



Executive Management Team (EMT) Lekgotla

3 – 5 February 2020

IRENE COUNTRY LODGE, IRENE

Inspiring Service Delivery:

“re-defining the local government narrative”

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1. INTRODUCTION AND SCENE SETTING

1.1. BACKGROUND AND PURPOSE OF WORKSHOP

On the 3-4th of February 2020, MILE in collaboration with SALGA facilitated the strategic planning session for the executive management of SALGA, of which attendees included the national office, the provincial representatives, provincial chairpersons of the MM's Forums and various external presenters from the likes of the Auditor General, the secretary of the National Council of Provinces (NCOP), GIZ and trade unions. The final session on the 5th saw a very robust and different facilitation methodology undertaken by the team from Standard Bank's CID digital.

Important to note that the process of collective strategic reflection, dialogue and planning has proven to produce rich and dynamic products for SALGA, with the Executive Management Team (EMT) Lekgotla providing an opportunity for the management team, joined by senior managers from municipalities; local government practitioners and strategic partners, to share ideas and reflect on the value proposition of SALGA within the context of the issues affecting its membership.

As part of the holistic strategic approach, the Lekgotla will reflected on the past and present performance of both SALGA and municipalities, to enable the session to assess the state of both municipalities and SALGA and determine the future direction of both SALGA and local government.

Ultimately, due regard was given to emerging issues that required SALGA to revise its 5 Year Strategic Plan and to assess the support provided to municipalities and what improvements could be made to better support municipalities and provide specialised services to members through innovative solutions within the legislative mandate of SALGA.

1.1.1. OBJECTIVE

"As a Learning organisation, SALGA continually strives to evolve to be more responsive to the various pressures facing both the institution and its members. It is therefore imperative that a strategic discussion is convened to stimulate active reflection and debate amongst SALGA and its stakeholders to ensure the emergence of an informed and robust revised strategic direction and Annual Performance Plan for the remainder of the strategic period 2020 – 2022". Therefore, the strategic planning session aimed at attaining the following objectives by the end of the session:

- To get a common understanding on the state of local government and SALGA
- To understand, what is it that can be done to get SALGA where it should be in the future

- To get a clear undersnading on where local government and SALGA would want to be going forward

1.1.2. TARGETED STAKEHOLDERS

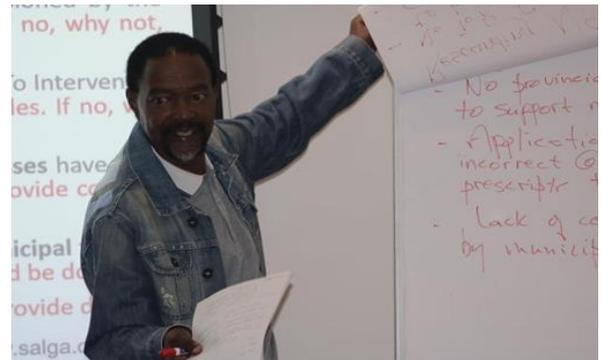
This was SALGA’s internal session and therefore in attendance was SALGA’s management team from both national and provincial offices, senior managers from municipalities; local government practitioners and other strategic partners.

1.1.3. METHODOLOGY



The session was divided into 2 phases, one facilitated by MILE (i.e. 3-4 February), and following that the last day was facilitated by another team from Standard bank CID digital, of which these learning notes will exclude the last day as it will be produced separately.

The world café was the methodology used by MILE, of which succinct learning notes were drawn out of the two-day process.



1.1.4. ANTICIPATED OUTCOMES

The following outputs were anticipated for the Executive Management Team (EMT) Session:

- Agreement on the key elements of the future desired state of Local Government and SALGA;
- The Role of Local Government and SALGA in attaining the National Development Goals;
- The role of SALGA in giving effect to the future desired State of Local Government

1.1.5. STRUCTURE OF THE DOCUMENT

This document is not meant to be minutes, however to be learning notes, which intends on reflecting the key outcomes that were deliberated on during the workshop, and serves as an internal resource to guide further work in positively contributing towards the SALGA'S executive management strategic planning session.

Therefore, it does not provide a verbatim of proceedings, however it emphasises on central themes that emerged from the workshop.

1.1.6. DETERMINATION OF EXPACTATIONS



Participants were given the opportunity to express their various expectations from the workshop before it commenced. These were written on key cards and arranged thematically and listed in order from highest to the lowest as follows:

- SALGA implementation action plan (support local government strategies)
- SALGA's mandate and strategic framework
- Re-defining the narrative
- State of local government in terms of fulfilling its mandate
- Stakeholders perceptions or views about SALGA

2. DAY ONE

Day one intended on dealing with and addressing the state of local government, with presentations being made by the various strategic partners which will be highlighted below. Day one dissected and dealt with challenges facing local government in order to come up with solutions that are best suited for local government and the associated support that could be offered by SALGA to its members.

The presentations were to spark discussions and multi layered conversations which are multi facets, in that they are able to unpack the role of SALGA, thereby by defining the narrative to be contextualised from 2021 to 2026. Emanting from the CEOs opening remarks one had to ask the following questions:

- ✓ Are we understanding social cohesion in the manner which will see the NDP goals being realised?
- ✓ Is local government dressed in a capable form, such that SALGA understands its position and role?
- ✓ If SALGA is the change agent, what catalytic action is it taking in order for it to make the right contact at client level, i.e. understanding the status quo?
- ✓ If SALGA were to profile local government, will it define profiling such that the contextual realities that local government is faced with is put out in the open in an attempt to redefine the narrative?
- ✓ In the advent of the 4IR how does SALGA undermine the inhenrent and take advantage of the 4IR to come up with solutions and packaging those solutions in the manner that will help to redefine the narrative in municipalities?
- ✓ How do we create “did you know” moments as municipalities?

2.1. PRESENTATIONS ON THE STATE OF LOCAL GOVERNMENT

2.1.1. SALGA



In setting the scene, the presentation on the state of local government, as was to be presented by the CEO, in his absentia at the time was then presented by Lance Joel, SALGA COO which stated the purpose, objective and expectation of the Executive Management Team Lekgotla.

The presentation further mentioned the developmental local government characteristics emphasising, local government as the key to building relationships between stakeholders, in order to find local solutions for increased sustainability.

DISCUSSIONS

- The presentation would have given a clearer picture if it had also looked at what was the state of local government and the state of access to services when we started local government and what is a state of local services now
- understanding the correlation with the narrative of a developmental state.

For detailed information, kindly refer to the full presentation by SALGA CEO Mr. Xolile George which can be found on http://www.mile.org.za/QuickLinks/News/Pages/news_20200205.aspx

2.1.2. COGTA



Mohanuoa Mabidilala, Chief Director Monitoring and Evaluation presented on the state of local government. She highlighted that despite the achievements over the last 25 years of democracy in South Africa, the current development trajectory is not delivering sufficient economic growth, social inclusion or spatial integration, and it is also not fiscally sustainable. The regulatory system needs to cater for differentiation between municipalities, promote alignment (via assignment of functions) and

engender accountability for performance.

The success of rural and urban development projects depends upon connections to nearby activities, services and infrastructure. There should be far stronger incentives within government, to coordinate the programmes of different government units. Municipalities must be capacitated to play a greater role in rural and urban development, and key housing and public transport responsibilities should carefully and quickly be devolved where capacity exists.

Emphasis should change from direct provision of facilities towards the promotion of efficient local markets and demand-driven inclusive growth. This will mean rapidly and progressively shifting the focus of central government funding for development towards demand-side subsidies that support the agency of households and communities.

For detailed information, kindly refer to the full presentation by Ms Mohanuoa Mabidilala from COGTA which can be found on http://www.mile.org.za/QuickLinks/News/Pages/news_20200205.aspx

DISCUSSIONS

THE FOLLOWING WERE SOME OF THE KEY ISSUES THAT AROSE:

- The slide on vacancies might understate or misrepresent what is happening in municipalities, as municipalities often re-do their organogram in an attempt to present a better picture, leading to the question on whether has an assessment been done to determine the true status quo.
- Private sectors are facing/talking retrenchments
- As we go towards elections protest arise because of lack of service delivery
- General lack of the law as people consuming Eskom electricity for free or illegal connectivity of electricity i.e how do we deal with the culture of lawlessness, can the sphere exist in the next 20years?
- Expected COGTA to give an update on District Developmental Model
- Expected COGTA to talk about the Local Government Laws Amendment Bill
- Expected COGTA to talk to the upper limits
- Issue of incompetency might not be a true reflection – eastern cape challenges it regarding their CFOs as it was found that none of the CFOs lack qualifications.

2.1.3. STATSSA



NON-FINANCIAL CENSUS OF MUNICIPALITIES, 2018: SERVICE DELIVERY DATA FROM MUNICIPALITIES

Households and consumer units do not always coincide one to one, particularly in blocks of flats, on stands where there are multiple households in the same dwelling, or in the case of public taps. We need to have understanding on free basic

services, the minimum amount of basic levels of services, provided on a day to day basis, sufficient to cover or cater for the basic needs of poor households. *For detailed information, kindly refer to the full presentation by J de Beer DDG Economic statistics, which be found on http://www.mile.org.za/QuickLinks/News/Pages/news_20200205.aspx*

DISCUSSIONS

- Payment of services, The accelerations of services vs the payment there is no coloration
- Unpack 60% of non-payment and 40% of payment for services
- Methodology, variable of indigent how do you treat this variable, what are sources, how do you then extrapolate sources
- Indigent register increasing, to what extent that impacts on streams of municipalities

- Surveys that is looking into the quality of services
- More people losing jobs and contributing to the indigent, what is the strategy to exit people out of poverty
- Households surveys coordinated centrally by StatsSA
- Uniformity in terms of determination free basic services vs indigent
- Number of buckets in informal areas is a big concern needs to be looked at

2.1.4. AUDITOR GENERAL

THE VALUE OF PREVENTATIVE CONTROLS



Kimi Makwetu Auditor General presented on preventative controls, alluded that for preventative controls to be placed right across the institution and for them to work they require the commitment at the top and the culture to be aligned, also indicated that preventative controls are often cheaper to implement because they depend on people already in the organisation, whereas recovery and detection controls further escalate the costs. If you have enough preventative controls you don't have to worry about the kind of audit outcomes. Further added that if we are to have preventative controls in certain levels, all we have to worry about is that HR and supply chain have developed their own preventative controls and not the audit outcomes.

2.1.5. NATIONAL COUNCIL OF PROVINCE (NCOP)



Government in the Republic of South Africa is constituted by national, provincial and local spheres. These spheres are distinctive, interrelated and interdependent. Except for the concurrent national and provincial functional areas of competence, each sphere has its area of competence, despite their being distinctive. The Constitution authorises national and provincial executives to intervene in local government within certain constitutional constraints.

Interventions are not intended to permanently usurp the powers of the Municipal Council, the purpose of these interventions is:-

- ✓ to direct the municipality to carry out or fulfill its executive obligations,
- ✓ to restore good governance in the municipality,
- ✓ to assist the municipality to approve budget or revenue raising measures and

- ✓ to return the municipality to a sound financial position.

For detailed information, kindly refer to the full presentation by the Secretary to the NCOP Adv Modibedi Phindela, which can be found on http://www.mile.org.za/QuickLinks/News/Pages/news_20200205.aspx

2.1.6. IMATU



LET'S GET LOCAL GOVERNMENT WORKING

IMATU President Keith Swanepoel presented on the status of local government by looking into the public perception of local government through the eyes of employees and local government not being responsive to the needs of communities, corruption, ineffective and unable to deliver services. Worker ethic is a priority, IMATU as a representative of workers, needs to ensure that a paradigm shift takes place in respect of service delivery same as members should embrace and promote a climate for quality service delivery. Lastly, he highlighted IMATU's roles including that of protecting the status of local government, protection of members making protected disclosures, opposing job shedding, exposing corruption and protecting the anonymity of members. For detailed information, *kindly refer to the full presentation by Keith Swanepoel IMATU President, which can be found on http://www.mile.org.za/QuickLinks/News/Pages/news_20200205.aspx*

DISCUSSIONS

Following the panel of presentations, below are the key issues that arose from the presentations by the Auditor General, Secretary of the NCOP and the Chairperson of IMATU in no order of preference:-

- In respect of interventions – does COGTA vett the administrators sent to the municipalities in order to check if they are qualified or even to confirm any outstanding issues from their previous employers. There's need for them to be subjected to scrutiny in the same manner as the S56 and S57 Managers.
- Pending applications that is going to be opposed , what are the implications of that judgement to other municipalities

- In understanding the purpose of interventions – can we get to know how much of those interventions have resulted into restoration of good governance leadership as well as financial viability.
- Lack of integration, other spheres of governance don't come to the party
- Preventative controls approach, is there a level of resistance from others who may think it's their responsibility?
- What are the views of labour on embarking on a joint campaign for municipalities to increase productivity?
- NCOP should regulate how interventions are being implemented, through ensuring that all other avenues are explored prior to implementing S139 including looking at what other measures (such as S154) have been put in place prior to implementing S139
- The definition by COGTA of cooperative government vs that of the NCOP is not aligned, however it seems like the NCOP is better placed to play that cooperative role due its proximity to the National Assembly
- Inter government relations to be strengthened.
- In respect of the amendment of the Public Audit Act and the focus it places on the accounting officer, what is the deadlock breaking mechanism if we can't find one another?
- What is the role of the already existing oversight committees on preventative control measures.
- Will the Unions consider, exploring mechanism of developing productive indicators for their members in an effort to improve service delivery?
- Assessing impact of section 154 in terms of effectiveness or existence

3. DAY TWO

3.1. RECAP OF DAY ONE: LESSONS LEARNT

As the participants were requested to write down that which captured their mind from the previous day's presentations and discussions, these were some of the key thematic lessons learnt by participants arranged in the following order:

- Preventative controls
- Local government challenges overwhelming
- Interventions (section 139 and 154)
- Co-operative governance (all spheres government)
- Labour and SALGA common vision
- Debt certificates
- Voice of municipal manager

3.2. PRESENTATIONS

3.2.1 GIZ



GIZ SOUTH AFRICA SALGA COOPERATION: LOCAL GOVERNMENT SUPPORT PROGRAMMES

Mr Terence Smith, the Programme Manager for Violence and Crime Prevention (VCP) programme, indicated that whilst his focus will be on the VCP programme, his presentation will also slightly touch on the other two programmes which are, Governance Support Programme and the Electricity Support Programme. Their programmes are mainly present and visible in the Eastern Cape and Mpumalanga.

The presentation highlighted the following:

- As a government-owned corporation, GIZ implements sustainable development projects worldwide on behalf of the German government and other funders

- GIZ operates in more than 130 countries and employs some 20,000 staff members (70% of which are national personnel in the countries)
- In South Africa, GIZ first started in 1994 and has since implemented projects with a total volume of more than EUR 550 million as part of the bilateral cooperation between Germany and South Africa
- The main focus of our work in South Africa is Governance and Public Administration, HIV/AIDS, TVET and Skills Development, and Energy and Climate
- Extremely high levels of violence and crime are a critical **barrier to overcoming the triple challenge of poverty, inequality and unemployment** in SA
- Sound national prevention policy framework in place but **systemic capacities for implementation at local level lacking**
- **Municipalities**, as the sphere of government closest to communities, need to be **at the forefront of government's response to the challenge**
- **Young people's active participation** key to addressing violence and crime

For detailed information, kindly refer to the full presentation by Mr. Terence Smith, which can be found on http://www.mile.org.za/QuickLinks/News/Pages/news_20200205.aspx

DISCUSSIONS

- GIZ was commended on the support that they provide to municipalities, such that their visibility in the municipalities that they support was highly appreciated.
- Municipal finance support - reforming Supply Chain Management (SCM) and Revenue Management and generation.
- Coordinating support on various areas within local government space, how well is it working as consented focus on local government space without being swallowed up by priorities at the national level?
- Approach on the current programmes
- Once programme has ended through the partnership SALGA or the municipalities do not continue, therefore the question is how we continue with those particular programmes, so we can continue with the value add.
- The tools that GIZ is currently work on with regards to access and the maturity of IT, consider consolidate all the different tools and come up with one that will assist to be able to access entire chain of different functions

3.2.2 SALGA GENERAL OVERVIEW

THE STATE OF SALGA



Lance Joel SALGA COO presented the general overview on the state of SALGA, whereby he started by giving detailed background information on organised local government, the establishment of SALGA, its role, mandate, functions, legislative framework and constitutional development. SALGA's evolution, the role of political and administrative leadership as well as

provinces and national. The overview of the SALGA planning, budgeting, reporting cycle and five year strategy. The overview of the organisational performance in line with the SALGA's conference resolution and strategic plan and SALGA risks and problem statement. For detailed information, *kindly refer to the full presentation by Lance Joel SALGA COO, which can be found on http://www.mile.org.za/QuickLinks/News/Pages/news_20200205.aspx*

3.2.3 SALGA FINANCIAL POSITION

FINANCE



Nkosana Makate Acting SALGA CFO presented on SALGA finances status quo, with specific focus on the: -

- ✓ audited Annual Financial Statements (AFS) 18/19
- ✓ actual revenue and expenditure growth
- ✓ financial risks
- ✓ budget process.

He further highlighted that SALGA has maintained a clean audit outcome for the 7th year in a row. It is noted that the annual financial statements submitted for audit as well as the performance information were of a high quality and no material non-compliance matters were identified. This is as a result of SALGA's commitment to ensure continuous effective functioning of the internal control environment. There were however two instances of control deficiencies noted relating to procurement and the information technology governance and system controls however; such matters reported were not material. SALGA should maintain its best practices to ensure that the strengthened control environment is maintained resulting in continuous favorable audit outcomes.

Kindly refer to the full presentation by Nkosana Makate acting CFO, which can be found on http://www.mile.org.za/QuickLinks/News/Pages/news_20200205.aspx

3.2.4 SALGA HUMAN RESOURCES POSITION

THE STATE OF HUMAN CAPITAL IN SALGA



Karen Hudson HR Senior Manager presented on the period of transition 2018 - 2019 which calls for resilience, approved functional design for SALGA i.e. the organogram, the employee migration/matching and placement process, current reality and filled vs vacant positions status.

DISCUSSIONS

THE FOLLOWING WERE SOME OF THE KEY ISSUES THAT AROSE UNDER THE STATE OF SALGA PANEL PRESENTATION AND DISCUSSION, WHICH INCLUDED THE GENERAL OVERVIEW ON THE STATE OF SALGA, FINANCE PRESENTATION AND THE STATE OF HUMAN CAPITAL IN SALGA:

- Damage control plan, assessment and treatment of risk
- Acknowledge that vacancies are the paper reflection
- Reassignment of employees in other roles to fill gaps, expanded job profiles, needs to go over discipline
- Run rotational system for SALGA's employees
- Introduce service levels that as part of operating model view between province and national
- Everyone on senior management level must have the responsibility to mobilise resources
- Define what SALGA do before people define it for you
- How is SALGA going to be sustainable going forward
- Distress municipalities vs constitution of SALGA
- Skills of local councillors needs to be looked at or empowered
- Members of municipalities needs to be in the room when discussing issues
- At what stage have we sat and realistically reflected on what SALGA can do, at what point do we go out to mobilise resources
- When do we get to engage with the operating model
- SALGA needs to look at prioritising
- Where are the areas where we need more resources or capabilities so we can utilise what we have

- Enforcement of Debt collection needs to be implemented
- Costing system in terms of the value SALGA is giving municipalities
- Early warning dictation system from municipalities that are not paying, what are the red flags
- In terms of white paper mandate to provide special services, how far are we?

3.3. GROUP WORK EXERCISE ONE REPORT BACK

Following the presentations on the state of local government, group discussions and deliberations were held where each participant was allocated a group number to ensure an even spread of participants, each group was dealing with a specific question and members from the different groups all took turns to ensure that they deliberate on all the questions following the world café methodology. This ensured that all members have participated and contributed to each of the six questions that were posed for discussion.

Group 1: Has Local Government addressed the pre-democratic local government challenges? If yes, what are the sustainable solutions/good practices? If no, why not, what areas are lacking and what should be done.		
<p>Yes</p> <ul style="list-style-type: none"> • Democratic local government with regular election • Accountable local government • Infrastructure development in townships – e.g roads in certain areas (rural and urban; water supply) • Legislation governing local government • Local sphere of government has original powers • Recognition to service all citizens on an equitable basis • Rationalisation of local authorities – inclusive municipalities • Increase in provision of services to the communities • Systems to build relations between communities and municipalities 	<p>No</p> <ul style="list-style-type: none"> • Lack of integration amongst the spheres • Spatial planning – skewed patterns of settlements • Skewed access to services • Decline in the collection of revenue • Lack of infrastructure maintenance • Lack of capacity building - skills • Lack of qualitative involvement of communities in decision-making process – service delivery protests • Short term planning – five-year term • Unsustainable municipal demarcations <p>Burden on the services by migration</p>	<p>Solutions</p> <ul style="list-style-type: none"> • Integrated spatial planning – transformation of spatial economy • Co-ordination of and planning amongst the spheres of government • Funding model to be reviewed - more money to be allocated to local sphere • Employment of skilled personnel • Deployment of skilled politicians • Introduction of shared services model – District Service Delivery Model • State to make land available for spatial transformation • Long term planning as compared to short term planning • Rationalisation of laws regulating local government • Rationalisation of municipalities – sustainable municipalities

<ul style="list-style-type: none"> • Creation of standards for appointment of senior managers • Capacity by metros to leverage private funding 		<ul style="list-style-type: none"> • Qualitative involvement of communities in decision-making process • Private sector to be part of the delivery of services to the communities • Revenue collection by across all parts municipalities
<p>Group 2: Developmental Local Government: Has local government delivered on the vision of Building a Sustainable, Responsive & People Centred Local Government System as envisioned by the White Paper on Local Government? If yes, what are the concrete examples? If no, why not, what areas are lacking and what should be done.</p>		
<p>Yes</p> <ul style="list-style-type: none"> • System that is inclusive, democratic, people have a say in the affairs of LG • Planning systems are in place (such as IDP as a planning tool) • More people has access to basic services • Movement ito integration of cities & rural areas • Capacity by metros to leverage private funding 	<p>No</p> <ul style="list-style-type: none"> • Not financially sustainable <ul style="list-style-type: none"> ○ examples of amalgamated municipalities used (cannot put two struggling entities together and expect positive results) • Infrastructure not sustainable • Culture of dependency = no responsibility/ownership by communities • Dysfunctional ward and street committees • Low priority for payment to municipalities and refusal to pay (losing faith in the ability of the municipality to deliver) • Poor service delivery, quality of services provided • LG not responsive BUT reactive 	<p>Solutions</p> <ul style="list-style-type: none"> • Grants for restructuring • Maintenance should be prioritised • LG should be more consultative • Planning based on needs • M&E/Feedback loop to communities developed and maintained perhaps through digitisation • Devolution of functions to LG where it is better placed and affect municipalities directly (such as human settlements and transport) – question the relevance of provincial government • Strengthen IGR • Asset management (profiling of municipalities) • Social housing initiatives • Ownership by communities is a key issue to address (related to participation and people centred)

	<ul style="list-style-type: none"> ○ Prediction of protests (or when they will become violent) ○ Lawlessness amongst community members ○ Planning processed more wish list and compliance driven ○ Participation process more of a tick box exercise ● Lack of involvement of other spheres of government: assisting in lack of developmental role ● Good systems and plans but implementation lacking ● Haven't created opportunities for municipalities to be investment hubs ● High turnover rates of senior management and politicians (hampers institutional memory) ● Party-centred rather than people-centred 	<ul style="list-style-type: none"> ● Executive leadership or at least Mayors should be elected directly by constituencies ● Councillors to be based in their communities ● Communities need to be capacitated to participant and take ownership ● IDP and processes should be used correctly
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Group 3 - Cooperative Government: Where National and Provincial Government Elected to Intervene in Municipalities – **Are there any Success Stories? If yes, provide concrete examples. If no, why not and what should be done?**

<p>No</p> <ul style="list-style-type: none"> ● No terms of reference for the work to be done by the administrators. There is a mismatch between the number of people coming to intervene and the complex nature of the problems in the municipality. No turnaround strategy for the Administrator. Also, when the Administrator is appointed, role of the Senior Managers and council are interfered with. 	<p>Solutions</p> <ul style="list-style-type: none"> ● SALGA must set itself as a nerve centre of interventions (Profile municipalities before, during and post the interventions) ● Create a pool of competent local government practitioners that can be used as Administrators
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<ul style="list-style-type: none"> • When a municipality is placed under administration, there no additional resources that accompany the intervention • There is also no provincial capacity to support the municipalities (COGTA) • Often the intervention apply an incorrect Constitutional prescript to an incorrect problem (Section 139 a, applied to a typical sectional 139 c problem) • A municipality that is being put under administration often does not cooperate or embrace the intervention. • Section 139 interventions are often abused • Use of incompetent and conflicted administrators in these interventions (Failed MMs and also facing corruption are brought as Administrators) • Interventions are applied when an in-depth diagnosis has not been done. 	<ul style="list-style-type: none"> • Must also promote stability in the political oversight role of the municipality • The NCOP should play a more activist /proactive role • Apply section 154 before applying section 139
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Group 4: More than 20 years Since the White Paper on Local Government - What successes have been registered in addressing Political Issues and Administrative Systems?

Important to note the group 4 notes were not yet available at the time of finalising.

Group 5:
Has the White Paper assumptions on funding of local government yielded **municipal financial sustainability**? *If yes, provide concrete examples. If no, why not and what should be done?*

<p>No</p> <ul style="list-style-type: none"> • The White Paper did not take into considerations the different categories of municipalities and the fact that they have different capabilities. <ol style="list-style-type: none"> I. Eskom supplies electricity in many areas and then this prevent municipalities from revenue derive from sur charges – prevents them from earning revenue from surcharges that they could bill. 	<p>Solutions</p> <ul style="list-style-type: none"> • Holistic review of local government funding • Introduce an appropriate tax regime in rural areas • Where the constitution gives a municipality to render a trading service – they must have complete authority • Must set up an alternative funding mechanism for infrastructure – e.g. raising bond - set up a treasury desk at SALGA
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<p>II. No electrical substation is built to be continuously switched on and off. Damage is caused to switchgear and cables when power is switched on and off. Therefore, municipalities have to bear the extra cost of repairing infrastructure.</p> <ul style="list-style-type: none"> • Some rural municipalities are not able to charge property rates <p>I. Municipalities with tribal land are not able to charge rates on such land</p> <ul style="list-style-type: none"> • Equitable share formal is not balance as municipality receive only 10% while service delivery is at local government • Some levies that goes directly national departments <p>RSC levy has been scrapped</p>	<ul style="list-style-type: none"> • Enforce offsetting of equitable share
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Group 6:
 Are preventative measures the solution? *If yes, provide details. If no, provide details*

<p>Outcomes</p> <ul style="list-style-type: none"> • Preventative measures can be the solution but more as mechanisms within a conducive municipal institution. • Provide for easy and easy detection of anomalies in the system so that municipalities do not have to wait for the AG to give an opinion • Do exist in municipalities in the form of policies and procedures but the issue lies in the effective implementation of the policies and procedures • Are prone to the inherent human element in institutions • Only work when the back to basics in municipalities work • Senior managers in municipalities have no recourse when applying preventative measures because of the impunity and ethical culture in municipalities 	<p>Solutions</p> <ul style="list-style-type: none"> • Reduce the human error element through automation of certain functions such as checks and balances • Put in place adequate financial systems and strengthen cyber security to eliminate manipulation of the system • Consequence management, a culture of consequences prevents employees from misconduct • Ensure the implementation of compliance operating procedures • Invest in prevention instead of reaction by punishing the non-compliance to Standard Operating Procedures and not the theft in order to promote a culture of compliance in the organization • Consequences must also apply to politicians • Strengthen the municipal Internal Audit, Risk Committees, Oversight committees (should be taken as seriously as the AG)
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The group therefore suggested measures that can be put in place in order for the mechanism to work to provide a solution to the undesirable audit outcome's

- Lobby for the preventative measures to become regulations so that they are enforceable
- Screening and vetting of employees before entering the municipal employment
- SALGA to lobby the SABS to provide the Quality Management System:9001 to be offered cheaper
- Mobilize citizens to demand accountability
- Legalize the Councilors Oath of Office
- Create a LG public service commission to provide recourse for senior managers
- Explore developing a joint-up single monitoring system for municipalities to transact/ report on that will be accessible to CoGTA, SALGA and Treasury in order to mitigate challenges

All these mechanisms and measures may be there but there should be Political and Administrative WILL TO ACT in implementing the measures and consequences

3.4. GROUP WORK EXERCISE TWO REPORT BACK

Following the presentations on the state of SALGA, group discussions and deliberations were held, where each group was studying a specific piece of legislation with the aim of answering a question on what SALGA should be doing in responding to its legislative mandate guided by the various Acts. Groups were urged to look at what legislative imperatives are put on SALGA as obligations and in aligning with that deliberation should also focus on solutions that are aligned to the imperatives.

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
1	The Constitution of the Republic of South Africa, 1996	The Constitution (s163) provides for establishment of Organised Local Government Act to determine procedures by which OLG will consult with national and	<p>✓ Section 4 of OLG Act states that the consultation with national and provincial government should take place in a meeting convened by a Minister: In this regard, SALGA participates in relevant MinMECs at the national level and in various provincial IGR structures headed by MECs and Premiers. Bilateral meetings with relevant Ministers are convened through requests from either SALGA or the Minister. SALGA leadership has also consulted with various Ministers at an inter-Ministerial level on matters impacting on municipalities.</p> <p>✓ In terms of s3 of OLG Act, provincial associations may</p>	<p>1. SALGA needs to strengthen its participation in NCOP committees in order to influence committee recommendations that are later tabled in the House for debate and adoption.</p> <p>2. Given that SALGA representatives are not always readily available for NCOP commitments, SALGA</p>	<p>Constitution provides for Organised Local Government to:</p> <p>✓ Consult with national and provincial governments</p> <p>✓ Designate up to 10 representatives to NCOP</p> <p>✓ Nominate 2 persons to FFC</p>

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
		<p>provincial government, designate reps to NCOP and nominate persons to FFC as envisaged in s221 (1) (c).</p>	<p>nominate not more than 6 Cllrs for designation to the NCOP, and national organisation may nominate not more than 10 Cllrs from the provincial nominations:</p> <p>In this regard:</p> <ul style="list-style-type: none"> ✓ SALGA Provinces nominated 3 Cllrs each, and the NEC nominated 9 Cllrs from the provincial nominations. The 10th seat is occupied by SALGA President or her representative. ✓ SALGA participates in the proceedings of the NCOP especially House debates. Participation in committees has been based on invitations. Whenever specific municipalities are invited in parliament, SALGA 	<p>needs to identify priority areas of focus to influence the parliamentary agenda on local government.</p> <p>3. SALGA needs to strengthen interface with provincial legislatures and prioritise participation in public hearings on legislation and policy matters. Influencing at this level would be an opportunity for SALGA views to be incorporated in the provincial mandates</p>	

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
			<p>always assist them in preparing for the parliamentary engagement. Nominated representatives as well as Working Group members are not always available for SALGA parliamentary work due to competing demands.</p> <ul style="list-style-type: none"> ✓ There is no provision in the Constitution for OLG participation in the provincial legislatures. However, the rules of most of the legislatures allow SALGA to participate in the business of the legislatures ✓ Section 5 of OLG Act allows the NEC to nominate 2 persons for appointment by President to FFC. Provinces may nominate 1 person for this purpose in writing. Section 5(3) prescribes that the nomination at the NEC level MUST be determined by 	<p>that will be considered by NCOP.</p> <p>4. When the term of office of the 2 nominated persons to FFC comes to an end, SALGA provinces should be encouraged to nominate 1 person. NEC should fully comply with s5(3) of OLG Act which prescribes that the nomination of the 2 persons MUST be determined by a secret ballot.</p>	

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			means of a secret ballot. The current practice is that the NEC determines the nomination of the 2 persons by consensus.		



Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
2	The White Paper on Local Government, March 1998	SECTION C: COOPERATIVE GOVERNMENT: 3.1. ORGANISED LOCAL GOVERNMENT	1. Effective representation of local government in the legislative processes of all spheres of government, and in intergovernmental executive processes. E.g. NCOP, FFC, Budget Forum, MinMec, PCC, etc Representation: 9/10 Is it effective? 5/10	1. What needs to be done to improve our effectiveness? ✓ Know what our members want and properly package the message (Build a strong case). ✓ Get right people to deploy in these structure ✓ Provide regular feedback 2. What needs to be done to improve? ✓ Capacity building	1. Employer organization Overall rating: 9/10 2. Building capacity in the area of labour relations among its membership Rating: 5/10

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
			<p>2. SALGA must develop its own policy formulation and advocacy capacity, as well as develop strong internal mandating and consultative processes.</p> <p>Rating: 6/10</p>	<ul style="list-style-type: none"> ✓ Create a pool of relevant capacity drawing from our municipalities ✓ Partnership to develop our capacity 	<ul style="list-style-type: none"> ✓ SALGA has been providing capacity building ✓ Unable to intervene on direct labour relations issues on the ground given that the cases relate to employer and employee relationship. <p>What needs to be done?</p> <ul style="list-style-type: none"> ✓ Demand to be coopted to play a management role in Local Labour Forums.

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
					<p>3. maintaining open and constructive relationships with organised labour Rating: 9/10</p> <p>4. SALGA must engage the Department of Labour can play a role in supporting Salga and developing its capacity as an employer organization Rating: 5/10</p> <p>✓ SALGA not getting direct support from labour in</p>

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
					<p>developing its capacity.</p> <p>What needs to be done?</p> <p>✓ SALGA need to demand support from department of labour.</p> <p>5. Development of municipalities</p> <p>✓ The provision of specialised services to supplement and strengthen the capacity of municipalities.</p>

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
					<ul style="list-style-type: none"> ✓ Research and information dissemination. ✓ Facilitating shared learning between municipalities. ✓ Human resource development. ✓ Councilor training. <p style="text-align: center;">Rating: 6/10</p> <p>What needs to be done?</p> <ul style="list-style-type: none"> ✓ Focused attention in all areas <p>6. SALGA must be funded on a rand-for-rand basis out of the equitable</p>

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					<p>share of national revenue</p> <p>Rating: 4/10</p> <p>✓ Not funded on a rand-for-rand basis</p> <p>What needs to be done?</p> <p>✓ Push for the enforcement of white paper</p>



Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
3	Local Government Municipal Structures Act, 117 Of 1998	n/a	n/a	1. SALGA, in collaboration with the MDB, must develop a framework that outlines an ideal sustainable and viable municipality with a set of standards	1. The focus is on consultation and there seems to be no obligation that is

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				<p>and a maturity assessment system as preparation for the consultation process</p> <p>2. SALGA must demand consultation and audience with the MDB and MEC when the processes are undertaken.</p> <p>3. SALGA shall create awareness for the requirements and the subsequent consequences of non-compliance with the provisions of the act</p> <p>4. SALGA must introduce a specialised change management service for a newly established or amalgamated municipality</p> <p>5. Enforce compliance with the currently existing framework</p>	<p>placed on SALGA – Organised Local Government (OLG)</p> <p>2. The ACT, forces the Municipal Demarcation Board (MDB), and the MEC for Local Government to consult SALGA – OLG in respect of:</p> <p>i) The determination of Category A municipalities This is the responsibility of MDB</p> <p>ii) The establishment of de-establishment of a municipality This is the responsibility of the MEC of LG (in the</p>

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					issuing of section 12 notices)

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4	Local Government Municipal Systems Act, 32 of 2000	Section 3(3)	<p>1. It provides at section 3(3) that organised local government must seek to:</p> <ul style="list-style-type: none"> ✓ develop common approaches for local government as a distinct sphere of government; ✓ enhance co-operation, mutual assistance and sharing of resources among municipalities; ✓ find solutions for problems relating to local government generally; ✓ facilitate compliance with the principles of co-operative government and intergovernmental relations 	<p>1. Develop common approaches for local government as a distinct sphere of government</p> <ul style="list-style-type: none"> - Develop Standards for Performance and Champion same ✓ Municipality to perform in the most comprehensive sense 	<p>Output: What is the general mandate of SALGA in terms of the ACT</p> <p>The legal nature, rights and duties of municipalities. The Systems Act serves the purpose of spelling out the duties of the recognised organisation(s) and the manner in which they are to exercise their acquired rights</p>

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			<p>(generally play a significant, relevant and important role in IGR)</p> <p>✓</p>	<ul style="list-style-type: none"> ✓ SALGA to design the standards and monitor municipality ✓ Check list to include in as a performance indicator ✓ Tailor support to municipalities accordingly <p>2. Enhance co-operation, mutual assistance and sharing of resources among municipalities</p> <ul style="list-style-type: none"> ✓ Adopt a municipality old and new <p>Old: Distinctive element municipality</p>	

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
				<p>to municipality (Reboot) New: Distinctive element SALGA to municipality</p> <p>3. Find solutions for problems relating to local government generally</p> <ul style="list-style-type: none"> ✓ Invest in a Research Initiative ✓ Attempt to solve a practical problem ✓ Solve dealing with a problem and not talk problems 	

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				<p>4. Facilitate compliance with the principles of co-operative government and intergovernmental relations</p> <p>Automate a calendar for a compliance matrix for municipalities</p> <ul style="list-style-type: none"> ✓ Not malicious compliance ✓ SALGA analyse mechanism ✓ PMO play a role in Treasury meetings 	

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5	Intergovernmental Relations Framework Act 13 of 2005		<p>1. Intervention</p> <ul style="list-style-type: none"> ✓ NCOP members to be proactive in engaging on the support mechanism of interventions by ensuring that it is monitored accordingly in line with the relevant legislative provisions. E.g. ensuring that the invocation of sec 139 is monitored through section 155, sec 71, 72 reports, section 46 reports and ultimately ensure compliance with the Constitution. ✓ 	<ul style="list-style-type: none"> ✓ Pursue a mechanism of ensuring that intervention improves the municipal environment and arrives at an informed diagnosis of the failure of the system ✓ Advocate for corrective measures to be put in place, to ensure sustainability of the intervention. This approach should be uniform with all interventions ✓ Lobby for clarification of roles of different stakeholders in 	<p>2. On corporative governance.</p> <ul style="list-style-type: none"> ✓ It should clearly articulate itself as an organisation that MUST be consulted as a representative body ✓ It should insist on the implementation of the Constitutional powers to represent LG <p>3. On the disjuncture between the difference spheres of government</p> <ul style="list-style-type: none"> ✓ Planning should be a bottom up approach with the IDP/municipal planning central to planning at all levels of government ✓ Ensure corporation between the various spheres to inculcate the centrality of IDP's in all other plans

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				the invention process.	<ul style="list-style-type: none"> ✓ In profiling LG, SALGA to serve as a point of reference for sector departments ✓ Point of reference for integrated planning for municipalities 4. Role of Metros/Cities ✓ To ensure that in the IGR governance model, metros should not lose their credibility. 5. Powers and functions ✓ Ensure that the benefit of devolved functions are translated into implementable plans that are beneficial to municipalities. 6. IDP and budgets ✓ Ensure alignment of IDP's with all other sector plans

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
					<ul style="list-style-type: none"> ✓ Ensure DM are well capacitated to execute the integration of its local IDP constitutional duty. ✓ Integration with other stakeholders (department/SOE/Private sector) is done in a manner that produces timeous and manageable/traceable outcomes ✓ Advocate for the review equitable formula,



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6	Local Government municipal Finance Management Act 56 of 2003	<ol style="list-style-type: none"> 1. Section 44 2. Section 38 & 39. 	<ol style="list-style-type: none"> 3. Section 44 support – SALGA support to Municipalities in dispute resolutions with National Treasury and AG within cooperative governance. 4. Provide mechanism to support municipalities with Section 38 & 39. 5. 	<ul style="list-style-type: none"> ✓ SALGA to lobby National Treasury and AG on Compliance letters send to Municipalities, ✓ Municipalities to copy SALGA on quarterly reports and Section 71 reports (Mid-Year Budget Report). • Un-authorized Expenditure. ✓ SALGA to establish Provincial Clean Audit forum similarly to the one of Gauteng. ✓ National Treasury and AG to consult SALGA first on investigations matters that are complex, (Internal Audit). 	Statement: National Treasury and Provincial Treasuries need to consult SALGA on matters relate to Municipalities

Group Number	Legislative Prescript	Relevant Section	Legislative imperative	Recommended Solution	Other comments
				<ul style="list-style-type: none"> ✓ Establish shared services on Legal matters to reduce litigation, i.e. Cost of Services, forensic services ✓ SALGA to approach Zondo Commission on submissions that were made by Municipalities based concluded audit processes. – Unbundling of Eskom – participation of SALGA – NERSA case – its implication to LG 	

4. CONCLUSION

The second day session ended with motivating remarks from the SALGA CEO, whereby he provided the way-forward in respect of re-defining the local government narrative and the aspects to consider as we prepare for day three which was to be facilitated by Standard Bank using a different robust methodology.

Important to note the group 4 notes were not yet available at the time of finalising.

Participants were reminded that they need to consider innovative solutions that would result in challenges being resolved not managed, as only dilemmas are managed.

A few points to ponder on: -

- ✓ One had to consider how SALGA would provide specialised services to its members
- ✓ Finding solutions to local government, including an indication of the type of solutions and how its responding to local government in line with the legislative mandate and obligations. Understanding if they are mutually reinforcing or distinct in nature.
- ✓ What services and what solutions can SALGA offer?
- ✓ To what extent is the Annual Performance Plan responding to the legislative mandate of SALGA?