal framework and current economic conditions.
5. Madam Speaker, it is against this backdrop that I hereby table before this august house:

- ❖ The Limpopo Appropriation Bill [B04-2025].
- ❖ The amended 2025/26 budget speech.
- ❖ The following budget documents as previously tabled on 25 March 2025:
  - Estimates of Provincial Revenue and Expenditure 2025,
  - Overview of Provincial Revenue and Expenditure 2025,
  - Socio-Economic Review and Outlook 2025 and
  - Supporting gazettes.

## **ECONOMIC OVERVIEW**

6. According to the International Monetary Fund, the global economy is expected to remain stable with a growth rate of 2.8 percent in 2025. Africa shows promise, with over half of the top 20 fastest-growing economies projected to be from the continent. In contrast, South Africa's economy has stagnated, growing by only 0.6 percent in 2024 and is expected to reach 1.3 percent by 2026. Limpopo's provincial economy also experienced minimal growth. It is heavily reliant on the mining sector and faces challenges in agriculture and other sectors.

7. Projections from both global and domestic institutions denote a downward revision over the medium-term period due to persistent geopolitical fragmentation as well as low economic growth.
8. The recent interaction between the US President and our President might result in improved trade relations, which in turn will boost economic growth, given that the US is one of SA's biggest trading partners, together with Sub-Saharan Africa, the Eurozone, and China.

### **Addressing Provincial Economic Growth Challenges**

9. Looking back 10 years, the unemployment rate in Limpopo was below 20 percent, compared to the current rate of above 33 percent, which is the fourth lowest among the nine provinces. To address this, we should take advantage of the Minister's recent announcement on the newly gazetted public-private partnership (PPPs) regulations, by thoroughly exploring collaboration between the state, the private sector and civil society in the economy. According to the Minister, the newly gazetted regulations will reduce the procedural complexity of undertaking public-private partnerships, making it easier for government and the private sector to collaborate on infrastructure and service delivery projects. This will unlock new opportunities and reduce Limpopo's reliance on government services for its growing population. By developing new industries in support of the Limpopo Development Plan and the Limpopo Provincial Spatial Development Framework, our province can promote sustainable growth, adapt to global market fluctuations, and improve living standards. This strategic approach can stimulate innovation, create jobs, and increase resilience to external shocks, ultimately enhancing the overall economic well-being of the province and its people.

### **PROVINCIAL OWN REVENUE**

10. Honourable Speaker, over the 2025 MTEF period, our target has increased significantly, from R1.851 billion in 2024/25 to R2.009 billion in 2025/26; R2.104 billion and R2.203 billion in 2026/27 and 2027/28, respectively. This represents

an average increase of 6.0 percent over the 2025 MTEF period. We continue to incentivise provincial departments and public entities that exceed their revenue set targets through revenue retention, ensuring that the revenue target set is realistic and achievable.

11. The Revenue Enhancement Strategy includes investing in provincial government holiday resorts infrastructure, supporting the implementation of the Provincial Liquor License Act, and extending the K53 learner's and driver's license functions. All departments and public entities are required to continue prioritising revenue collection to augment the Provincial Equitable Share.

## PROVINCIAL RECEIPTS

12. Honourable Speaker, as announced by the Minister of Finance on 21<sup>st</sup> May 2025, allocations to provinces remain unchanged from what he announced on 12<sup>th</sup> March 2025. Therefore, national transfers to the province, which comprise Equitable Shares and Conditional Grants, remain the primary revenue sources for provincial payments over the 2025 MTEF period. These two sources of funding contribute 98.0 percent of the total receipts of the province, with provincial own revenue contributing only 2.0 percent.
13. The 2025/26 transfer receipts from the National Government increased by R4.960 billion from R81.404 billion in 2024/25 to R86.364 billion in 2025/26. The National Transfers further rise to R89.335 billion in 2026/27 and R93.876 billion in 2027/28. Overall provincial receipts (including own revenue) increase by R5.119 billion or 6.1 percent from R83.255 billion in 2024/25 to R88.373 billion in 2025/26. The total provincial receipts are expected to increase by 3.5 percent in 2026/27 and 5.1 percent in 2027/28 to R91.439 billion and R96.079 billion, respectively.
14. Over the 2025 MTEF period, the Provincial Equitable Share increases from **R69.625 billion** in 2024/25, to **R74.064 billion** in 2025/26; **R77.792 billion** in 2026/27; and **R81.807 billion** in 2027/28 financial year. In rand value, this

translates to a year-on-year increase of **R1.139 billion**, **R1.310 billion**, and **R1.890 billion**. Over the 2025 MTEF period, the increase amounts to **R4.340 billion**, and this is allocated to protect the social services.

## **SPENDING PRIORITIES**

15. Honourable Speaker, as I am about to confirm the allocation per vote, I am glad to announce that the baseline allocations across all twelve (12) votes remain unchanged as announced on 25 March 2025. This budget remains redistributive; it directs **R223.534 billion** or 81 percent of the **R274.847 billion** MTEF budget to social services over the next three years. This is money that will be spent to fund free basic services, including education, healthcare, and welfare services.

16. This budget also demonstrates our resolve to change the composition of spending from consumption to investment. A total of **R21.617 billion** will be spent on infrastructure investment over the next three years, with the bulk of this funding allocated to the Department of Public Works, Roads, and Infrastructure.

17. Overall, the provincial payments estimates are confirmed at **R274.847 billion** over the 2025 MTEF period, of which **R88.936 billion** is allocated in 2025/26, and this increases to **R94.771 billion** in 2027/28. The 2025 MTEF allocation includes **conditional grants allocation**, which remains unchanged at a total of **R35.913 billion**, with **R12.300 billion** allocated in 2025/26, decreasing slightly to **R12.070 billion** in 2027/28.

## **BUDGET ALLOCATION PER VOTE**

18. The allocations to each vote are as announced in the previous tabling and are as follows.

- **Vote 1: Office of the Premier** receives R554.810 million in the 2025/26 financial year.

- **Vote 2: The Provincial Legislature** receives R671.660 million in the 2025/26 financial year.
- **Vote 3: The Department of Education** still receive the highest share of the provincial budget, amounting to R42.529 billion in the 2025/26 financial year.
- **Vote 4: The Department of Agriculture and Rural Development** receives R1.910 billion in the 2025/26 financial year.
- **Vote 5: The Provincial Treasury** receives R512.897 million in 2025/26
- **Vote 6: The Department of Economic Development, Environment, and Tourism** receives R2.287 billion in the 2025/26 financial year, which is inclusive of transfers to the department's Public Entities.
- **Vote 7: The Department of Health** is allocated the second largest budget, which amounts to R26.074 billion in the 2025/26 financial year.
- **Vote 8: The Department of Transport and Community Safety** receives R3.025 billion in the 2025/26 financial year, which is inclusive of transfers to the department's Public Entity.
- **Vote 9: The Department of Public Works, Roads and Infrastructure** receives an allocation of R5.627 billion in the 2025/26 financial year, which is inclusive of transfers to the department's Public Entity.
- **Vote 10: The Department of Sport, Arts and Culture** receives R877.492 million in the 2025/26 financial year.
- **Vote 11: The Department of Co-operative Governance, Human Settlements and Traditional Affairs** receives R2.573 billion in the 2025/26 financial year, and

- **Vote 12: The Department of Social Development** receives R2.295 billion in 2025/26.

19. Honourable members, as I have presented the allocation for provincial departments, it is imperative to emphasise the importance of fiscal discipline as a cornerstone of our financial strategy.

20. Given the tight fiscal environment, we must remain vigilant against fiscal leakages and inefficiencies that threaten our resources. Therefore, we will continue to implement stringent measures to safeguard our funds through monthly and quarterly expenditure monitoring. We will also continue to conduct spending reviews in support of national initiatives. This will enhance accountability and transparency in the usage of funds and eliminate waste and inefficiencies.

21. Honourable Speaker, we remain committed to our monitoring role by guiding municipalities to apply sound financial management. This includes adopting funded budgets, implementing cost-reflective tariffs and complying with debt relief conditions.

22. We continue to discourage the excessive use of consultants for tasks that municipalities can perform internally, and we encourage municipalities to focus on value for money, especially in infrastructure delivery, where poor quality leads to cost overruns and public dissatisfaction.

23. Honourable Speaker, we expect municipalities to update and implement audit action plans, strengthen internal audit and risk management functions, and work within the ambit District Development Model to meet the goals of the Medium-Term Development Plan. If we get this right, if we strengthen financial management, enforce accountability, and align spending with service delivery,



our municipalities will function better and our province will move forward in addressing the plight of our residents.

24. As we conclude, Honourable Speaker, I would like to thank the Honourable Premier, Dr Phophi Ramathuba, for her leadership and guidance in shaping our approach to fiscal management and economic transformation. I would also like to appreciate the Executive Council and Executive Council Budget Committee for their invaluable support and guidance on the budget processes.

25. Allow me to also appreciate the Portfolio Committee on Provincial Treasury, led by Honourable Maseka Solomon Pheedi and SCOPA, thank you for your oversight and support in promoting accountability.

26. Lastly, I would like to thank the Limpopo Provincial Treasury team, under the leadership of HOD, Mr Gavin Pratt, for your commitment to delivering on our mandate.

I thank you.

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