

## SPECIAL ADJUSTMENT BUDGET 2020 : SUBMISSION AND COMMENTS.

### 1.BACKGROUND

In his February Budget Review the Hon. Minister Tito Mboweni underscored the following:

- That the debt and debt-service costs will continue to rise over the medium term.
- That Gross loan Debt is estimated to increase from R3.18 trillion (61.6 percent of GDP) in 2019/20 to R4.38 trillion (71.6% of GDP) in 2022/23.
- That Net Loan Debt is estimated to increase from R2.94 trillion (57% of GDP) in 2019/20 to R4.15 trillion (67.8% of GDP) in 2022/23.
- That Contingent Liabilities (mainly guarantees to SOE'S ) are projected to reach R979,9 billion on March 2021.

It is therefore worth noting that the above alarming economic stats in fact preceded the fatal blows that the Covid-19 delivered to our economy. The quote attributed to His Excellency the State President in the Minister speech namely; “not merely to return our economy to where it was before the coronavirus, but to forge a new economy in a new global reality” (**page 5, lines 2 and 3**) seems, with due respect, to be not only misplaced but in reality to be akin to what Chief Justice Mogoeng Mogoeng described as part of ; “Promises which were never intended to be fulfilled at the time they were made”.

Further on the same page 5 (**lines 18,19 & 20**) the Hon Minister goes on to say ; “Our Herculean task is to close the mouth of the Hippopotamus! It is eating our children’s inheritance. We need to stop it now!” He conclude this by saying ; “Our Herculean task is to stabilise debt.”

Premised on my 10 years and 27 years experience in Public Service and Local Government respectively and which is backed by appropriate and relevant qualifications in Civil Engineering and Municipal Administration including relevant membership of professional bodies (**see Annexure ...**), I can say with no fear of contradiction that the Hippopotamus referred to by the Hon Minister is this destructive creature composed of the following elements ; corruption, blatant disregard of the rule of law, unashamed looting of state resources, mistaking positions of responsibility for positions of power, impunity, filling top management positions on the basis of political connections and preference and not on the basis of relevance and competence. And this is what needs to be stopped now if we are to succeed to in rescuing our country from drowning into this eminent cesspit of overwhelming debt and the associated risk of losing our sovereignty.

It is common knowledge that our municipalities, for example, have scant regard for financial prudence and accountability, provision of efficient, effective, affordable and sustainable services to their local communities. In substantiation I felt it appropriate to highlight the following :-

**2.CATEGORISATION OF MUNICIPALITIES** (Which seems to be more concerned about putting more money into the pockets of Municipal Representatives and Senior Managers) ;

GOVERNMENT NOTICE No. 1224 OF 08 NOVEMBER 2018

UPPER LIMITS OF TOTAL REMUNERATION PACKAGES TO MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS.

CATEGORISATION OF MUNICIPALITIES BASED ON POPULATION, TOTAL INCOME AND EQUITABLE SHARE.

Municipality	Population Community Survey 2016	Points	Total Income 2016/17 (R' 000)	Points	Equitable Share 2016/17 ( R' 000)	Points	Total Points	Category
Matlosana	417 282	17	2402541	57	342 855	9	83	6
Mahikeng	181 865	11	370151	46	178 390	8	65	4

**NB: Total Revenue above excludes capital transfers & contributions. It however include Equitable Share which ideally should be used to subsidised the Indigent by making up for revenue forgone due to e.g free basic services and property tax exemptions.**

ITEM 7; The upper limits of the annual total remuneration packages payable to Municipal Managers ;

MUNICIPAL CATEGORISATION	TOTAL REMUNERATION PACKAGE (Minimum)	TOTAL REMUNERATION PACKAGE (Midpoint)	TOTAL REMUNERATION PACKAGE (Maximum)
6	R 1 424 447	R 1 705 924	R 1 987 402
5	R 1 242 678	R 1 470 625	R 1 698 573
4	R 1 129 229	R 1 313 058	R 1 496 887

ITEM 8 : The upper limits of the annual total remuneration packages payable to Managers directly accountable to Municipal Managers ;

MUNICIPAL CATEGORISATION	TOTAL REMUNERATION PACKAGE (Minimum)	TOTAL REMUNERATION PACKAGE (Midpoint)	TOTAL REMUNERATION PACKAGE (Maximum)
6	R 1 156 263	R 1 376 505	R 1 596 747
5	R 1 026 342	R 1 207 460	R 1 388 579
4	R 932 548	R 1 078 089	R 1 223 632

### 3. LACK OF MANAGERIAL SKILLS, ACCOUNTABILITY AND SCANT REGARD FOR THE RULE OF LAW ;

#### 3.1 Comparison of categories and remuneration from 2018/19 AFS

	<b>2018/19</b>	<b>2017/18</b>
<b>MATLOSANA (MM); Annual Remuneration</b>	= R 1 097 883	R 1 017 666
Car & other allowances	= R 326 564	R 272 160
Contributions (medical & pension)	= R 3 569	R 62 650
<b>Total cost to employer (Page 409)</b>	<b>= R 1 428 016</b>	<b>R 1 351 476</b>
<b>MAHIKENG (MM) ; Annual Remuneration</b>	= R 494 642 (Jul.-Dec.)	R 1 301 519
Car allowance	= R 149 891	R 309 039
Other	= R 158 075	R 97 056
<b>Total cost to employer (Page 311)</b>	<b>= R 802 608</b>	<b>R 1 707 614</b>
<b>MATLOSANA (Director Infrastructure) ; Annual Remuneration</b>	= R 1 214 221	R 397 093
Car Allowance	= R 161 560	R 60 000
Contributions	= R 3 569	-
<b>Total cost to employer; (Page 410)</b>	<b>= R 1 379 350</b>	<b>R 457 093</b>
<b>MAHIKENG (Director Infrastructure) ; Annual Remuneration</b>	= R 866 429	R 728 824
Car Allowance	= R 261 361	R 182 804
Acting Allowance	= ---	R 117 827
Other	= R 292 304	R 34 301
<b>Total cost to employer (Page 312)</b>	<b>= R 1 420 114</b>	<b>R 1 063 856</b>

**NB.** From the above records it is clear that Mahikeng Local Municipality, a technically bankrupt Category 4 municipality with a liquidity ratio of 0.6, is paying salaries that are higher than those of Matlosana which is a category 6 municipality.

In addition the organogram of MLM is the only one of its kind with Job Level 15 as the lowest instead of Job Level 20 as approved by South African Local Bargaining Council .

To make sure that this anomaly is not corrected, my term as Administrator was mysteriously terminated at the behest of the Trade Union and with the collaboration of the MEC. See substantiation from the table below as they appears on page 242 of the 2018/19 Annual Report.

### 3.2 Infrastructure Totals , Turnover and Vacancies (Mahikeng 2018/19);

JOB LEVELS	TOTAL POSTS PER APPROVED ORGANOGRAM	POSITIONS OCCUPIED	VACANCIES ACCORDING TO APPROVED ORGANOGRAM	VACANCIES %
0 - 3	11	5	6	
4 - 6	23	7	16	
7 - 9	38	7	28	
10 - 12	68	29	9	
13 - 15	158	103	3	
16 - 18	502	1	1	
19 - 20	-	-	-	
TOTAL	800	195	605	

NB: Needless to say the above table with vacancies totalling 76 % depicts a pathetic picture of mismanagement given the fact that Infrastructure is a critical area of investment that supports structural transformation, economic growth and job creation.

### 3.3 Lack of Financial Accountability and Consequence Management.(Extracts from 2018/19 AFS

#### Matlosana;

Unauthorised Expenditure ; Increased from R 223 705 443 to **R2 046 897 086.**

Fruitless & wasteful expenditure ; Increased from R 204 065 831 to **R 272 410 184.**

Irregular expenditure ; Increased from R 2 754 400 577 to **R 2 996 800 917.**

#### Mahikeng;

Unauthorised Expenditure ; Increased from R 883 339 723 to **R1 032 270 349.**

Fruitless & wasteful expenditure ; Increased from R 12 010 502 to **R 16 171 157.**

Irregular expenditure ; Increased from R 844 905 891 to **R 970 094 162.**

### 4.CONCLUSION;

**Pumping more money in municipalities as indicated from the Hon. Minister's speech without addressing the pressing issues emanating from the above mentioned deficiencies will only add to our country's economic miseries which threatens to be unturnable.**

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