

THE ADDRESS BY THE MEMBER OF THE EXECUTIVE COUNCIL, MR AJD NDOU, ON BEHALF OF PREMIER CHUPU MATHABATHA ON THE OCCASION OF THE PROVINCIAL INTER-GOVERNMENTAL FORUM, AS HELD ON THE 28 SEPTEMBER 2018, AT THE BOLIVIA LODGE, AT 08:00

Members of the Executive Council;

Director General, Ntate Nape Nchabeleng;

Executive Mayor of the Capricorn District Municipality, Cllr John Mpe;

Mayor of Polokwane Local Municipality, Cllr Thembi Nkadimeng,

Executive Mayors and Mayors present here today,

SALGA Provincial leadership,

Office of the Auditor General,

Representatives of ESKOM,

Esteemed participants,

Ladies and gentlemen

Malcom X once said;

“Education is our passport to the future, for tomorrow belongs to the people who prepare for it today”

I think this is a profound statement that as we near and approach our descend for the perfect landing into the quarter of a century since democracy, while we also acknowledge and remember the centenary celebration of both President Nelson Mandela and Mama Albertina Sisulu who gave us the will to contribute immensely in the shaping up of a democratic state that fights and achieves the basic principles of building a united, non-racial, non-sexist, democratic and prosperous South Africa.

As we gather here today, as Hope Ambassadors, we should remind ourselves what the Reconstruction and Development Programme prepared us for the future. The document said;

“No political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospects for a better life. Attacking poverty and deprivation must therefore be the first priority of a democratic government”

Indeed, as leaders of government we must remember that the RDP formed the basis of government’s attempt to attack poverty and deprivation, and to build a united, non-racial, non-sexist South Africa, this informed by the principles of inclusivity, government translated the RDP into policies, programmes and budgets.

And again we remind ourselves that the National Planning Commission in their Diagnostic Report as released in 2011, sets out South Africa's achievements and shortcomings since 1994. The country has made major progress since the dawn of democracy. Some of these achievements, we are raising and reminding ourselves today, because we are preparing for a landing that marks a quarter of a century since the dawn of democracy, are;

- The adoption of the constitution**
- The establishment of the institutions of democracy**
- The building of a non-racial and non-sexist public service**
- And the transformation of many other institutions created the foundation for a new nation**
- The health of public finances was restored**
- Democracy fostered the dignity of all South Africans – which translated into improved access to education, health services, water, housing, electrification and social security, and a significant proportion of schools, suburbs and workplaces are integrated.**

So this picture as designed, prepares us to remember that, in our daily-being as Hope Ambassadors, have to inject into the system of our people that History has no blank pages and our hands are truly on the deck in the continuation of the improvement of the quality of living for our people. We are duty bound to be judged by our deeds to our people.

In our everyday work, numbers are important, informed and dictated by the healthier finances and budgets that we have to manage in the repositioning of our stature in the country. The Gini co-efficient told by the current levels, paints South Africa as one of those in the world that has the highest levels of inequality, and positions us in the Limpopo province to never rest as we work hard for the improvement stature of the country.

The task at hand is to assist in making sure that, as we land into a quarter of a century, we make sure that South Africa inequality rate is reduced significantly and in line with the Vision 2030, there would be a major shift for the better. Mandela taught us it might seem impossible until it's done. South Africans find themselves laying their heads to rest at night and wondering what changes might await them when morning breaks. **As Hope Ambassadors, gathered here, we are duty bound to make sure South Africa succeeds.**

In making sure we succeed in our programme of improving the quality of life for our people, we need to never slow down on leadership and governance. We won't be inspiring hope if we decided otherwise to slow and decay in our quest to transform the society we all love to see prosper.

The Diagnostic Report has identified nine main challenges;

- **Too few people work**
- **The standard of education for most black learners is of poor quality**
- **Infrastructure is poorly located, under-maintained and insufficient to foster higher growth**
- **Spatial patterns exclude the poor from the fruits of development**
- **The economy is overly and unsustainably resource intensive**
- **Public services are uneven and often of poor quality**
- **Corruption is widespread**
- **And South Africa remains a divided society**

AS leaders, and with education that infused in us as Hope Ambassadors it means that we must resolve and agree that, we develop and upgrade capabilities to enable sustainable and inclusive development that requires a new approach and mindset that will be about; creating jobs and livelihoods, expanding infrastructure, transitioning to a low-carbon economy, transforming urban and rural spaces, improving the quality of education and training, providing quality health care, building a capable state, fighting corruption and enhancing accountability and finally transforming society and uniting a nation.

Leadership should not be blurred when we collectively tackle these problems we are faced with. As leadership in our various corners of life we should remember that the best way to balance a cut-throat environment, liveth the conscience which leads us into taking account the abiding interest of humanity and public good.

Perhaps in the interest of the meeting, it would assist and be advisable just to give or paint a clearer picture for our use in our deliberations in relations to the Audit Outcomes of the 2016/17 Financial Year.

Colleagues, in the interest of this meeting, let me remind ourselves on how we performed at Municipal level during the 2016/17 Audit;

- **Musina, Lephale, Thulamela, Molemole, Makhuduthamaga, Greater Tzaneen and Maruleng Local Municipalities and Capricorn and Sekhukhune District have received the Unqualified Audit Opinion.**
- **Waterberg, Bela-Bela, Polokwane, Blouberg, Lepelle-Nkumpi, Elias Motsoaledi, Tubatse-Fetakgomo, Ephraim Mogale, Collins Chabane and Greater Letaba have all received Qualified Audit Opinion. This means there has been regression on the part of Waterberg, Polokwane and Belabela.**
- **Mogalakwena, Makhado and Greater Giyani received an Adverse Audit Opinion. This outcome therefore places both Makhado and Greater Giyani as regressed.**
- **On Disclaimer, we have Ba-Phalaborwa and Modimolle-Mookgophong Local Municipalities and Mopani, Vhembe District Municipalities.**

- Mopani and Modimolle-Mokgoophong have regressed.
- And lastly, ThabaZimbi theirs is still outstanding.

As you are aware that we are currently working on the 2017/18 Annual Financial Statements, there has been an uproar from the fourth estate about the regularization of the VBS capturing into the statements. In the interest of this meeting, let me remind ourselves about the National Treasury Statement on the subject;

“Budget Related Implications

Municipalities were advised at the meeting with National Treasury in March 2018 and again with the Minister of Cooperative Governance and Traditional Affairs on 19 June 2018 to confirm the amounts invested, the term period, council’s policies, assess the impact of the VBS Mutual Bank investments on the budgets and finances of the municipality. The 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) must also be reviewed since the investments may not be realised, the municipalities would have lost such funds, subject to final confirmation by the Curator appointed by South African Reserve Bank. This information should be obtained from the Curator directly. Therefore, it is inevitable that this potential loss will have a negative impact on the budget that was compiled based on such revenues and consequently service delivery. The budget will therefore have to be adjusted accordingly. Municipalities were advised to adjust revenue and expenditure downwards in the 2018/19 MTREF if these were planned to be funded from the investments deposited with VBS Mutual Bank, before adoption by 30 June 2018.

If municipalities did not factor such adjustments before adoption of the 2018/19 MTREF, the Mayor of the municipality may, in terms of MFMA section 28(2)(a) read with MFMA section 28(4) and the Municipal Budget and Reporting Regulations, 2009 table an adjustment budget in council (at any time) to adjust the revenue and expenditure estimates downwards. This will ensure that a realistic budget is implemented. The municipality must decide on the timing of this adjustment budget; however, immediate measures must be taken to reduce expenditure on projects and operations that were linked to these funds that were invested with the VBS Mutual Bank.

Accounting requirements relating to VBS investments in terms of the MFMA and GRAP standards

The MFMA provides for the preparation and submission of Annual Financial Statements in section 122, 123, 124 and 125 which require such statements to fairly present the state of affairs of the municipality or municipal entity,

its performance against its budget, its management of revenue, expenditure, assets and liabilities, its financial results and its financial position as well as specific disclosures.

The accounting requirements must be applied consistent with the GRAP standards. After initial recognition and measurement of the investment in VBS Mutual Bank, a municipality would reflect the investment at amortized cost or at fair value. This will have to be assessed at each reporting date whether there is any objective evidence that the investment should be impaired.

Given the possibility that the full value of investments in VBS Mutual Bank would not be realised, the municipality will need to consider the impairment requirements within GRAP 104 in order to determine the value of the adjustment to the carrying amount of the investment at the reporting date.

GRAP 104 sets out specific presentation and disclosure requirements in relation to financial assets and any impairments thereto, accordingly a municipality is encouraged to ensure that these requirements are applied to investments made in VBS Mutual Bank as such information will be qualitatively material to the users of the financial statements.

Importantly, the recoverability of funds investment in VBS Mutual Bank does not negate the municipality's performance obligations with regard to how these funds should have been utilised as set out in any grant framework or other binding arrangement. Therefore, The Division of Revenue Act and MFMA Circular 91 provides information on the requirements for rollovers on all unspent conditional grants..."

Ladies and gentlemen, Limpopo has to succeed. We all gathered here documenting our own history for a future reference. Our deeds have to match a history that we would love our children and the future has to love and appreciate.

In conclusion we need remember what Premier Chupu Mathabatha said in 2017;

"... our constitutional order establishes a framework for the national government, provincial government and local governments to promote and facilitates inter-governmental relations. Our constitution states that, our three spheres of government are distinctive, interdependent and interrelated.

Although the three spheres of government are autonomous, they exist in a

unitary South Africa and they have to work together on decision-making and must co-ordinate budgets, policies and activities, particularly for those functions that cut across the spheres.

Most importantly, this framework also provides the procedure to facilitate the settlement of intergovernmental disputes.

In this context, we understand the concept of Inter-governmental relations to be about the relationships between the three spheres of government..."

I wish you well in your deliberations in this momentous body-politik.

I thank you