



**SALGA**  
South African Local Government Association

*Welcome...*

**Briefing by SALGA on:**

**Review of OLGA,  
Full-time Councillors,  
Councillor Induction Programme  
& Revenue Enhancement**

**21 June 2011**

**Portfolio Committee: CoGTA**



# Outline

1. Background/Context for OLGA Review
2. Emerging Proposals
3. Summary of previous decisions
4. Proposals for discussion
  - 4.1 Affirmation of SALGA as unitary structure
  - 4.2 Full-time Leadership
5. Councillor Induction Programme (CIP)
6. Revenue Enhancement Model

# 1. Background/Context

- ❑ In order for Organised Local Government (OLG) to effectively fulfil its mandate to its members in legislative and IGR processes, it is necessary for OLG to act as a collective & position LG favourably in our cooperative governance model.
- ❑ The OLG Act puts in place a process for nomination of the SALGA Delegation to NCOP via provincial associations and a process for nomination of members to the FFC.
- ❑ IGR Framework Act makes provision for SALGA's participation and membership on the PCC, MinMECs and Provincial IGR Forums. In addition, SALGA participates in the Budget Forum & numerous other committees.

## 2. Emerging Proposals

- To optimise LG's participation in key national and provincial structures, the following proposals are emerging:
  - amending the OLG Act so as to recognise the unitary nature of SALGA; and
  - full-time political leadership at its helm who will also, amongst others, represent SALGA in the NCOP.



## 3. Summary of previous decisions

### 2009 National Members Assembly (NMA), East London, Eastern Cape

- Engage in consultation processes in provinces to make inputs on the following recommendations:
  - Affirmation of SALGA as a unitary structure.
  - OLGAs to reflect unitary structure.
  - Idea of full-time leadership at both national and provincial levels
- There is acknowledgement of the need to retain expertise and experience of cllrs in LG for the purpose of continuity; and
- A study needed to be undertaken on how best to create a pool of experienced councillors for deployment to assist LG and OLG.

### 2010 NMA, Kimberley, Northern Cape

- Note the proposals on Review of Organised Local Government for final resolution at the 2011 National Conference.



## 4. Proposals for discussion

### 4.1 Affirmation of SALGA as unitary structure

- ❑ The OLG Act should be amended to reflect the unified nature of SALGA including the logical consequence that its **NCOP delegates are nominated at national level.**
- ❑ Thus, section 2(1)(a) of the OLG Act should be amended to read that the national body is to be the representative body of the *majority of municipalities.*
  - This proposal only affects the recognition requirement of the national association it does not affect the status of provincial associations. They would continue to exist and represent the majority of municipalities in their respective provinces for purposes of provincial engagement.

# Proposals for discussion (continued)

## 4.2 Full-time political leadership

- ❑ As outlined, SALGA is playing a crucial role in the intergovernmental arena on behalf of LG.
- ❑ In order to play its role effectively, it needs adequate resources, both human and financial, so that the voice of LG can be strengthened within the national and provincial spheres of govt.
- ❑ **PROPOSAL: 10 Full-time Councillors** to represent the LG sphere in all IGR structures where its participation is required, and to advance the LG agenda, is a critical lever if SALGA is to be effective as a representative body of LG.
- ❑ Failing this, SALGA will continuously struggle to represent LG at the least, adequately, or at best, effectively.



# Proposals for discussion (continued)

- A case is made for the deployment of experienced political leadership from municipalities on a full-time basis, in order that SALGA may play its rightful part in the IGR system.
- The form of the full-time members could be that of a National Working Committee who would be responsible for the day-to-day political leadership of the Association in between National Executive Committee meetings.
- It would convene monthly and represent SALGA in all national IGR forums and engagement, including Parliament and its committees.
- This proposal would need to be accommodated by legislative amendments, particularly to enable the nomination of 10 Councillors to serve as full-time for OLG, including the resourcing framework for such an arrangement.

## 5. CIP Introduction

- ❑ The Councillor Induction Programme (CIP) is aimed at ensuring that the newly elected Councillors are capacitated with a general understanding of their leadership role, legislation that guides local government, key municipal processes, developmental local government and service delivery.
- ❑ A Technical Committee was established to drive the preparatory process and to ensure successful roll-out.
- ❑ The Committee comprised of officials from CoGTA, DWAF, GIZ, DBSA and SALGA.



# Why is CIP important?

*“The CIP seeks to provide Councillors with the essential information to orientate them to their new role. It enables Councillors to become familiar with the complexities of their role and to set a positive tone for their term in office.”*

The **Purpose of CIP** is to:

- ❑ Orientate towards a common understanding of the tasks ahead;
- ❑ Provide information and updates on legislative roles and responsibilities;
- ❑ Provide insight on policies and procedures;
- ❑ Create a realistic impression of Local Government; and
- ❑ To provide the incumbent Councillors with tools necessary to perform their function effectively.



# Context within which CIP takes place

- ❑ Wave of service delivery protests not seen since the apartheid era.
- ❑ Gains made in providing services to our people, BUT significant challenges, not least capacity, confront local government.
- ❑ National Government in 2009 committed to doing things differently and immediately introduced the LGTAS to 'turn the tide on Local Government'.
- ❑ The new Cabinet also adopted an Outcomes Based Approach - the delivery agreement for Outcome 9 is aimed at ensuring "a more effective, efficient and accountable local government system".
- ❑ Councillors are the face of government to the people and in that context, must be equipped to balance the needs of communities within the state's limitations.
- ❑ Yet, the 2011 Elections saw a number of Mayors reach the end of their two-term limit and also a turnover of over 50% of new Councillors. Thus, many vastly experienced Councillors, were lost to Local Government.
- ❑ There is therefore a critical need to develop the capacity of new Councillors to tackle the service delivery and development challenges facing the Local Government sphere, if the objective of Outcome 9 is to be achieved.



# Target Audience & Content

- ❑ ALL elected Councillors will be inducted.
- ❑ A total of 9,088 Councillors is expected to participate.

## **Content of the CIP includes:**

- ❑ The National context of Local Government
- ❑ Systems and structures of Local Government
- ❑ Regulatory policies and Legal Framework guiding Local Government
- ❑ Functions of Key Municipal Structures
- ❑ Integrated Development Planning
- ❑ Municipal Finance and Economic Development
- ❑ Performance Management
- ❑ Public Participation
- ❑ Roles and Responsibilities of Councillors
- ❑ Co-Operative Governance
- ❑ International Protocol procedures



# Trainers & Implementation Plan

- ❑ 50/50 ratio of Councillors and senior officials as Trainers in all centres.
- ❑ Provincial structures had nominated 172 Trainers who were trained at a National Train-the-Trainer Workshop on 13-15 June 2011.
- ❑ The CIP is implemented nationally through Provincial structures. A Technical Steering Committee performs an oversight role on all aspects of implementation.
- ❑ A National launch for the CIP will be held 23 June at the Park Hyatt Hotel, Rosebank. Invitees include the President, Ministers, Premiers, MEC's, members of Portfolio and Select Committees COGTA, Mayors of Metropolitan & District Municipalities & Gauteng Local Municipalities, Chapter 9 Institutions and Stakeholders.
- ❑ 82 Venues are secured nationally to conduct the CIP.
- ❑ The Councillor Induction Manual was developed by specialist developers to be used in all venues.
- ❑ A Facilitators' Guide was developed as an aide to trainers on training methodology with a standardized Presentation for all trainers.



# Effectiveness & Participation

- ❑ All aspects of CIP is monitored by progress reports.
- ❑ Provincial SALGA officials will monitor the Induction at all venues.
- ❑ An Impact Assessment will be done following CIP.
- ❑ A Skills Profiling will be done to clearly define their profiles and development plans for purposes of LGSETA training.
- ❑ Political Parties will address all venues of CIP on the first day to motivate and encourage participation throughout.
- ❑ In addition, Political Parties will address their caucuses on day 5 for purposes of party-related induction to Local Government

# Readiness of Provinces

Province	No of Venues	Trainers	Target Number	Proposed date for Induction
Eastern Cape	3	15	1661	27 June to 11 July
Western Cape	13	28	882	11-15 July 18-22 July
Northern Cape	11	22	471	27 June – 1 July
KZN	22	12	1954	27 June – 22 July
Limpopo	16	11	1190	27 June- 02 July 2011 04-09 July 2011 11-16 July 2011
Mpumalanga	3	17	973	04 – 08 July 2011
Gauteng	5	46	1105	4-8 July 2011
Free State	5	11	752	27 June- 1 July
North West	4	20	967	11 -15 July 27-June – 1 July 27 June – 1 July 04 – 08 July



# Further Training

- As identified in the Impact Assessment done following the 2006 Induction, a structured Councillor support programme for development of Councillors is anticipated.
- Aspects of development will include, but are not limited to, the following:
  - Executive Leadership Development Programme (with UP);
  - Portfolio-based training in the areas of -
    - Municipal Finance
    - Human Settlements and Sanitation
    - Councillor support and Mentorship programmes
    - Governance and intergovernmental relations
    - Basic services and infrastructure
    - Local economic development, job creation



# 6. Revenue Enhancement Model

## PART 1

# BACKGROUND



# Current SALGA Funding

- ❑ **Membership fees**
  - Local Municipalities = 0.5% of total salary and allowances budget
  - District Municipalities = 0.6% of total salary and allowances budget
  - Metropolitan Municipalities = a flat rate of R8.5 million
- ❑ **Government Grants**
  - The annual grant received by SALGA from CoGTA
- ❑ **Donors**
  - Donor funds secured have decreased significantly since the 2001/02 Financial Year; trend suggests downward spiralling of donor support
- ❑ **Sponsorships**
  - SALGA holds a number of constitutional events and public activities each year that draws on the support of sponsors



# Background

- experiencing **challenges** in terms of **meeting mandate**
- to exercise its mandate and demonstrate its relevance to its key stakeholders, **requires finances** to fund its activities
- **substantially reliant** on voluntary subscriptions from municipalities and a meager grant allocation by **CoGTA**
- **RISK** - current funding is not sustainable in the longer-term and if additional sources of revenue are not obtained, the activities may have to scale down



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# PART 2

# CATEGORISATION OF SALGA ACTIVITIES



# Overview of the activities of SALGA

Undertaking **internal governance activities** to manage and provide oversight over the activities of SALGA

Participating in **mandatory inter-governmental structures** and undertaking **legislated responsibilities**

**Providing services** to members, including research and advocacy on key local government issues, and other direct support to municipalities

Supporting the **transformation and restructuring** of the local government sector, including research and advocacy on key local government issues



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# PART 2A

# INTERNAL GOVERNANCE



# Assessment of governance activities

Costs	National Executive Committee Lekgotla	National Executive Committee	National Members Assembly	Provincial Executive Committee Lekgotla	Provincial Members Assembly	Provincial Executive Committee	Working Groups	Total Cost
	R,000	R,000	R,000	R,000	R,000	R,000	R,000	R,000
Employee Costs	184	1,102	184	83	83	249	867	2,752
Accommodation	776	4,654	776	891	1,188	3,240		11,525
S&T	63	381	63	146	146	797	3,224	4,820
Flights	130	777	130	23	23	-		1,083
Entertainment	10	62	10	36	48	130		296
Other	3	20	3	4	4	-		34
Publications	10	60	50	450	450	540	-	1,560
Other Costs	-	-	-	450	450	-	-	900
Venue Costs	207	1,242	1,174	884	918	1,080	1,354	6,859
<b>Total</b>	<b>1,383</b>	<b>8,298</b>	<b>2,390</b>	<b>2,967</b>	<b>3,310</b>	<b>6,036</b>	<b>5,445</b>	<b>29,829</b>



# Summary of other Direct Governance Costs

Direct governance costs	Actual 2007/08	Budget 2007/08	2008/09 Actual 28 Feb 2009	Budget 2008/09
	R.000	R.000	R.000	R.000
External Audit fees	3,726	2,515	4,713	5,715
Internal Audit fees	28	85	131	120
Audit Committee	108	252	175	237
<b>Totals</b>	<b>3,862</b>	<b>2,852</b>	<b>5,019</b>	<b>6,072</b>



# Possible financing of Governance Costs

- **Membership fees**
  - Governance structures that exist, are in accordance with the Constitution.
  - Governance structures enhance accountability to stakeholders; members should ensure that governance structures that promote accountability and provide the necessary oversight are put in place.
  - No other stakeholder will be able to impose a governance structure on SALGA other than through national legislation.
- **Government grant financing**
  - Suggesting that government should fund the cost of governance would not be appropriate and could demonstrate a lack of commitment to implementing good governance structures and would be counter-productive.
  - However, the legislative obligations placed on the organisation should be funded (audit fees)
- **Donors and sponsorships**
  - inappropriate for external bodies (donors) to contribute to finance governance costs



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# PART 2B

# LEGISLATED IGR PARTICIPATION

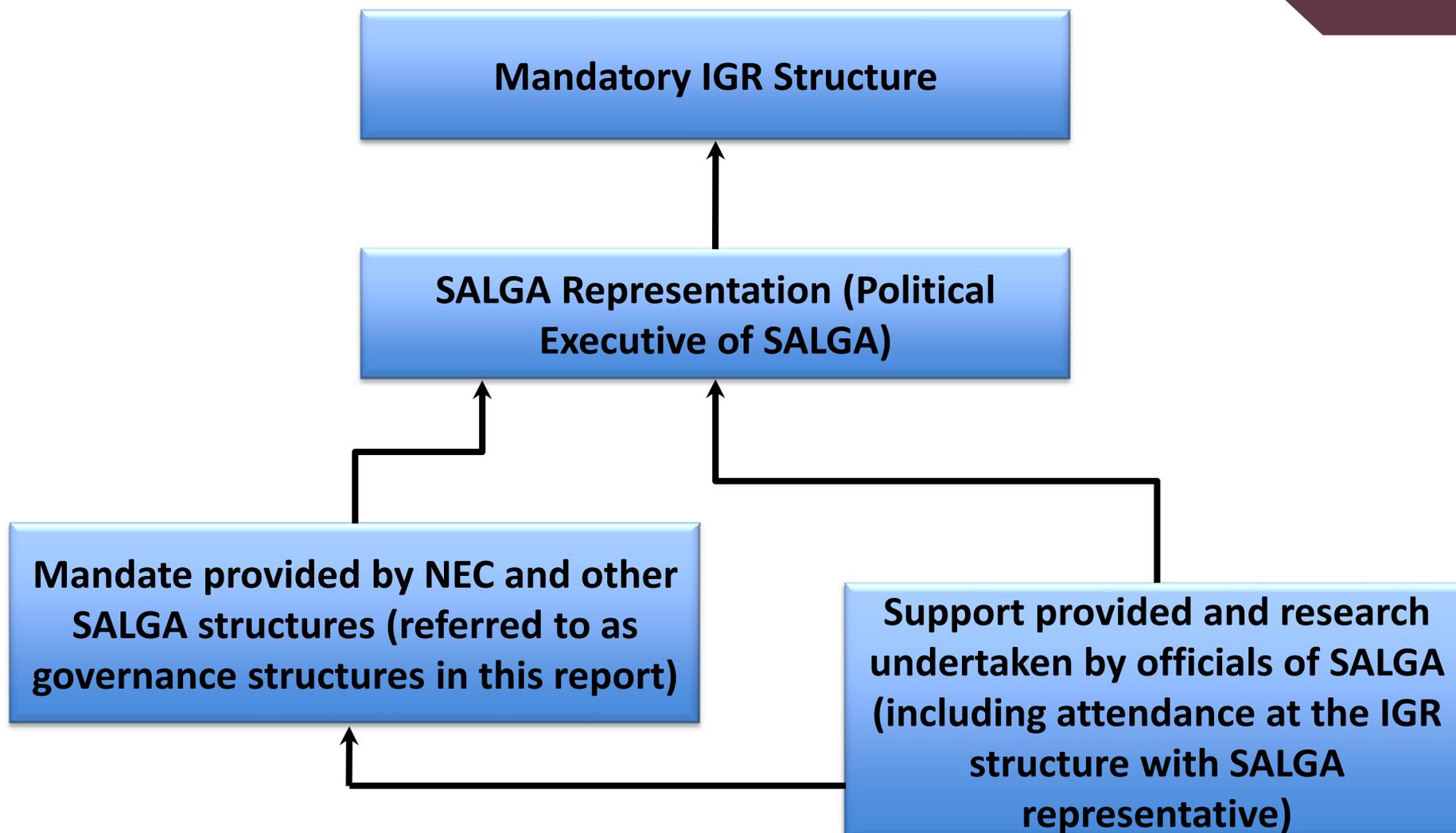


# Participating in IGR Structures

## □ Summary of IGR structures: -

- **National Council of Provinces (NCOP)** (Organised Local Government Act);
- **Finance and Fiscal Commission** (Organised Local Government Act);
- **Budget Forum** (Intergovernmental Fiscal Relations Act);
- **Various structures** in terms of the Inter-governmental Relations Framework Act (PCC, MinMECs, PCFs, etc)

# Illustration of how SALGA participates in IGR Structures





# Summary of Costs of attendance @ the NCOP

Cost Component	Part-time attendance	Full-time attendance	Variance
	R,000	R,000	R,000
Accommodation	2,272	9,069	(6,797)
S&T	438	552	(114)
Flights	3,124	4,332	(1,208)
Entertainment	535	340	195
<b>Sub-total</b>	<b>6,369</b>	<b>14,293</b>	<b>(7,924)</b>
NEC Costs	2,840	725	2,115
<b>Attendance costs - members</b>	<b>9,209</b>	<b>15,018</b>	<b>(5,809)</b>
Officials	419	418	1
<b>TOTAL</b>	<b>9,628</b>	<b>15,436</b>	<b>(5,808)</b>



## Estimated costs of IGR Structures (other than the NCOP)

IGR Structure	Pro-rated NCOP Costs	Estimated Costs
	%	R,000
FFC	10	963
Budget Forum	10	963
IGFR - Presidents Co-ordinating Council	15	1,444
IGFR – Provincial IGR Structures + Prov. Legislatures	20	10,926
IGFR - National IGR Structures	15	1,926
<b>Total</b>		<b>16,222</b>

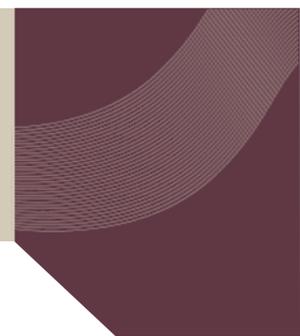


## Aggregated estimated costs of mandatory IGR participation

Source of estimated costs	Estimated Costs
	<b>R,000</b>
Governance structures	20,201
NCOP participation	15,436
Other IGR participation	16,222
<b>Total</b>	<b>51,859</b>



# Possible financing of IGR costs



## □ Government Grant:-

- SALGA is undertaking legislated functions regarding its mandatory participation in various IGR structures.
- The extent and form of such participation effectively required in terms of legislation.
- valid and justifiable argument for motivating for grant funding in this regard.
- credible argument needs to be developed that firstly establishes the principle for seeking government grant funding, and then motivate a quantum of funding.
- In developing the quantum of funding; suggested components are as follows: -
  - Direct cash costs of attendance.
  - Cost of consulting with and obtaining mandates from members.
  - Cost to justify from a grant financing perspective will be the cost of support provided by officials employed by SALGA.

## □ Donors and sponsorships

- sponsorships to finance SALGA's participation in mandatory IGR structures will compromise SALGA.



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# PART 2C

# PROVIDING SERVICES TO MEMBERS



# Providing services to members

- ❑ **Employer representative role** -tangible service that has benefits to all members and adds value to membership.
- ❑ **Advocacy and research role** - very difficult to quantify as a value added benefit to members.
- ❑ **Transformation of local government** - difficult to quantify and to demonstrate benefit to members.

## Challenges:-

- ❑ motivate for increased membership fees to finance activities that tend to benefit the Local Government sector as a **whole rather than individual municipalities**.
- ❑ difficult to demonstrate a direct benefit for the research and advocacy work that is undertaken or from its participation in IGR structures.
- ❑ provide a support service to individual municipalities, who **use the** expertise of **SALGA officials instead of procuring the services of external consultants**.



# Possible financing of services to members

## Membership:-

- ❑ services rendered have to be relevant to members and perceived to be fundamental to the local government sector.
- ❑ Members to have clear understanding of the services that they will receive and how this compares with the membership fees paid.
- ❑ Funding this activity will need to be from members.

### Advantages:-

- Direct correlation between fees charged to members and the services provided to members, both directly and indirectly

### Disadvantages: -

- Perceived cross-subsidisation by wealthy municipalities and provinces to those municipalities and provinces that are economically challenged
- Collection of membership fees are difficult



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# PART 2D

# SUPPORTING TRANSFORMATION / RESTRUCTURING INITIATIVES

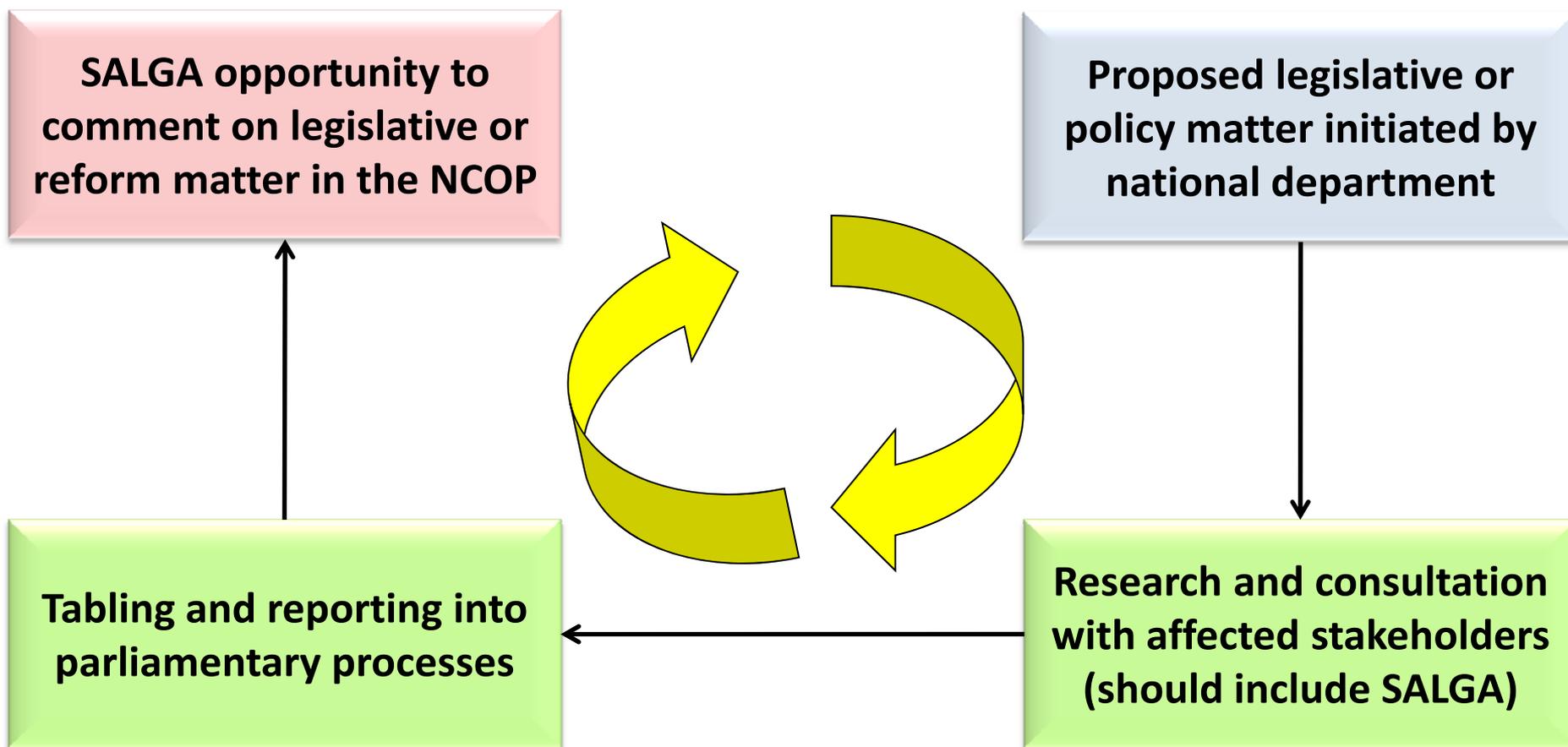


# Supporting transformation of Local Government

## Summary of role in the transformation of local government

- ❑ has an objective to support the transformation of Local Government.
- ❑ sees itself as participating in transformation initiatives that are initiated by National Government and other related parties, such as the introduction of REDs.
- ❑ transformation issues that are driven by national departments and the participation of SALGA in national department led initiatives, is often required.
- ❑ initiatives that SALGA itself initiates based on feedback from its members and based on challenges facing the sector.

## Overview of role played by SALGA in major proposed legislative & policy initiatives





## Scenarios of the role that SALGA plays in major proposed legislative & policy initiatives

1. Involvement of SALGA in policy initiation and in policy work that is undertaken

SALGA participates as a member of a Steering Committee or reference group and participates on a continuous basis. A skilled and experienced official will usually undertake this role. This requires SALGA to have sufficient capacity at the official level. SALGA officials will be responsible for updating the political structures of SALGA

2. Work is undertaken by a national department & SALGA is merely requested to comment on policy or legislative proposals

SALGA is required to consider proposals on a reactive basis. It has no influence on any of the research work that is undertaken and may have insufficient time to research the matter extensively or to ensure that there is broader consultation with members. In such a scenario, the effectiveness of SALGA is limited. In order to be effective in such circumstances, SALGA requires significant research capacity to develop a local government response



## Possible financing of support to the transformation of the Local Government Sector

- ❑ **Membership fees**
  - It would be appropriate that membership fees finance the support that SALGA provides in the transformation of the local government sector.
  - A further advantage of using membership fees is that the structures that SALGA puts in place to support this role have to be affordable and appropriate.
  - The disadvantage of using membership fees is that there are major challenges facing local governments
  - These require significant resources to finance from an individual municipality perspective
- ❑ **Government grant financing**
  - SALGA requires access to research capacity and has to be in a position to communicate and consult with its membership base.
  - This requires access to financing and therefore there is a valid argument for funding from government.
- ❑ **Donors and sponsorships**
  - The possibility of obtaining donor funding on a project specific basis is high.
  - Consultations with donors confirm that there is a willingness to finance specific projects.



# Summary of Recommendations

Funded by Members	Funded by Government
Governance	Mandatory Governance Requirements
Direct services to members	Legislated IGR participation
Lobbying and advocacy in promoting the interests of local government	Supporting , representing and protecting the transformation and restructuring of local government



# Government Grant being increased

## Determination of Government Grant increase

Cost Component	R'000
Mandatory Governance costs	6, 072
Legislated IGR participation	76, 827
Transformation /Restructuring	18,484
<b>TOTAL</b>	<b>102,023</b>
Less Current government grant in financial model	22,058
<b>TOTAL INCREASE REQUIRED</b>	<b>79, 975</b>

# Conclusion

- ❑ **Review of OLGA**
  - Legislation must reflect the dynamic nature of OLG and must facilitate the role it is expected to play
- ❑ **Full-time Councillors**
  - The overarching mandate of SALGA lies in this political arena and it must have the resources to participate effectively, status quo unsustainable
- ❑ **CIP**
  - This second round of CIP is much more aligned to the requirements of LG, has broad and widespread buy-in from councillors
- ❑ **Revenue enhancement**
  - Current funding model unsustainable
  - Urgent review required for funding of legislated functions



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**THANK YOU**