

OPENING ADDRESS TO THE LIMPOPO BUDGET LEKGOTLA BY THE APREMIER OF LIMPOPO HONOURABLE CHUPU MATHABATHA HELD AT ZEBULA GOLF ESTATE, BELA-BELA.

14 NOVEMBER 2018.

Program director;
Members of the Executive Council;
Mayors and Executive Mayors of our municipalities;
Chairperson & Deputy Chairperson of the House of Traditional Leaders;
Director General, Ntate Nape Nchabeleng;
Heads of State-Owned Enterprises;
Heads of Provincial Departments;
Municipal Managers
Chief Executive Officers;
Ladies and Gentlemen:

Good morning!

Let me join our Programme Director, MEC Ndou in welcoming all of you to this important Provincial Government Budget Lekgotla.

I sincerely wish to thank you for taking time from your busy schedules to honour our invitation to be part of this Budget Lekgotla.

As you can see, this Lekgotla is an assembly of all Provincial Government Departments, Municipalities and Provincial Entities.

This year's edition of the Budget Lekgotla is taking place under the theme that says; promoting fiscal sustainability in the province.

I know that there is no need to motivate to anyone in this hall about the reason why we need a sustainable fiscal path as a Province.

I also assume that we are all aware as to what does a sustainable fiscal path entail.

We also know that it is only a sustainable fiscal path which will assist to drive us to a destination of a developmental state. Our developmental objectives are to a much greater extent dependent on the fiscal choices we make.

As CEOs, CFOs, HODs and Municipal Managers, we are called upon to embrace the urgency of a prudent fiscal policy that is able to respond to our developmental objectives.

Such a fiscal policy that is able to assist in ending poverty, addressing the question of unemployment and bridging the ballooning gap of inequality.

Since 1994, there has never been a question about quality of fiscal policies; the issue has always been about our fidelity to this policies.

The second facet of our theme speaks of the importance of the relationship between proper planning and resource allocation.

As politicians, we always warn that your strategic planning meetings should never be reduced to talk-shows – this is because resource allocation always follows the work that you would have done in those strategic planning meetings.

If your planning is not up to scratch, it would mean that resource allocation will be misdirected.

Our collective task is to ensure that our prudent fiscal policy is supplemented by planning based resource allocation.

We are called upon to ensure that our budgetary processes are aligned and are able to

speak to the urgency of ensuring better delivery of services to our people. We should do this in the spirit of excellence and nothing else.

This is the overall importance of our meeting today.

Colleagues;

This Budget Lekgotla is taking place within an environment of the negative publicity emanating from the much-talked VBS saga.

Contrary to what some may want to believe or want us to believe, the VBS story is not about individuals, neither is it about politics and political point-scoring.

The VBS story is about the people.

This unfolding nightmare is about ordinary men and women who work very hard to build lives for themselves and to secure the future for their children.

These are the people whose confidence has been betrayed in the worst possible manner.

These are the men and women whose investments have been liquidated by greed and brazen criminality.

The VBS story is about the misuse of public resources.

The VBS story is a story about the total disregard of the laws and prescripts that govern the use and management of public resources.

We know now that the National Treasury did warn municipalities against investing in VBS. This was not because the National Treasury was against the imperatives of transformation or against the empowerment of a Black owned Bank.

The reasons for this warning were very clear and well articulated to the municipalities. Whilst the law permits municipalities to invest some of their resources with financial institutions, the law is very clear that such an investment should only be done with a Bank as defined in the Banks Act.

We now all know that municipalities were made aware that VBS was not a registered Bank in terms of the Banks Act.

When this warning and the information was communicated to municipalities, we are told that there are those municipalities who took corrective action and withdrew the investments.

Most of these municipalities that took corrective action managed to recover both their capital investment and some interest on their investment.

Whilst the decision to invest with VBS was in violation of the law, we cannot ignore the significance of the corrective action taken by those municipalities.

As a matter of fact, this is what we expect from public officials and public institutions. Where you commit wrong, you should be able to correct such a wrong as soon as you realise that you have committed wrong.

However colleagues, we had municipalities that continued to invest with VBS even when it was clear that such investments are in violation of the law.

These municipalities did not only violate the MFMA, but clearly defied the National Treasury. It is really strange that people would go out of their way to violate the law and defy clear instructions.

What is more devastating is the consequence of this violation of the law and defiance. It is public knowledge now that these municipalities that did not withdraw their investment when they were advised to do so have permanently lost their investments.

Hundreds of millions of Rands have been lost, simply because people insisted on violating the law and ignoring instructions.

These people refused to take corrective action even when that was the most logical thing to do.

As a result of this irrational defiance, we have municipalities that are now on the brink of insolvency.

Some of these municipalities have had to cut down on service delivery projects, whilst others are struggling to pay their own employees.

It is now clear that we will have to place certain municipalities under administration, Unfortunately, there will be consequences for all these illegality and defiance.

Some would say that we are fraying small fishes in a form of Municipal Officials and we are not doing anything about the politicians who are alleged to be involved.

But colleagues will remember the message I always share with you. I am on record on many occasions to be saying that you are not expected to execute any instruction which is against the law.

I have even said that you should refuse to carry out such an instruction even when it comes from the Premier himself.

As we sit hear today the VBS has been liquidated, I still believe there's still space for a VBS in the financial services,that bank could have been salvaged, We should heed the cry of our people for their own bank,

Programme Director;

This Budget Lekgotla is also taking place within the context of the hostile national and global economic climate.

This hostile global economic environment is characterised by amongst other things, the rise in crude fuel prices, the adoption of protectionist policies from countries such as the USA, and the trade war that is currently taking place between China and the USA.

Basically, the world is in a scramble for resources and new trade partners, This global reality impacts negatively on the attainment of our national development goals.

We therefore must learn to navigate this hostile terrain like true soldiers who are called to battle.

MEC Tooley would say to us that this is the time to do more with less. You will call it austerity measures,

We know that the national government has already cut the budget for Provinces. There will not be any additional allocation for us from the fiscus In the coming financial year,

Indeed we must master the art of doing more with less.

Ours is to never forget that all that we do in government, should be aimed at assisting us to realise the objectives of; developing our rural communities, through agrarian and land reform,

Our budgetary processes should assist us to expand the productive capacity of the economy and to create of jobs for our people,

We should use the limited resources at our disposal to ensure that we expand our health care infrastructure and provide primary health care services to all our people,

The legitimate expectation from our people is that we should use these resources prudently to ensure the provision of adequate human settlement to the needy,

With these limited resources, we should prioritize the provision of water to our

communities; expand education and training opportunities to our youth and fighting crime and corruption.

This is obviously not a simple task; hence none of us can afford to take the business of this Lekgotla for granted.

Programme Director;

When resources are finally allocated, the immediate subsequent duty is to ensure that such resources are utilized only for intended purpose.

This is not a very difficult thing to do. In this country we have sufficient legislative and policy framework to guide public expenditure.

You would agree with me that the PFMA is one of the finest pieces of financial management legislation ever enacted.

The PFMA promotes the objective of good financial management in order to maximize service delivery through the effective and efficient use of our limited resources.

It is clear from these objectives that there is simply no room for wasteful expenditure, unauthorized expenditure, fraud and related financial irregularities when dealing with public resources.

The law requires that we act in a prudent, cost effective and efficient manner. This must be visible even in our budgeting process.

We should not be seen allocating more resources in areas that are remotely connected to the urgency of taking services to our people.

When resources are finally allocated we must not abdicate our monitoring responsibility to ensure that these resources, limited as they are, are used for an intended purpose.

We must, and will definitely act very swiftly and harshly against those who divert these resources for ulterior purposes or self benefit.

Every single cent must be spent as allocated and in a cost effective manner, as the constitution demands.

We can only succeed in pushing back the frontiers of poverty if we utilize public resources in a prudent manner.

In conclusion, I wish to take this opportunity to wish this important Provincial Budget Lekgotla success.

I thank you!