

## Council probes managers

Alex Matlala

A special council sitting at the Lepelle-Nkumpi municipality in Limpopo yesterday decided to suspend two senior managers amidst allegations of corruption in the awarding of municipal tenders worth millions of rands.

The council suspended its technical services and supply chain managers after they could apparently not explain how the municipality managed to incur R348 million of irregular and unauthorised expenditure in the 2018-19 financial year.

The council's annual budget was nearly R500 million. A report by Auditor-General Kimi Makwetu suggested the council had illegally spent close to its total annual budget, making it one of the most corrupt councils in the country.

A source in the council told *The Citizen* soon after the meeting that one of the key problems was that preventative controls, strong consequence management and a culture of effective monitoring were still lacking among those entrusted to make decisions.

According to the source, who is a councillor, tenders in the municipality were allegedly only awarded to friends, relatives and political allies with ties to the upper echelons of the ANC within the council, the region or the province.

Yesterday, municipal manager Tebogo Gafane confirmed the suspensions.

He said two managers were suspended with pay pending the outcome of internal investigations.

"It is a public knowledge that this municipality was one of those badly bruised after the contentious R150 million investment into the collapsed VBS Mutual Bank," Gafane said. "We are still reeling from that loss and our people, who elected our councillors into power, will not sit and watch when we do nothing about their money."

The investigations are expected to be wrapped up before the end of the month.



## LEAP OF FAITH

The Titicaca water frog (*Telmatobius culeus*) is presented at the zoo in Wroclaw, Poland, yesterday. It is entirely aquatic and only found in the Lake Titicaca basin.

Picture: EPA-EFE

# Poor will bear brunt

**BUDGET:** GOVERNMENT PROPOSES TO REDUCE THE MONEY IT SPENDS

» It has been proven that instead of improving an economy, austerity makes it worse.

THINK  
PIECE



Lelona Mxesilbe

Every year, we are bombarded with a plethora of analyses and expert opinions on what we can expect from the finance minister and the dire state of our economy.

The truth is, a lot of the language and jargon thrown around is alienating. These conversations are about you and your money, yet very little is brought to your understanding – so whose budget is it?

One of the phrases you may have come across is "the fiscal challenge".

The word fiscal just means money. The word revenue refers to the money coming into the economy and expenditure is the money going out.

When government refers to "the fiscal challenge", it means there is more money going out than coming in. This means there is a budget deficit or *imali ayihlangani*.

The 2020 budget proposes the government reduces the money it spends – this is what we call an austerity measure.

Government uses austerity measures to lower the debt-to-gross domestic product (GDP) ratio: compares what the country owes (debt) against what the country is able to produce (GDP).

This ratio is used to calculate the country's ability to pay back its debt.

The higher the ratio is, the more likely the country will default in repayments.

It has been proven that instead of improving the state of

the economy, austerity makes it worse: the less money the government spends, the less there is in the economy and this means less economic and GDP growth, which means that the debt-to-GDP ratio gets larger.

It was refreshing to note the government realises increasing taxes is not the best way to raise revenue.

You might think the government reducing its spending is a great thing. After all, logic dictates the more money you don't spend means the more money remaining.

As much as this may ring true for your household budget, reducing national spending leads to a downward spiral in the economy.

How? Well, in a household, if you decide to buy a toaster for R200, but discover your old toaster works just fine and you no longer need the new one, you "save" R200.

What you don't spend becomes your saving.

The country's budget is different. When there is an increase in spending, the economy is stimu-

lated. When the government decides to save, less money being circulated makes things stagnant and potentially increases poor economic performance, while also reducing important investments in things like infrastructure and health.

The 2020 budget shows government is "saving" R14.6 billion in allocations to the human settlement sector. This implies there will be fewer subsidy houses and less money being allocated to the municipal infrastructure grant. Less money to this grant means more (poor) households are left without proper sanitation.

The money allocated to improve the infrastructure of our schools has been cut by R5.2 billion and the reductions to health amount to R3.9 billion.

According to the government's spending plans, the "money saved" is to be reallocated to state-owned entities.

► Lelona Mxesilbe is researcher and budget analyst at the *Studies in Poverty and Inequality Institute*

## AMNESTY FOR UNLAWFUL POSSESSION OF FIREARMS, PARTS AND AMMUNITION

01 December 2019 until 31 May 2020

Amnesty for unlawful possession of firearms, firearm parts and ammunition is now on **until the 31st May 2020.**

Members of the public are urged to surrender all unlicensed firearms, parts and ammunition to the local police station before the cut-off date.

Please contact your **local police station** or the **Central Firearms Register Call Centre** at **012 353 6111** for details.

Firearm Amnesty – An opportunity not to be missed

