



SOUTH AFRICAN LOCAL  
GOVERNMENT ASSOCIATION

**SALGA**

*Inspiring service delivery*

# DRAFT ANNUAL PERFORMANCE PLAN

## 2021/2022 FINANCIAL YEAR

### SALGA

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## DRAFT ANNUAL PERFORMANCE PLAN FOR THE FINANCIAL YEAR 2021/2022

Registered employer body in terms of the Labour Relations Act, Act no. 66 of 1996  
Registration no.: LR/2/6/3/350  
Registration date: 22 May 1998

Recognised as the national organisation representing local government through:  
Government notice no. R. 175 in Government gazette no. 18645 volume 391  
Date: 27 January 1998

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Act, Act no. 1 of 1999  
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## OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

1. Was developed by the management of the South African Local Government Association under the guidance of the SALGA CEO Mr Xolile George;
2. Takes into account all the relevant policies, legislation and other mandates for which SALGA is responsible; and
3. Accurately reflects the impact, outcomes and outputs which SALGA will endeavour to achieve over the period 2021/2022 financial year.



LANCE JOEL  
CHIEF OF OPERATIONS

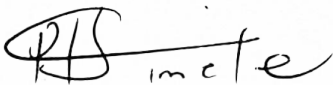


THEMBEKA MTHETHWA  
CHIEF FINANCIAL OFFICER



XOLILE GEORGE  
CHIEF EXECUTIVE OFFICER

APPROVED BY THE NATIONAL EXECUTIVE COMMITTEE (NEC)



CLLR THEMBSILE NKADIMENG  
SALGA PRESIDENT

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## GENERAL INFORMATION

Registered name	South African Local Government Association (SALGA)
Registration number	LR/2/6/3/350
Registration date	22 May 1998
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# SALGA PROFILE

## Introduction

The South African Local Government Association (SALGA) was established in 1996 as a voluntary body representing all South African municipalities, including the then nine provincial local government associations.

On 27 January 1998, the then Minister for Provincial Affairs and Constitutional Development, the predecessor to the Department of Provincial and Local Government and current Department for Cooperative Governance and Traditional Affairs (CoGTA), recognised SALGA as the national organisation representing South Africa's local government sector through the Government Notice R.175 in the Government Gazette 18645, Vol 391 of 30 January 1998.

In July 2002, SALGA was listed as a Schedule 3A public entity in terms of the Public Finance Management Act, Act 1 of 1999 as amended by Act 29 of 1999 (PFMA). The PFMA is the accounting framework for, *inter alia*, revenue and expenditure, as reflected by the Government Notice 1282 in the Government Gazette 23619 of 2002.

SALGA reports on its performance and expenditure annually to the South African Parliament. As a membership-based association, SALGA is funded through a national government grant, levies from member municipalities and project-specific funding from, *inter alia*, the international donor community.

SALGA's Constitution, as amended at the 2016 National Conference, frames its accountability to member municipalities through a well-articulated governance framework that regulates its structures and processes.

In line with the SALGA Constitution, the SALGA National Executive Committee (NEC), is responsible for the day-to-day running of the affairs of the organisation. The NEC consists of elected councillors who represent the political units of member municipalities, applies governance oversight and is responsible for SALGA's affairs between national conferences and members' assemblies as the highest and second highest decision-making structures, respectively.

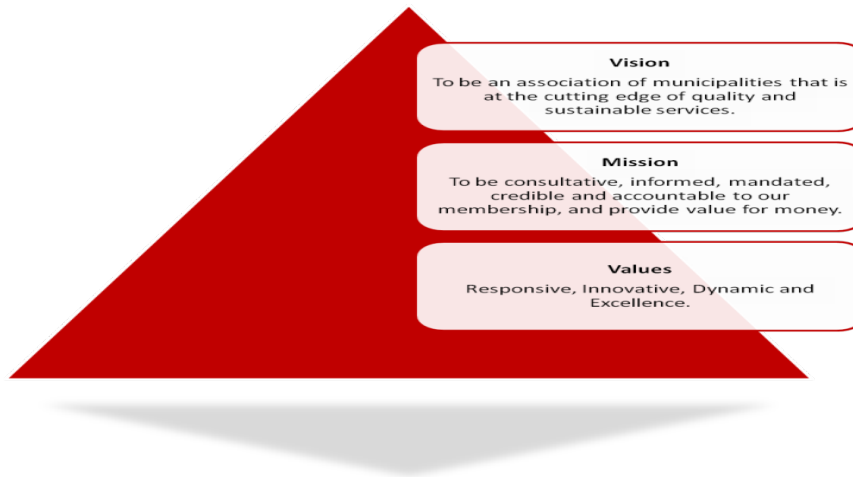
## Background to the 2021/2022 APP

The 2021/2022 SALGA's Annual Performance Plan marks the last plan to be implemented under the current Strategic Plan 2017- 2022 as approved by the National Conference held in November 2016. This APP is also a transitional plan as the current leadership of SALGA will also be dissolved at the SALGA National Conference to be convened within 120 days after the local government elections, scheduled to take place at any date after August 2021, to still be announced by the Minister of Cooperative Governance and Traditional Affairs (CoGTA).

Following the local government elections, SALGA will convene Provincial Conferences to, amongst others, elect the new Provincial Executive Committees (PECs) as well as the National Conference to also elect the new National Executive Committee (NEC). At the National Conference members the new Strategy for SALGA will also be discussed and agreed upon for the next term of office of the newly elected NEC and PECs. The New Strategic Plan will be for the period 2022 to2027.

# Strategic intend and SALGA mandate

## VISION, MISSION AND VISION



**Vision:** To be an Association of municipalities that is at the cutting-edge of quality and sustainable services.

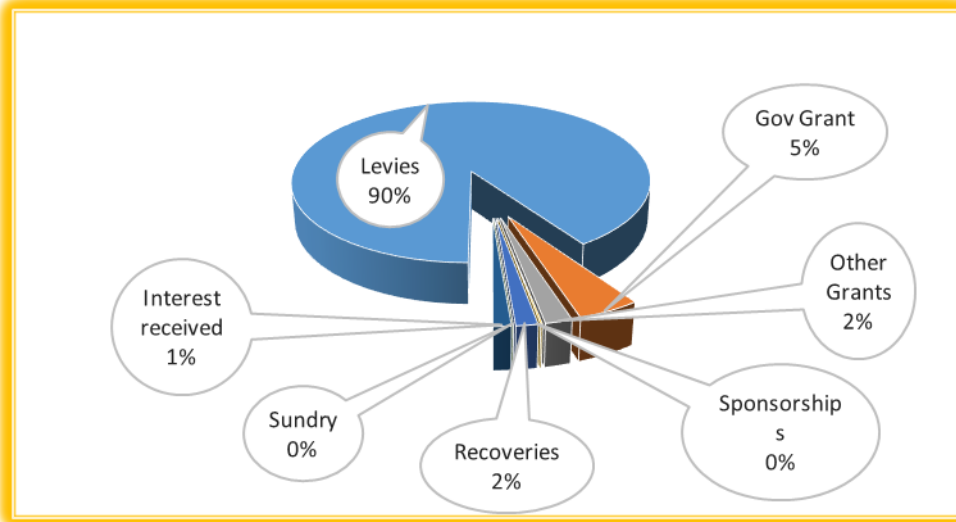
**Mission:** To be consultative, informed, mandated, credible, accountable and provide value for money to its highly appreciated, valued and respected membership.

Drawing from the founding principles that established SALGA in 1996, the following **values** and operating principles characterises SALGA's offering:

- **Responsive:** Being quick and flexible in responding to member needs
- **Innovative:** Exploring new ways of doing things and providing members with fresh and unconventional services
- **Dynamic:** Being flexible and adapting to change to service members effectively and efficiently
- **Excellence:** Serving members with pride and excellence.

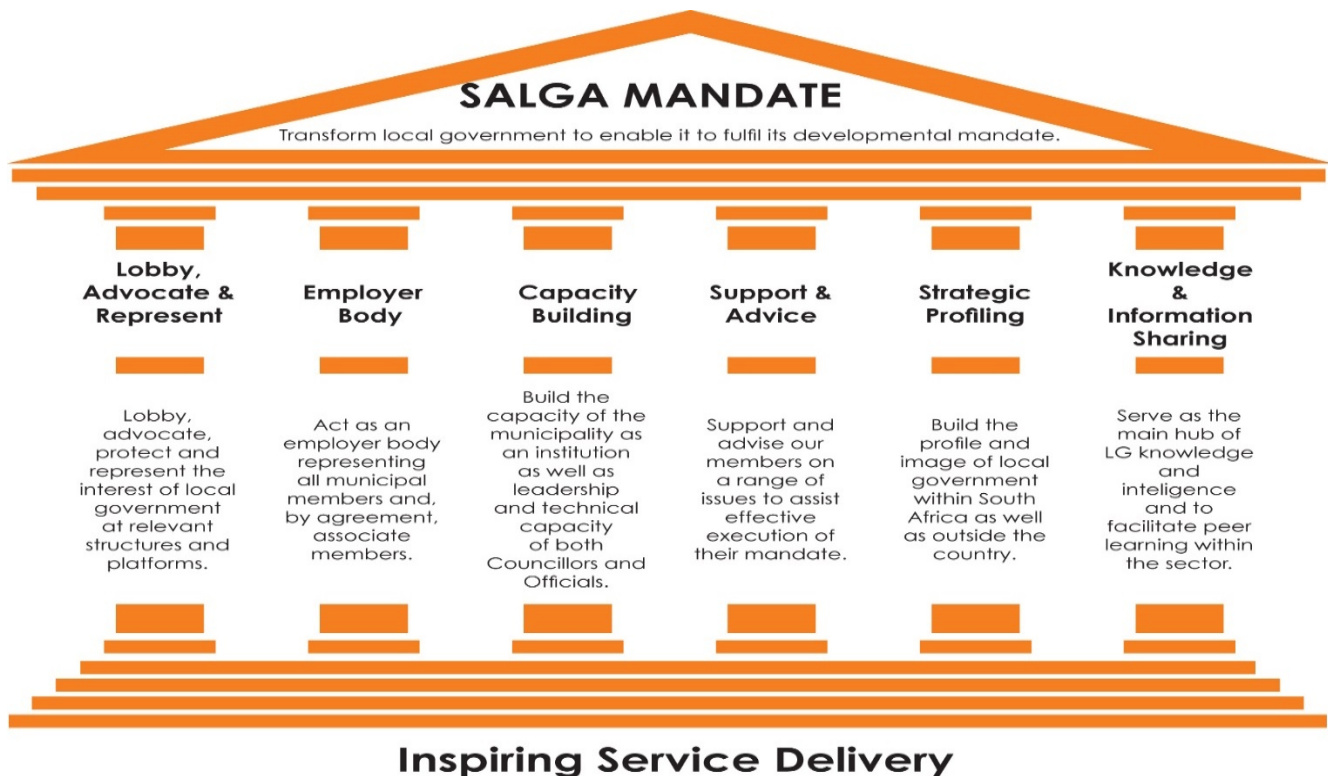
SALGA is currently registered as a public entity listed under Schedule 3A of the Public Finance Management Act of 1999 (PFMA). It is therefore accountable for its revenue and expenditure in terms of the PFMA. It is called to account to Parliament annually on its performance and expenditure.

SALGA is funded through a combination of sources, the 2021/2022 revenue mix is estimated and depicted in the graphical presentation below:



### SALGA'S MANDATE

SALGA has a clear strategic role to play in, representing the interests of local government within the system of intergovernmental relations as a whole and supporting its members to fulfil their developmental obligations. As a full partner in the intergovernmental space, SALGA is expected to be an active participant in the intergovernmental relations (IGR) system, to provide common policy positions on numerous issues and to voice local government interests, as well as provide solutions to the challenges facing local government more generally. SALGA's mandate is therefore summarised as follows:



SALGA's mandate is unpacked below:

- **Representation, Advocacy and Lobbying** refers to representing the interests of members in legislatures and other policy making and oversight structures. It also refers to engaging with various stakeholders, public debates etc. in the interest of Local Government.
- **Employer Body** refers to being an effective employer representative for members. This employer representation is carried out in collective bargaining in terms of the Labour Relations Act in various structures including but not limited to those established in the South African Local Government Bargaining Council.
- **Capacity Building** refers to facilitating capacity building initiatives through among others; representing member interests in the Local Government Sector Education Authority (LGSETA).
- **Support and Advice** refers to the provision of tools and services that enable municipalities to understand and interpret trends, policies and legislation affecting Local Government and to implement the said policies and plans
- **Strategic profiling** refers to enhancing the profile and image of local government as an important and credible agent for the delivery of services. Profiling focuses within South Africa, the African continent and the rest of the world.
- **Knowledge and Information Sharing** refers to building and sharing a comprehensive hub of Local Government knowledge and intelligence that will enable informed delivery of other SALGA mandates. The knowledge hub is also a useful reference point for all who seek Local Government information.

## LEGISLATIVE MANDATES

In addition to its intergovernmental and membership determined mandate, SALGA's performance is guided by the following legislation:

- **Constitution of the Republic of South Africa, 108 of 1996:**  
The Constitution entrenched local government as a fully-fledged wall-to-wall sphere of government in a system of cooperative governance in which the three spheres are distinct, yet interrelated and interdependent. Section 163 (a) and (b) of the Constitution called for the establishment of organised local government by national legislation in order to represent municipalities in the intergovernmental and cooperative governance system; to also representatively participate in the National Council of Provinces (NCOP) and to participate on matters relating to section 221 (1)(c) of the Constitution.

Alongside the Constitution, a number of different pieces of legislation have subsequently set out obligations which organised local government must fulfil. Key among these are:

- **Organised Local Government Act (1997)**  
The Act make provision for the recognition of a national association and provincial associations, and established the procedures by which OLG may nominate representatives to the NCOP and the Financial and Fiscal Commission (FFC) and consult with the national and provincial spheres of government. The intergovernmental system has since evolved to specifically include organised local government in the key

formal structures of the intergovernmental system as outlined in the Intergovernmental Relations Framework Act of 2005.

- **Municipal Structures Act (1998)**

The focus of the Act is on demarcation processes (sections 4, 12 and 16). The act makes specific provision that OLG must be consulted in the demarcation process.

The Act further provides that the MEC for local government in a province, in establishing a municipality in each municipal, must at the commencement of the process give written notice of the proposed establishment to organised local government in the province before publishing the section 12 notice. Likewise, the MEC for local government must at the commencement of the process to amend a section 12 notice, give written notice of the proposed amendment to organised local government in the province before publishing the section 16 notice.

- **Municipal Systems Act (2000)**

For the purposes of effective cooperative government, the Municipal System Act states that the Organised Local Government must:

- Develop common approaches for LG 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; and
- Facilitate co-operative government and IGR.
- Several other consultative requirements imposed.

The Act further provides that:-

- where a Cabinet member or Deputy Minister seeking to initiate the assignment of a function or power by way of an Act of Parliament to municipalities in general, or any category of municipalities, he/ she must consult the organised local government representing local government nationally;
- an organ of state initiating national or provincial legislation requiring municipalities to comply with planning requirements, must consult with organised local government before the legislation is introduced in Parliament or a provincial legislature, or, in the case of subordinate legislation, before that legislation is enacted;
- municipalities must comply with any collective agreements concluded by organised local government within its mandate on behalf of local government in the bargaining council established for municipalities;
- the Minister may only establish essential national standards and minimum standards for any municipal service or for any matter assigned to municipalities in terms of section 156 (1) of the Constitution, after consulting organised local government representing local government nationally; and
- the Minister may only, after consultation with organised local government representing local government nationally, make regulations or issue guidelines on any matter that may be prescribed in terms of this Act.

- **Intergovernmental Fiscal Relations Act (1997)**

One of the critical tools in intergovernmental planning and co-ordination is the public sector budget cycle; and Local government's inputs are received through the participation of SALGA in the Local Government Budget Forum.

- **Local Government White Paper (1998) on role of Organised Local Government**

The White Paper on Local Government addressed a number of key aspects for ensuring and supporting the transformation of Local Government. It remains a defining policy document in South Africa, offering an insight into the political intentions and thinking of the drafters of the local government legislation in the late 1990s. It further provides an understanding of the reasons for the inclusion of some aspects in the legislation which have, over time, become anomalies in implementation.

The White Paper on Local government confirms that SALGA has a key role to play, not only as an employer in the South African Local Government Bargaining Council, but also in building capacity in the area of labour relations among its membership, and maintaining open and constructive relationships with organised labour. It further provides that SALGA also has potential to make a strong contribution to the development of municipalities throughout the country, though, for example:

- The provision of specialised services to supplement and strengthen the capacity of Municipalities;
- Research and information dissemination;
- Facilitating shared learning between municipalities;
- Human resource development; and
- Councillor training.

Other pieces of legislation where SALGA is expected to play a role in relation to its remit include, and are not limited to:

- **Financial and Fiscal Commission Act (1997)**

The act allows for the nomination of two members to serve on the Commission.

- **Water Services Act (1997)**

- Water Service Authority (WSA) submission of its development plan to OLG;
- Representation of WSAs on a water board must be determined by the Minister after consultation with OLG in the province concerned; and
- Consultation regarding promulgation of regulations.

- **Municipal Demarcation Act (1998)**

Focuses mainly on the appointment procedure, OLG must designate one member to the selection panel for the appointment of Board members.

- **Municipal Property Rates Act (2004)**

General consultation requirements imposed throughout the Act.

- **Intergovernmental Relations Framework Act (2005)**

With the enactment of the IGR Framework Act we have seen the establishment of a number of IGR structures, in line with the provisions of the Act. The IGR Framework Act makes specific provision for organised local government's participation in both national and provincial IGR structures. As such organized local government participates in a large number of IGR structures, at both provincial and national level.

- **Municipal Fiscal Powers and Functions Act (2007)**

The Act provides that national legislation regulating the imposition of rates on property and surcharges on fees for services provided by or on behalf of the municipality and other taxes, levies and duties appropriate to local government or to the category of local government into which that municipality falls may only be enacted only after organised local government and the Financial and Fiscal Commission have been consulted.

- **Municipal Finance Management Act (2003)**

The Act provides that:-

- if a national or provincial organ of state which supplies water, electricity or any other bulk resource, to a municipality or municipal entity for the provision of a municipal service, intends to increase the price of such resource for the municipality or municipal entity, it must at least 40 days before making a submission to the Regulating agency, request organised local government to provide written comments on the proposed increase;
- if a municipality encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately notify organised local government;
- when preparing a financial recovery plan, the person requested to do so by the provincial executive or the Municipal Financial Recovery Service must at least 14 days before finalising the plan, submit the plan for comment to organised local government in the province;
- the MEC for local government or the MEC for finance in a province must at least every three months submit progress reports and a final report on an intervention to organised local government in the province;
- when a provincial intervention ends, the MEC for local government or the MEC for finance in the province must notify organised local government in the province;
- when a municipality is unable to meet its financial commitments, it may apply to the High Court for an order to stay, for a period not exceeding 90 days, all legal proceedings, including the execution of legal process, by persons claiming money from the municipality or a municipal entity under the sole control of the municipality. Notice of an application must be given to organised local government; and
- The consultative processes with organised local government before promulgation of regulations in terms of the MFMA.



## EXTERNAL FACTORS THAT INFLUENCE SALGA'S MANDATE

SALGA's activities are also aligned with major national and international development goals, *inter alia*:

- **The National Development Plan (NDP), Vision 2030:**

The NDP, Our Future Make it Work, sets out a comprehensive plan to eliminate poverty and reduce inequality by 2030, by drawing on the energy of its people, growing an inclusive economy and building key capabilities including the necessary skills and infrastructure, building the capacity of the state, and promoting leadership and partnerships throughout society.

With relevance to SALGA and the sector, and as a means to address the imperatives of the NDP, the following key aspects can be presumed:

On **economy and employment** we need to consider the following:

- Lowering the cost of living and improving the business environment;
- Focusing on sectors with strong domestic linkages;
- Better coordination within government; and
- Some reforms to improve the functioning of the labour market to reduce tension and ease access for young people.

We need a **capable and developmental state** that acts to resolve historical inequities through delivering better public services and facilitating investment, including improvement in administrative – political interface, long term skills planning, strengthening accountability and improved coordination for implementation (with emphasis on accountability at all levels).

In order to address spatial **settlement patterns**, at least the following areas should be addressed:

- Planning adequately for urbanisation;
- Finding an institutional location for spatial planning;
- Resolving fragmentation in public planning;
- Densifying cities which will require specially efficient buildings;
- Attracting investment into townships; and
- Finding different solutions to rural local government capacity.

On **developing an enabling economic infrastructure** we need to consider:

- Increasing infrastructure investment;
- Raising public infrastructure spending to 10% of GDP;
- Accentuating energy and water security, Freight logistics, Public transport, Support to the mining value chain, Urban reticulation systems, and ICT and broadband; and
- Setting out principles on financing, cushioning the poor, implement lessons on sequencing and prioritisation and address institutional and regulatory matters.

In order for **rural economies** to sustain we need to:

- Focus on improving small scale and commercial agriculture;
- Identify high potential agricultural land in former homeland areas that needs to be developed;
- Build links between small farmers and food consumers; and
- Fast-track land reform.

**Environmental sustainability and resilience** is critical. Therefore, there is a need to:

- Ensure the development of plans that cover all natural resources;
- Introduce an economy-wide price on carbon;
- Provide support for renewables, but need appropriate institutional arrangements; and
- Transition to a more energy efficient and lower carbon economy at a pace that makes sense for us.

The NDP further identifies community safety, anti-corruption, social protection, health and wellness, as well as global and especially regional economic integration as vital for long term development, social cohesion and national building. Finally, it outlines critical success factors if the 14 outcomes are to be realised:

- Focused leadership over a long period of time;
- Institutional reforms;
- Mobilisation of resources and agreeing on trade-offs; and
- Clarity on responsibility in each area.

SALGA's strategic priorities are aligned with the critical success factors of the NDP, namely sustainable leadership, institutional reform, resource mobilisation and trade-offs and clarity of responsibility in each area.

- **Medium-Term Strategic Framework (MTSF) 2019-2024:**

The MTSF is a high-level strategic document to guide the 5 year implementation and monitoring of the NDP 2030. In line with electoral mandate, the sixth administration identified the priorities to be undertaken during 2019-2024 medium term strategic framework. The MTSF sets targets for implementation of the priorities and interventions for the 5 year period, and states the Outcomes and Indicators to be monitored.

**The Seven Priorities derived from the 2019 Electoral Mandate + SONA:**

- **Priority 1:** Economic Transformation and Job Creation
- **Priority 2:** Education, Skills and Health
- **Priority 3:** Consolidating the Social Wage through Reliable and Quality Basic Services
- **Priority 4:** Spatial Integration, Human Settlements and Local Government
- **Priority 5:** Social Cohesion and Safe Communities
- **Priority 6:** A Capable, Ethical and Developmental State
- **Priority 7:** A better Africa and World

SALGA's strategic priorities are directly aligned with the MTSF priorities and therefore these changes do not necessitate for the review of SALGA's current strategy but only the Annual Performance Plan. The only adjustment that SALGA must take into consideration is the change in language to refrain from referring to goals and objectives but to impacts and outcomes. Language that already existed in the SALGA's 2017-2022 Strategic Plan.

- **Integrated Urban Development Framework (IUDF):** Department of Cooperative Governance and Traditional Affairs (CoGTA) coordinates initiatives to manage urbanisation and achieve economic development, job creation and improved living conditions.

- **Africa Agenda 2063 – The Africa we want:** Advocates for structural transformation and economic independence for Africa through agro-based industrialization, innovation, new technologies and partnerships to provide food security, jobs and cultural reorientation and rejuvenation.
- **Sustainable Development Goals (SDGs) Vision 2030:** Require local governments to be inclusive, economically productive, environmentally sustainable and resilient to climate change and related risks through, *inter alia*, the use of renewable energy and sustainable provision of water and sanitation for all. SALGA regards Goal 11 as pertinent to the OLG sector and its commitment to addressing South Africa’s development challenges.
- **Habitat III:** A New Urban Agenda that reflects political commitment to developing sustainable rural and urban towns, cities and human settlements.
- **Paris Accord on Climate Change:** This accord calls for zero net anthropogenic greenhouse gas emissions by the second half of the 21st century and commits signatories to limiting the temperature increase to 1.5 °C, which requires zero emissions between 2030 and 2050 and replacing fossil fuels almost entirely with clean energy in the second half of this century.
- **District Development Model**  
In order for government to deliver integrated services whilst strengthening monitoring and evaluation and impact at district and local levels, a District Development Model was launched by the President of the Republic of South Africa. The District Development Model provides both an institutional approach and territorial approach (geographic space) Focus. The 44 Districts plus 8 Metros as developmental spaces (IGR Impact Zones) can be the strategic alignment platforms for all three spheres of government where One Plan for each space guides and directs all strategic investments and projects for transparent accountability. The Plan will harmonize IDPs and create interrelated, interdependent as well as ‘independent’ development hubs supported by comprehensive detailed plans.

SALGA is a partner in the conceptualization and delivery of this model and will continue to play a huge role in coordination, monitoring and evaluation processes to ensure the programme is a success.

## STRATEGIC FOCUS

### External environmental analysis

SALGA is an organisation that continuously monitor the internal and external events and trends that positively or adversely affect its mandated area of operation so that timely changes can be made as may be required. The rate and magnitude of changes that currently affect the organisation are increasing as evidenced in the 2016 local government elections. The unstable global economic environment whose impact reverberates through to local level growing expectations by communities and intolerance which often leads to violence against municipal officials and councillors.

As the Country comes to a standstill, SALGA has to deal with a number of questions on the impact of the COVID-19 to local government. As a representative of local government, SALGA must coordinate support from all spheres of government to ensure that measures are in place to respond to the challenges faced by local government as the sphere that is at the forefront of this epidemic.

The pandemic has a profound effect on municipal finances as revenues are expected to fall sharply and constraining the ability for municipalities to provide free basic services. The following poses financial challenges for municipalities:

- **Implementation of Disaster Management Act:** the financial burden that is induced by the enforcement of the Disaster Management Act which significantly added additional responsibilities for municipalities.
- **Loss of income by communities:** Due to lockdown, communities may lose jobs which will result in loss or reduced income which will ultimately impact on municipal revenues with reduced collection levels from communities. Also, businesses that are closed will not be billed which result in loss of income for the municipality. Loss of revenue from rental of municipal facilities due to the lockdown
- **Local economic development:** Deteriorating small town economies and infrastructure as well as loss of income from local economic initiatives.

Despite the lockdown municipal operations continues to function especially in the delivery of basic services, this however poses a challenge as many of the municipal officials are exposed and are at high risk of contracting the virus.

The ability of many municipalities to function optimally is threatened due to the lack of technological resources as many municipalities especially in the rural areas still struggle with internet connectivity or a stable network.

Over and above, municipalities must make resources and funding available to sustain implementation of the Regulations or directions issued under the Disaster Management Act. Some of the services that municipalities are promptly required to provide include:

- Provision of extended water and sanitation services;
- Communication, awareness, and hygiene education;

- Precautionary measures to mitigate employee health and safety risks;
- Provision of improved access and hygiene, disinfection control on all public transport facilities;
- Community Halls and recreation centres to be used to provide essential services such as for the processing and payment of SASSA social grants;
- Ongoing refurbishment of taxi ranks to curb the spread of COVID-19; and
- Modernise governance systems and processes to enable virtual meetings and public engagements.

All these require municipalities to review their plans and adjust their budgets to reprioritize the limited resources. SALGA and its members must adapt to these new developments.

The biggest challenges identified are unpacked below:

**a) Disaster Management Act - COGTA Regulation No.318: QUARANTINE FACILITIES AND SHELTERS**

The implications of this regulation placed a burden on municipalities to provide quarantine facilities and shelters for the homeless. Besides the cost of quarantine facilities and shelters for the homeless, these facilities require provision of services such as water, sanitation and electricity which municipalities did not plan and budget for.

SALGA will be required to support municipalities to deal with the implications of the regulations by continuing to serve in the provincial command centres and advocate on behalf of local government.

**b) Disaster Management Act - COGTA Regulation No.399: WATER AND SANITATION**

According to Stats SA, 3 million people in South Africa do not have access to clean water. Where water is provided, only 63% of that can be reliable. The majority of the 3 million people that are not served are relatively isolated in the rural areas.

To address the water shortages in local government, Government allocated across all provinces a total of 19 011 water tankers with the capacity to carry 2500L – 10 000L of water with 2138 being contributed by municipalities. Further, 1315 water tankers with capacity to carry 10 000L – 18 000L were also allocated across all provinces of which 243 were contributed by municipalities.

While this seemed like a quick solution to the water challenges, the challenge is that the provision of water tankers is financially unsustainable. Water tankers places a logistical nightmare and a financial burden on municipalities as the cost (per region) will be around R100 million per month. Continuing with this programme over many months will divert limited funding from the provision of other reliable and sustainable services. Experience has shown that once emergency funding has dried up, the tanks will not be serviced and will consequently stand empty. There is therefore an urgent need to move from the emergency response to a next phased programme which will focus on:

- **Institutional:-** Developing and signing-off on Transfer Agreements for the assets purchased by the Department and to be handed over to municipalities, including related budget commitments;
- **Financial:-** Using budget prioritisation to address both the Capex and Opex requirements to ensure sustainable service provision as part of the COVID-19 response plan, and beyond;
- **Operational:-** Identifying appropriate water sources where necessary, as well as the necessary Operation and Maintenance capacities; water quality management;

### c) CREDIT CONTROL & ELECTRICITY

Following developments pertaining to COVID-19 and its impact, SALGA notes that the lockdown has and will likely continue to impact the income levels of many households. The disconnection of electricity and interruption of water consumption of defaulting households, will only worsen the current COVID-19 induced crisis; and the reduced collection levels are highly likely to negatively affect the ability of many municipalities to service their bulk accounts for water and electricity respectively amongst others. SALGA noted that the demand curve for electricity will be high, some municipalities will exceed notified maximum demand and Eskom will still do business as usual during the COVID19 lockdown & continues to send disconnection threats and ultimately impose the penalty regime.

SALGA will support municipalities to introduce measures to collect as much revenue as possible and ensure that the disconnection of water and electricity is suspended for the duration of the lockdown period. SALGA will engage Eskom to suspend all electricity disconnections for the duration of the lockdown; and review the interest payable on arrears caused by and linked to the national state of disaster and the lockdown.

Further to the challenges brought by COVID-19, the planning and implementation of programmes led by provincial and national government continues to be fragmented, disjointed and uncoordinated. Sector departments still implement their programmes outside the Integrated Development Plan imperatives of municipalities. This presents itself as a major external environmental challenge for SALGA. In order to obtain reasonable comprehension of what constitutes this external environment and to guide planning information, a combination of key factors that shape the macro environment relates to the political, economic, socio- cultural, technological, legislative and environmental/geographical factors (PESTLEG).

**Political factors** relate to the extent to which government stability or instability and related factors may affect the immediate, medium-term and long-term plans of SALGA.

The role that is played by politics at municipal level has impacted the:

- Development and implementation of succession planning and a retention strategy to bring about stability and business continuity in municipalities, as some officials leave resulting in the instability, erosion of expertise, loss of institutional memory and business discontinuity;
- Long-term planning, as immediate political interventions (electorate promises) or high expectations compete with long-term transformation programmes;
- Service delivery through political interference on the administrative and executive arm in municipalities.

The diversity of political players within the local government environment requires SALGA to reaffirm its stance as a non-partisan organization that serves all members regardless of which political party leads any of its municipalities.

**Economic factors** that currently affect the country may have substantial long-term effects and immediately impact the communities and entities that SALGA engages as recipients of its services.

There are however several indicators that denote the performance or the “health” of the country’s economy. At least the following are traceable in the SALGA environment: Economic growth; Demand and supply drivers; Tariffs/prices; Business/Job growth or unemployment; Inflation and interest rates, exchange rates, and production rates; Poverty and inequality. Prime among these is economic growth as the fiscal envelope continues to shrink against constant population growth.

Alongside those municipalities that boast a relatively sound financial base, some municipalities are a going concern while other municipalities, particularly in rural environments where local economic development is a mirage (due to historical, infrastructure or administrative challenges), resort to grants as a financial sustenance mechanism.

Although all municipalities have an obligation to contribute membership fees to SALGA, there are a number of those that cannot meet this requirement, and this has financial implications on the sustenance of the organisation. A comprehensive funding model to address the emergent financial risk is imperative to ensure an effective and sustainable financial approach to resources and advance service delivery.

Rates and taxes continue to increase against the backdrop of declining household income in some of the serviced communities. This over reliance on these poor communities results in growing consumer indebtedness and inability to pay for services leading to a consequent decline in revenue generation for municipalities. Furthermore, the general economic decline, fiscal constraints and large scale closure of business in many towns, emerging from the deceleration in the mining, manufacturing and agricultural sector output is another contributor to the decline in the revenue base. Accordingly, there is a need to implement a differentiated approach and advance reforms to the intergovernmental fiscal and grant system to incentivise and enable better management of the urban system, rural/regional economies and targeted infrastructure funding to boost economic growth and competitiveness.

The current reality is that the ballooning outstanding debt from government, business and residents, resulting in over R180 billion (as at Sept 2020) debt owed to municipalities (gross debtors, interest growth) is crippling municipalities and therefore delays the provision of service to the communities.

The global economy is highly concentrated in urban areas. However, in SA, as the case is with most sub-Saharan countries, many of those working in cities are informal settlement dwellers or detached commuters and /or operating as small informal traders. Therefore, potential tax bases of urban governments remain relatively small, creating fiscal imbalance to address the vast service delivery and economic infrastructure needs.

There is non-availability of natural resources and infrastructure in some municipalities that would serve as a launch pad for local economic development programmes. The inverse of this is that some municipalities are not doing enough to leverage on the unique natural assets within their respective areas of jurisdiction. There is also underutilisation of infrastructure in mining towns, agricultural or farming communities that would be a potential revenue generation opportunity towards vibrant local economies if adequately explored. Coupled with this reality, re-industrialisation is inadequately addressed and not integrated to advance local economies.

Furthermore, there are inadequate sector-based cutting-edge research programmes aimed at unlocking potential zones for advancing Local Economic Development (LED) programmes and to also provide an inclusive platform for all role players to ensure maximum participation.

**Socio-cultural factors** Cultural trends, demographics, population dynamics, and other variables must be addressed. The principal challenges of inequality, poverty, joblessness and the need for basic services still persist and manifest themselves in different ways in communities. Demographically, children and women constitute the bigger proportion of those affected by these social imbalances.

Many South Africans still live on the periphery of the main centres of opportunity, spend the majority of their salaries on transport to access work, and are generally marginalised in the mainstream economy.

Furthermore, some communities and traditional leaders (in terms of their historical/traditional boundaries) are critically affected with dire dynamics and consequences, such as the instrumentalisation of ethnicity that results in community protests.

Mergers that result from the demarcation processes do not necessarily improve performance in merged municipalities. Instead, the less resourced or poorly performing municipalities affect the resources or performance of the erstwhile better-resourced or performing municipalities. Literature suggests that municipal boundary redetermination does not always yield the economies of scale or efficiency gains in the fiscal outcomes (FFC). The demarcation process can be very costly and disruptive in nature which can detract municipalities from their core business and result in unintended economic consequences such as increase in backlogs and more indigents. The disruptive effect of the merger can be seen in the expenditure and revenue figures for the City of Tshwane.

On spatial transformation and social cohesion, the local economic reality is still characterised by pervasive (and increasing) inequality. Some municipalities still service communities that are characterized by an increasing socio- economic gap, resulting in disparate services being rendered to these diverse communities in the same municipality. The exponential population growth due to internal migration and influx into the metropolitan areas and cities/towns continues to affect the existing infrastructure and services in those municipalities with the pull factor.

**Technological factors** external to SALGA that may affect the operations, local municipalities and the sector beneficially or adversely depend on the existence and efficacy of the country's Information and Communication Technology (ICT) policy framework.

Since 1994, the government has passed laws to regulate and liberate the ICT sector, which has seen a marginal growth in the sector but significant strides in liberalising the industry and spawning new technology capabilities and staying abreast of developments and trends. The laws were in the areas of telecoms, broadcast and Information Technology.

As a result, South Africa is endowed with a relatively larger and stable telecom infrastructure, able to service the growing urban populations and industries. In addition, Cabinet has approved a number of ICT policy papers, blue print and frameworks to facilitate access to information, technology, electronic services (e-government), as well



as protection of that information from malicious access and usage. A monumental breakthrough is the establishment of the SKA in the Northern Cape as a strategic platform to advance IT capabilities.

According to a recent 2015 study, cell phone penetration continues to grow with current statistics sitting at 133% and unique ownership at 89%. Although the number of those who own smartphones is lower compared to developed countries South Africa has the highest number with over 34% of the cell phones in the market regarded as smart phones. In 2013 the smartphone ownership was sitting at 22%, which means a 12% improvement within 2 years.

An investment in ICT (5th utility, free WiFi, etc.), data intelligence and innovation as a strategic enabler for efficient service delivery, economic growth & competitiveness and spatial transformation is key.

Currently, the IT infrastructure and solutions roll-out mainly focuses on the city region communities, while other communities still lack these. Although a lot has been done to enable the building of massive ICT infrastructure, a lot still needs to be done to increase access to the infrastructure. One of the major challenges is the high cost of infrastructure and data, unavailability of infrastructure in rural areas and lack of skills in our communities and the inability by some municipalities to afford the sourcing and servicing of IT solutions.

There is a deemed duplication of powers and functions experienced at implementation level among various organs of state, which continues to affect the sector. This distresses the aspired process of integrated planning and implementation among role-players operating in the local government space.

Associated with the above is the need to conduct a periodic review of powers and functions across the sector to respond to the changing regulatory environment and implementation contextual dynamics. For example, those functions (and associated mandates or delegations), which have the most immediate developmental impact on citizens, may be reviewed to be a legal responsibility of local government. Part of the review process could include sourcing additional mandates to allow the organisation to enforce certain obligations from members in order to improve performance could be considered.

The newly established Legislation Review Committee in Parliament is a beneficial platform for tabling identified policy and legislation review areas affecting the sector. This requires an establishment of multi-functional local platforms to feed into this process, based on practical local implementation feedback.

Currently, there are no legal provisions for extending Section 106 and Section 71 reports to SALGA. This data could be utilized to inform intelligent planning and support interventions of the organisation.

SALGA has a role to play in the implementation of co-operative government functions, as captured in Chapter 2 (3) (a)-(d) of the Local Government: Municipal Systems Act, 2000, Act no 32 of 2000:

- a) Develop common approaches for local government as a distinct sphere of government;
- b) enhance co-operation, mutual assistance and sharing of resources among municipalities;
- c) find solutions for problems relating to local government generally; and
- d) Facilitate compliance with principles of co-operative governance and intergovernmental relations.

This is implemented alongside other role-players in the sector through an integrated approach, the success of which depends on clear mandates and a sound coordination system, in the form of the IGR system, which is currently functioning inadequately.

The misalignment of financial years between the spheres of government presents challenges on the planning, budget implementation and accountability of government. A review of applicable sections in the Public Finance Management Act, the Municipal Finance Management Act and associated legislation and regulatory framework is critical to ensure seamless processes.

**Legislative factors** relates to the overregulation, under regulation and misguided policies and legislation that local government is experiencing. There are also problematic areas on powers and functions, reporting, finance and fiscal management. National government imposes pieces of legislation that local government needs to abide by without addressing the implications of such legislation.

SALGA conducted a study which indicates that local government was highly legislated and therefore some of the legislation impedes municipalities from delivering services. The findings were presented in Parliament which appointed a committee to further investigate the matter.

Other critical issues to consider also relate to unfunded mandates; the need for integrated planning and budgets; a realistic slicing up of the national cake, as a review of the current 9% allocation.

**Environmental/Geographical factors** relate to circumstances associated with physical location, which affects municipalities and communities. They also address the impact of localized conditions on political, economic and social aspects of a society. This aspect of the PESTLEG is crucial for SALGA and municipalities, particularly for landing regional economies around tourism, farming, agriculture, etc.

Spatial planning, as a core element for sustainable development, is mainly intended to:

- a) Spatially redress inequalities by moving services and economic activities closer to the communities or communities closer to services and economic opportunities;
- b) Make better use of infrastructure through densification and integration of all communities.

There has been a number of fundamental changes in spatial planning and land use management as spatial development has slowly improved for the better, mainly in urban areas. However, the actual spatial transformation is still outstanding as the inherent past apartheid policies and infrastructure design still maintain, thus locking out most communities from cities, towns and developed areas. Economic opportunities and services are not strategically positioned close to where potentially benefiting communities are.

Municipalities are not always empowered to guide land development initiatives due to existing historical private land ownership dynamics. The introduction of SPLUMA has presented local government with an opportunity to advance spatial transformation and development in both rural and urban environments.

Government at national level needs to determine policy on how land should be managed in order to resolve the current impediments and assist municipalities to unlock land for development and to realise spatial transformation.

With regard to environmental issues,

- Climate change resulting in drought, heat waves and shortages of water supply has adversely affected some municipalities. Although it has not been fully mitigated, community awareness and integrated management is improving;
- Water pollution continues to impact on healthy communities;
- Waste and recycling are not effectively managed;
- Renewable energy and energy efficiency are not mainstreamed in the agenda and budgets of municipalities.

## Internal environmental analysis

Organizational structures, policy choices, resource deployment, internal constraints, and service delivery practices or models have an influence on public program performance. Therefore, an analysis, understanding and address of the current provincial and national state of affairs in the organizational environment (systems, people, organizational design, resources, internal technology capability – SPORT) is critical in order to provide assurance to SALGA and its stakeholders that the operational priorities and strategic objective outcome goals espoused in the 2017-22 Strategic Plan will be realised.

### **Systems, processes and procedures**

The first step in developing a holistic view of SALGA's organizational system is to define the higher-level system (sector in this instance) in which it exists and operates, including its role or purpose in that higher-level system by responding to questions such as:

- Where does SALGA fit in the scheme of things?
- What kind of role does it play?
- What value does it bring to the purpose of the higher-level system?

SALGA innovation and thought leadership should be grounded on policy for ease of implementation and foster accountability across the board. For example, the diversification approach continues to be the preferred model for planning, financing, implementation of intervention programmes, etc. Currently, there is no platform or policy created to ensure its implementation because the current one-size-fits-all approach has proven to be an inadequate model for servicing municipalities.

In relation to performance in the IGR structures, SALGA needs to ensure an enhanced performance beyond just forum attendance. Likewise, SALGA should play a key intermediary role to reduce the disjuncture between the province and local government under the current state of affairs in order to entrench IDPs and to advance the transformation agenda. Furthermore, SALGA engages more with provincial and national departments and associated entities, instead of broadening its scope as it requires more partners in implementing its mandate, hence the need for structured identification and utilisation of strategic partnerships to advance SALGA's capabilities across the board.

Knowledge management and information sharing to the benefit of key role-players (national office, provincial offices and municipal level) is not adequate. The creation of the Knowledge Hub and other platforms for

coordination and engagement among municipalities (such as the Municipal Managers Forum) is plausible and should be enhanced to cater for learning networks and benchmarking across municipalities, locally and internationally.

In relation to organisational process, there has been no formal platforms created to manage projects and multi-disciplinary engagements that will intensify the support provide to municipalities as well as the differentiated support programmes that will be focused on specific situations in municipalities. The institution is in the process of completing an operating model which will guide the whole operation function of the organisation. The process is believed to enhance performance and maximize value for municipalities.

### **People (Human Resource) Management**

The nature and function of SALGA as a thought leader compels the organisation to rely on an intelligent procurement of its human resource element. The proportionate representation of its human resource establishment, in terms of operational staff geared to deliver on SALGA's mandates on the one hand and support staff on the other hand, should be carefully balanced.

Currently, the organisation is represented at national and provincial levels, while the consumers of its service are at local level of government. Accordingly, SALGA has structured its human resource, particularly the specialised services, at national and provincial offices, with no structured footprints at the coalface. Furthermore, the need to secure more specialists at provincial offices remains a priority as some requisite expertise still remains at national level. The review of the organisational structure was concluded in the 2019/20 financial year with placing and matching process being finalized. The filling of positions that have been vacant has commenced with the high level positions being prioritized.

More human resources are required to service the municipalities on a hands-on basis. Currently, SALGA services municipalities remotely due to lack of localised human resources in expert areas, such as legal advisory.

Associated with the above is the need for the organisation to assist municipalities to recruit quality and competent personnel into their administration, as this will ensure innovation and sustainability of intervention programmes and to also reduce demand pressure on national and provincial SALGA staff.

### **Organisational design, structure and functional areas**

SALGA has opted to organize its business based on the different functions that are associated with its mandate and those supporting the implementation of its mandate. These are designed in a hierarchical structure, with three distinct clusters which are externally focused, operations office, finance and corporate services. The work coordination is centrally located with the Chief Executive Officer at the helm, supported by nine Provincial Director of Operations responsible for implementation of SALGA strategy in municipalities.

During the organisational redesign process, there was a moratorium on filing of positions and now that the organisational design has been concluded, the positions will be filled starting with the senior positions which aims at providing direction to the work force.

### **Resource (physical and financial) Management**

Overall, the current SALGA resources prove inadequate to address or realize organisational outcomes. Resourcing (physical and financial) of provincial SALGA units is currently standardized regardless of the differing provincial dynamics and magnitude of work.

With regard to municipalities, a differentiated fiscal framework, including consideration of MFMA differentiated application for cities; districts/regional economies; and smaller B3 and B4 municipalities require proper lobbying based on a sound policy. This would include promoting an incentivized fiscal system based on performance, which increases conditionality and ring fencing in none or poor performing municipalities, while increasing discretion and space afforded to high performing and good governance municipalities.

### **Technology (internal to SALGA) Management**

Technology is a critical and fundamental strategic enabler, which provides the opportunity to transform an organisation and ensure that service is delivered efficiently and effectively. The 4th Industrial Revolution is what this generation understands as normal:

- Data and data usage arising from data driven technology changes who and how we govern, coupled with changes in energy production, sewage management, communication, urbanization, employment, governance;
- The Internet of Things (IoT) is expanding rapidly and relentlessly; and
- Vehicles, machines, street lights, wearables & host of other devices are being embedded with software, sensors, and connectivity at breakneck pace.

The implications and opportunities this presents for locally connected governance:

- For municipalities, it could mean looking at efficient land use and transport systems, alternative ways to provide essential services – water, electricity, sewage and governing with fewer and declining resources.
- Harnessing the potential provided by technology and digitalisation will enable us to:
  - a) Govern internally – using technology to improve efficiency whilst reducing labour and management costs
  - b) Govern externally – to engage with our citizens in real time and in ways that make sense to them
  - c) Provide services through new ways of planning providing and managing social and economic infrastructure
  - d) Manage debt and local revenue generation
  - e) Enhance strategic or SMART governance, i.e. capable administration, sound financial practice, good governance, integrated municipal management, indicators, and IGR framework implementation
  - f) Integrate Social and Economic Development – putting people first, service delivery, responsive government, spatial economic informants
  - g) Ensure Spatial Transformation – Strategic SDFs, performance based LUMS, policy-based decision-making

In light of the opportunities and strengths of the sector and the ICT industry, SALGA and municipalities can take advantage of emerging technology to improve the local government sphere of government and the value derived. Furthermore, there is a need to integrate all existing organisational internal systems (HR, Finance, etc.); in line with the organisational strategy and the ICT architecture and platforms; to ensure a digitally efficient organisation is prime in ensuring the reduction of duplicated systems and data management. As a result, SALGA is in the process of concluding an Operating Model which will also assist in designing a system architecture suitable to drive all SALGA programmes but also improve SALGA's offering to municipalities.

Furthermore, in order to live to the objective and thrust to become a Centre of Excellence and Innovation in the sector, SALGA ought to improve its value proposition to its members. Many municipalities are faced with various and diversified challenges that often require tailored and agile solutions which the market either does not have or in many situations the problems are not diagnosed properly. The position that SALGA occupies in the sector puts the organisation in a very unique advantage point of understanding, at a subtle level, the pervasive challenges in the sector. SALGA has always been empowered by legislations to provide solutions, generally, to challenges that municipalities encounter.

Business Development is a newly established function within SALGA which will be focused on commercial activities/products/ solutions that SALGA can deploy in the sector for value to the organisation and its members.

SALGA has therefore, established a Business Development Unit which will be focused on commercial activities/products/ solutions that SALGA can deploy in the sector for value to the organisation and its members. The business unit will vet, assess, critique and recommend for approval and implementation all initiatives that have service delivery potential and commercial value for the organisation.

The operation of the Business Development unit will be on the premise that it will fulfil the following strategic objectives:

- **Increasing revenues** – mitigate SALGA's strategic risk of relying on membership levies as a sole revenue stream.
- **Costs reductions for members** – through economies of scale and strategic sourcing use the muscle of the sector for members' benefit.
- **Stimulate growth in terms of members' value proposition** – identify value-add products and **services and develop a diversified service offering/catalogue.**
- **Building strategic partnerships** – networking, drive negotiations, and establish long-term relationships with stakeholders, international linkages based on SALGA's networks

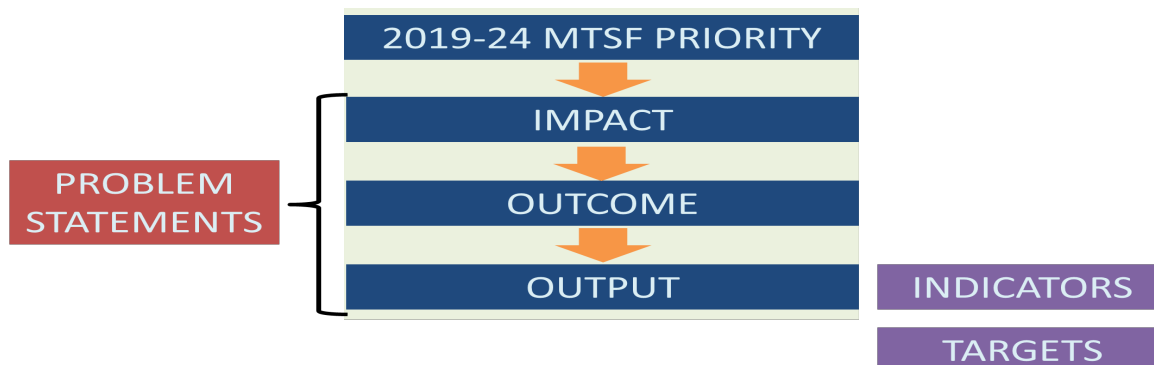
## STRATEGIC FRAMEWORK

In 2016, the National Conference approved the SALGA Strategic Framework for the term of office of the newly appointed NEC. The strategic framework consisted of three goals and eleven strategic objectives. The approved strategic goals and the enabler as outlined in the SALGA Strategic Plan 2017- 2022 are used as the basis for developing the annual performance plan (APP) for the year 2020/21. These goals represent the strategic focus that galvanises the resources and efforts of the organisation towards a common purpose. Importantly, they will also serve as a focal point for partners and stakeholders to lead and participate in interventions that are geared towards transforming and developing the sector.

The SALGA Strategic Plan 2017-2022 aims to strengthen SALGA's role as the ***protector*** to defend local democracy and to enforce the rights of the local government sector as well as to constructively ***disrupt*** where the existing overall system compromises the ability of local government to deliver on its mandate. With this, SALGA anticipates to inspire positive change that ultimately inspires service delivery in municipalities. This strategic plan asserts the notion that local government is the sector that is closest to the people. The country's development agenda embedded in the NDP will be achieved or lost largely on the success of local government. The sector must therefore be empowered, resourced and capacitated to assume its critical role of delivering quality services to the people.

SALGA recognises that there are numerous key players in Local Government and that the organisation alone, cannot achieve these goals. However, through delivery of its mandate, working intergovernmental relations and dynamic partnership and stakeholder engagement, SALGA will champion these goals.

The changes brought by the sixth administration however calls for impact based planning and forces institutions to refrain from the use of goals and strategic objectives but rather to impact and outcomes. The MTSF 2019-2024 presents and suggest that institutions should follow the below logic model while developing the Annual Performance Plans.



In 2010, the National Treasury published a “Framework for Strategic Plans and Annual Performance Plans” which attempted to align strategic and annual performance planning with emphasis on the outcomes oriented monitoring and evaluation approach. The framework was prepared to give effect to existing policy and legal requirements such as the Constitution, PFMA, MFMA and the Government-wide Monitoring and Evaluation System.

The Department of Planning, Monitoring and Evaluation conducted a review of the framework in 2019. Following the review process, a revised framework was developed which is built on the priorities of the sixth administration of government. The framework was approved by Cabinet in October 2019 and as a result, all institutions including public entities are required to plan according to the prescripts of the revised framework. To enforce this revised framework, a National Treasury Regulation 5/2019-20 was also issued to all institutions.

The revised framework advocates for results and forces institutions to plan for results. Something that SALGA adopted in 2016 already with the 2017-2022 Strategic plan which advocates for impact and outcomes. The diagram below presents the key performance information concepts aligned to the outcomes-oriented approach which SALGA followed which is now referred to as the results based approach.

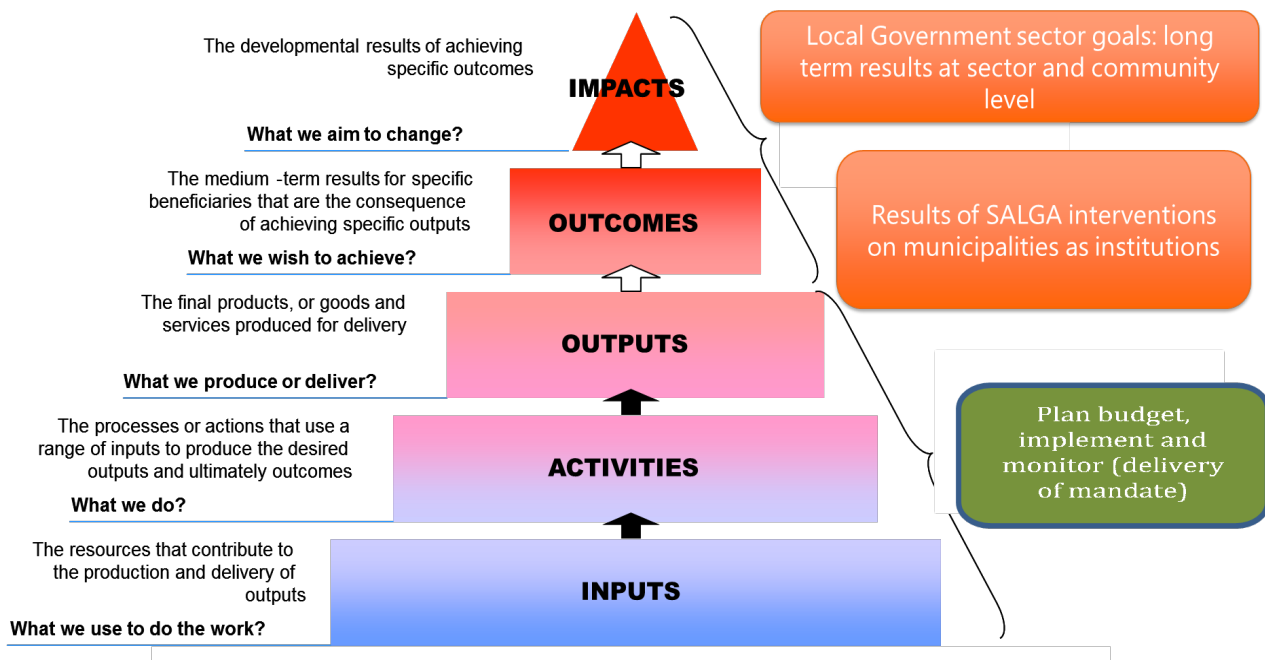


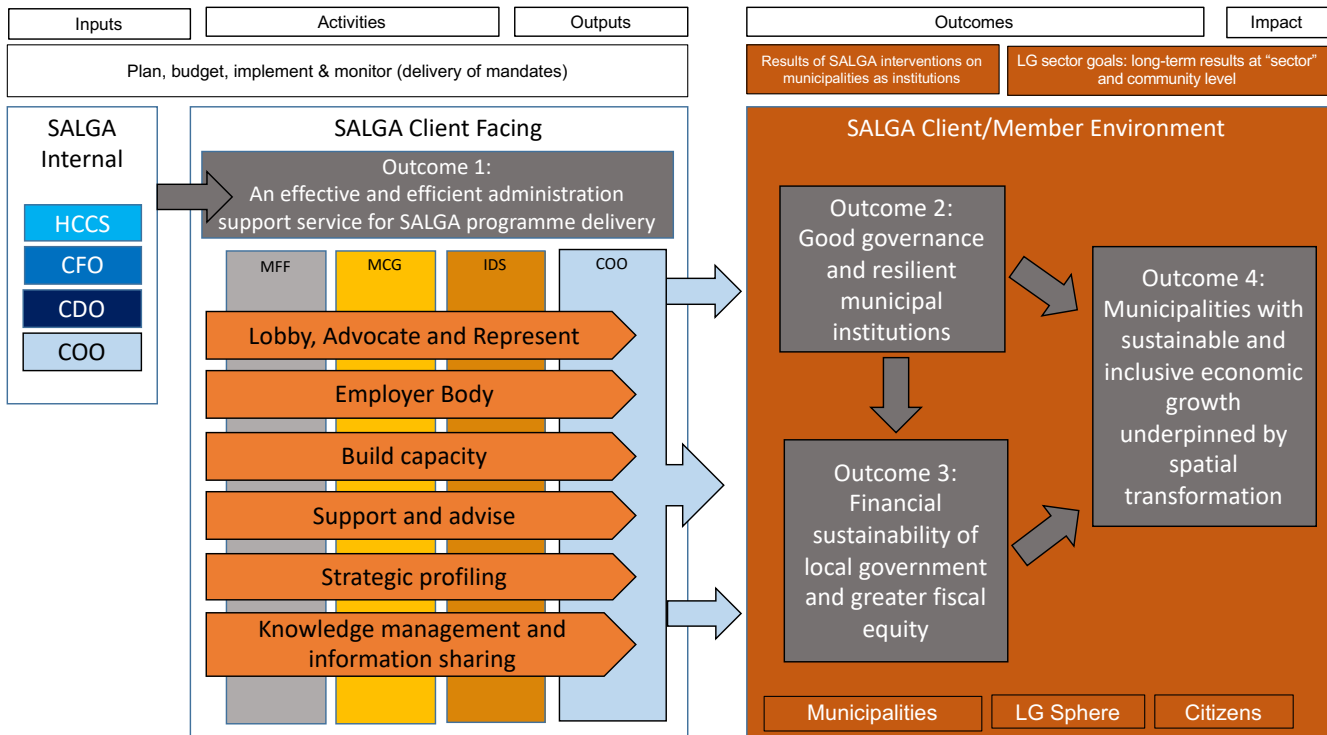
Figure 1: Logic Model

Source: Framework for Strategic Plans and Annual Performance Plans, National Treasury: September 2010

This results-based planning approach aims to ensure that there is a “line of sight” between what the organization does (guided by its mandate), what it delivers (scorecards, AOP and APP) and whether this makes a change in the client or member environment (at the outcome and impact level – SP).

The following diagram applies the results-based approach to SALGA’s 2017-2022 strategy. This is illustrated graphically below and narrated in the text that follows.





SALGA’s mandate is its reason for being. It provides a suite of services to its members and in so doing is also required to engage the intergovernmental system and other stakeholders.

SALGA has established an internal administration that supports its client facing clusters (MFF, MCG, IDS and COO) to implement programmes aligned to its mandate. Through this, it contributes to municipalities that are well governed and resilient. It also contributes to the financial sustainability of local government and greater fiscal equity for the sphere. With these two outcomes in place, it is possible for municipalities to deliver infrastructure and services which in turn contribute to spatial transformation and inclusive economic growth.

Further details of these outcomes are provided below:

<p><b>Strategic Outcome 1:</b> Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</p>	<p><b>Outcome statement:</b> The main thrust is to foster integrated and sustainable urban development and management; regional economic growth inclusive of rural development and bring about social cohesion</p>
<p><b>Strategic Outcome 2:</b> Good Governance &amp; Resilient Municipal Institutions</p>	<p><b>Outcome statement:</b> Investing in good governance and modernisation of government approaches, strengthening community interface mechanisms, sound labour relations and Professionalisation</p>
<p><b>Strategic Outcome 3:</b> Financial Sustainability of Local Government &amp; Greater Fiscal Equity</p>	<p><b>Outcome statement:</b> Improvement of the financial health of municipalities through:</p> <ul style="list-style-type: none"> <li>• A revised Local Government fiscal framework,</li> <li>• Effective revenue management and enhancement,</li> <li>• Access to alternative/innovative funding sources,</li> <li>• Sound financial management</li> </ul>

## Measuring SALGA's performance

SALGA's strategic planning is influenced by its listing as a PFMA schedule 3A public entity which requires it to follow the standard government planning approach as outlined in the Framework for Strategic and Annual Performance Plans issued by DPME. The process involved four main steps which are articulated below.

### STEP 1

The process for SALGA's Annual Performance Plan for the 2021/2022 financial year was guided by the process plan and framework developed by SALGA management. It commenced with the provincial and cluster consultations held between June and July 2020 and followed by the EMT Lekgotla held on 20-24 July 2020. The purpose of these consultation sessions was to identify challenges for local government and propose interventions to resolve the identified challenges.

SALGA's ability to consult with municipalities was limited due to restrictions posed by the COVID-19 regulations. According to the SALGA constitutional and governance construct, it is members who set the agenda in considering what the key challenges are and therefore what SALGA's response should be. To give effect to the above, a bottom-up approach process was introduced to allow the process to first gather inputs from provinces in terms of what are the issues coming up from municipalities. Following to the municipal situational analysis conducted in provinces, an EMT Lekgotla was convened with inputs from local government experts and practitioners.

The following sessions were convened:

PROVINCE/ CLUSTER	PURPOSE OF THE SESSION	DATE OF SESSION
KwaZulu-Natal	To map the municipal challenges that continue to bedevil local government in the province and possible interventions to respond to the challenges	22 June 2020
Western Cape		22 June 2020
Northern Cape		23 June 2020
Limpopo		23 June 2020
Free State		24 June 2020
North West		25 June 2020
Gauteng		30 Jun 020
Mpumalanga		2 July 2020
MFF Cluster		8 July 020
MCG Cluster		10 July 2020
IDS Cluster		9 July 2020
		10 July 2020
OCCO and OCEO		6 July 2020
		8 July 2020

PROVINCE/ CLUSTER	PURPOSE OF THE SESSION	DATE OF SESSION
EMT Lekgotla	<p>Identify recent developments and environmental issues that have an impact on local government</p> <p>Identify interventions for the remaining period to the end of the strategy that are required to support municipalities in addressing the identified challenges and environmental issues</p> <p>Identify SALGA's role in the identified interventions and how SALGA will execute in the current dynamics</p>	20 – 24 July 2020

## STEP 2

Following these consultations, the drafting process for the APP was initiated and presented to the Provincial Members Assembly for member consultations.

Date	Activity
Oct-20	Draft APP based on outcomes of the June/July consultation process for submission to CoGTA
	Presentation of the Draft APP 2021/2022 to the Provincial Members Assembly for member consultations

## STEP 3

With the parameters set from the draft APP, provinces then developed their Provincial Operational Plans, clusters consolidated their inputs and Provincial and National Assemblies were held.

Date	Activity
Nov-20	All provinces developed the Provincial Operational Plans.
Nov-20	Clusters consolidate provincial inputs and produce a logic frame for the 2021/2022 APP (Output indicators, targets, activities, inputs, means of verification, technical indicators and budget)
03-04 Dec 2020	National Members Assembly

Further, at the SALGA's National Members Assembly held on 03-04 December 2020, the meeting resolved to:

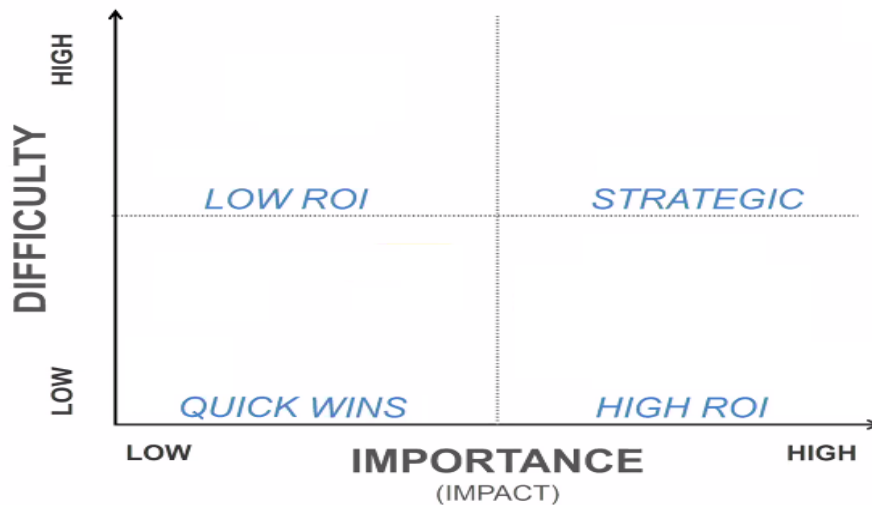
- a) Re-double its efforts to reconnect and work with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve their quality of life;
- b) Lobby for the amendment of legislation as an enabler for advancing the separation of powers which will result in a clear separation between the executive and legislative arms in municipalities;
- c) Resolve the rural vs urban dichotomy with particular focus on fiscal allocations, including increasing the infrastructure grant allocations for the development of rural areas to mitigate against migration;
- d) Lobby for the review of the allocation of powers and functions, with particular focus on concurrent functions to be allocated to local government;
- e) Explore options of creating integrated transport networks across municipal boundaries;
- f) Mandate SALGA to:-

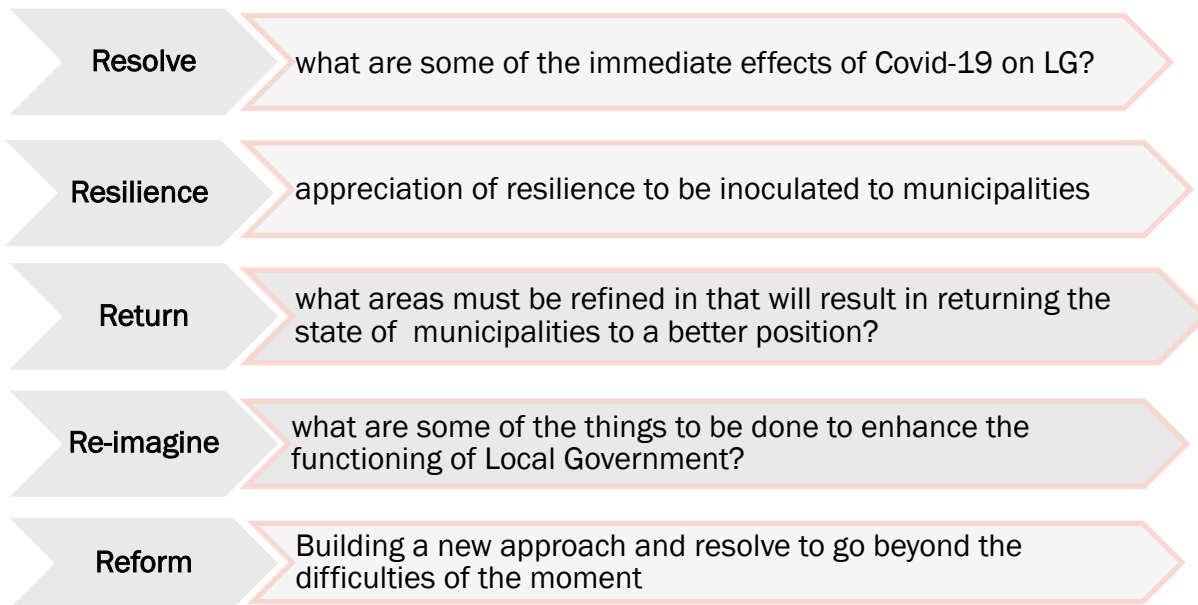
- i. Shape and influence the rethinking of the municipal and provincial/national initiated community development programmes and thereby strengthen collaboration between civil society and private sector;
- ii. Reintroduce a national Peer Review Mechanism as part of sharing best practices and also for building a sphere level capacity and capability for sector innovation and self-correction;
- iii. Play a central role in extracting consequence management and accountability;
- iv. Conduct a study on the state of local government with a view to define sustainable future municipal support interventions; and
- v. With the benefit of 20 years' experience identify best practice for profiling local government.

#### STEP 4

The final step involved engagements at the EMT level. Throughout these, the team was encouraged to apply thinking tools and the five R's approach to ensure that SALGA's plan yields successful results (presented below).

#### Tool | Importance/Difficulty Matrix





Date	Activity
8 – 10 Feb 2021	Special EMT Lekgotla to map the key priorities
15 – 17 Feb 2021	Cluster sessions to unpack the priorities into deliverables for 2021-2022 financial year
23 Feb 2021	SALGA Management Meeting to validate the Annual Performance Plan
26 Feb 2021	SALGA National Executive Committee Meeting to approve the Annual Performance Plan

Final submissions were received from clusters which articulated their priorities for this year. A filter was applied to these submissions to ensure that what is included in the APP are those that are relevant to the organization as a whole, and what remains will find expression in their AOPs and individual scorecards.

## 2021/2022 Priorities, outputs and targets

OUTCOMES	PRIORITIES
<p><b>OUTCOME 1:</b> Municipalities with sustainable, inclusive economic growth underpinned by spatial transformation</p>	<p><b>PRIORITY 1:</b> Public private partnership in Local Government  <b>PRIORITY 2:</b> spatial transformation and social cohesion  <b>PRIORITY 3:</b> Climate Change proofing of infrastructure  <b>PRIORITY 4:</b> Support the establishment of the municipal health function in municipalities  <b>PRIORITY 5:</b> Contribute towards development of a national rural development strategy</p>

OUTCOMES	PRIORITIES
<p><b>OUTCOME 2:</b> Good governance &amp; resilient municipal institutions</p>	<p><b>PRIORITY 1:</b> An Integrated municipal reporting, monitoring, evaluation and advisory support for Local Government</p> <p><b>PRIORITY 2:</b> Professionalization of local government</p> <p><b>PRIORITY 3:</b> Maximize the impact of Local Government in the IGR arena</p> <p><b>PRIORITY 4:</b> Proactive management of a transitional management plan for pre and post Local Government elections</p> <p><b>PRIORITY 5:</b> Representation in the bargaining processes</p> <p><b>PRIORITY 6:</b> Build cutting edge research capability</p> <p><b>Priority 7:</b> Extracting accountability and consequence management</p>
<p><b>OUTCOME 3:</b> Financial sustainability of local government &amp; greater fiscal equity</p>	<p><b>PRIORITY 1:</b> Support municipalities to finance, operate and maintain trading services</p> <p><b>PRIORITY 2:</b> Municipal Investment Attraction</p> <p><b>PRIORITY 3:</b> Support municipalities to improve their audit outcome</p> <p><b>PRIORITY 4:</b> Support municipalities to be financially sustainable</p>
<p><b>OUTCOME 4:</b> Efficient and effective administration support service for SALGA programme delivery</p>	<p><b>PRIORITY 1:</b> Reconfiguration of SALGA to better deliver on its Mandate</p> <p><b>PRIORITY 2:</b> Improve the image and reputation of SALGA and the Local Government Sector</p> <p><b>PRIORITY 3:</b> Diversification of SALGA revenue model</p>

Detailed list of key deliverables is presented per programme:

## PROGRAMME 1: ADMINISTRATION

### SUB PROGRAMME 1.1: OPERATIONS

**Programme Purpose:** To lead and direct the SALGA Operations to become more member-centric and relevant to the sector by strengthening vertical and horizontal linkages and ensuring programme and service delivery standards.

**Programme Objectives:**

- Establish and develop standards for effective practice and quality management and monitoring
- Institutionalize effective program/ project management framework, methodology, standards & practice
- Enable multi-disciplinary team work through the mobilization of resources for optimal service delivery across clusters and geographic focus
- Establish capacity for the management of key accounts and specialized services targeting specific member segments (e.g. Metros, Secondary Cities, District Municipalities)
- Establish capacity for a centralized legal advisory service
- Facilitate and enable strategic and business planning and ensure the effective management of SALGA's key performance areas and objectives
- Developing and implementing a robust monitoring, evaluation and reporting framework and process to ensure the increasing relevance of SALGA in the sector

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	N/A	N/A	New Indicator	Operating Model implemented	Phased implementation of the Integrated Operating Model	Phase I and II of the Operating Model rolled out by 31 March 2022	Phase III	Full rollout

2017 - 2022 STRATEGY			AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR	MANDATE	2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	N/A	N/A	Approved project management approach and methodology	Operating Model implemented	Phased implementation of the project management approach and methodology	Phase I and II of the project Management Approach and Methodology rolled-out by 31 March 2022	Phase III	Full rollout
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	2017-2022 Strategic Agenda	2017-2022 Strategic Agenda	2017-2022 Strategic Agenda	SALGA's five year strategic agenda	SALGA's 2022-2027 Draft Strategy tabled at provincial conferences for inputs and for approval at the National Conference	The SALGA strategy for 2022 – 2027 approved by 31 March 2022	2022-2023 Annual Performance Plan	2023-2024 Annual Performance Plan
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	Governance framework	Governance framework	Governance framework	SALGA 2021/22 Corporate Calendar	SALGA Governance structures convened in line with the Corporate Calendar	Coordinate the convening of all SALGA Governance Structures by 31 March 2022	Coordinate the convening of the all SALGA Governance Structures	Coordinate the convening of the all SALGA Governance Structures



2017 - 2022 STRATEGY			AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR	MANDATE	2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	The role, mandate and key gains of local government and SALGA Profiled	Strategic Profiling	SALGA and local government profiling programme	SALGA and local government profiling programme	SALGA and local government profiling programme	SALGA and local government profiling programme	Approved and implemented profiling programme	Monthly themed based and Local Government transition campaigns rolled out by 31 March 2022	SALGA and local government profiling programme	SALGA and local government profiling programme
<b>Good governance and resilient municipal institutions</b>	Strengthened oversight and accountability for effective, accountable and transparent leadership practices	Support & Advice	Annual impact assessment report on the level of SALGA's influence in IGR processes	Impact assessment report on SALGA's participation and influence in IGR processes	Proposal on the Intergovernmental support, monitoring and interventions Bill	Municipal reporting, monitoring, evaluation and (advisory) support programme	Multi-disciplinary municipal support coordination hub including the DDM nerve centre established	Multi-disciplinary municipal support coordination hub including the DDM nerve centre established by 31 March 2022	N/A	N/A

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Strengthened oversight and accountability for effective, accountable and transparent leadership practices	Support & Advice	Annual impact assessment report on the level of SALGA's influence in IGR processes	Impact assessment report on SALGA's participation and influence in IGR processes	Proposal on the Intergovernmental support, monitoring and interventions Bill	N/A	Integrated Municipal Support and Interventions Framework piloted in the DDM municipalities	Pilot the MSIF in DDM municipalities by 31 March 2022	Full roll-out Integrated Municipal Support and Interventions Framework	Full rollout Integrated Municipal Support and Interventions Framework
<b>Good governance and resilient municipal institutions</b>	Strengthened oversight and accountability for effective, accountable and transparent leadership practices	Support & Advice	Annual impact assessment report on the level of SALGA's influence in IGR processes	Impact assessment report on SALGA's participation and influence in IGR processes	Proposal on the Intergovernmental support, monitoring and interventions Bill	N/A	Municipal legal advisory services support programme implemented	Municipal Legal Advisory Services support programme implemented by 31 March 2022	Municipal Legal Advisory Services Implemented by 31 March 2023	Municipal Legal Advisory Services Implemented by 31 March 2024

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Strengthened oversight and accountability for effective, accountable and transparent leadership practices	Lobby, Advocate and Represent	Annual impact assessment report on the level of SALGA's influence in IGR processes	Impact assessment report on SALGA's participation and influence in IGR processes	Proposal on the Intergovernmental support, monitoring and interventions Bill	SALGA Lobby and advocacy agenda	Number of agenda setting policy and legislative proposals submitted to IGR Structures and or Legislatures	Six (06) Policy and legislative reform proposed by 31 March 2022	SALGA Lobby and advocacy agenda	SALGA Lobby and advocacy agenda
<b>Good governance and resilient municipal institutions</b>	Strengthened oversight and accountability for effective, accountable and transparent leadership practices	Lobby, Advocate and Represent	Annual impact assessment report on the level of SALGA's influence in IGR processes	Impact assessment report on SALGA's participation and influence in IGR processes	Proposal on the Intergovernmental support, monitoring and interventions Bill	SALGA Lobby and advocacy agenda	Number of SALGA Positions (formal inputs) submitted for engagements at IGR Structures and or Legislatures	As per draft Legislative Programme and IGR notices	Number of SALGA Positions (formal inputs) on existing Bills engaged at IGR Structures and or Legislatures	Number of SALGA Positions (formal inputs) on existing Bills engaged at IGR Structures and or Legislatures

## SUB PROGRAMME 1.2: FINANCE

**Programme Purpose:** To enable strategically relevant and solution driven financial services for a high performing and responsive organisation

**Programme Objectives:**

- Deliver timeous, relevant and credible financial information on time for decision making
- Deliver well-governed and sustainable financial and supply chain management services
- Undertake business analysis and develop innovative revenue-generating value added solutions

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	Clean audit for the 2020/21 audit	Strategic Profiling	N/A	N/A	N/A	Revenue diversification strategy	% revenue from non-member revenue	Increased % of non-member revenue by 31 March 2022	Increase the % of non-member revenue	Increase the % of non-member revenue
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	Clean audit for the 2020/21 audit	Strategic Profiling	Unqualified audit opinion with no findings for the financial year 2017/2018	Unqualified audit opinion with no findings for the financial year 2018/2019	Unqualified audit opinion with no findings for the financial year 2019/2020	Pending audit outcome	Audit opinion	Unqualified audit opinion with no findings for the financial year 2021/2022	Unqualified audit opinion with no findings for the financial year 2022/2023	Unqualified audit opinion with no findings for the financial year 2023/2024

### SUB PROGRAMME 1.3: HUMAN CAPITAL AND CORPRATE SERVICES

**Programme Purpose:** To enable strategically relevant and solution driven Human Capital and Corporate Services for a high performing and responsive organisation

**Programme Objectives:**

- Drive an integrated corporate service that is fit for purpose

2017 - 2022 STRATEGY			AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR	MANDATE	2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	N/A	N/A	Culture survey conducted	Human Capital Strategy implemented	% of cultures survey recommendations implemented	100% culture survey results actions implemented by 31 March 2022	100% culture survey results actions implemented by 31 March 2023	100% culture survey results actions implemented by 31 March 2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	Human Resource Strategy	Human Resource Strategy	Human Resource Strategy	N/A	% compliance with recruitment & selection service standards	100% implementation in accordance with the recruitment & selection set service standards by 31 March 2022	100% implementation in accordance with the recruitment & selection set service standards by 31 March 2023	100% implementation in accordance with the recruitment & selection set service standards by 31 March 2024

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	Organisational Structure	Revised Organisational Structure	Revised Organisational Structure	N/A	% of approved critical vacancies filled	100% of approved critical vacancies filled	% of approved critical vacancies filled	% of approved critical vacancies filled
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	N/A	N/A	New Indicator	Remote working framework with implementation plan	Approved Remote working framework	Remote working framework approved by 30 September 2021	N/A	N/A
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	N/A	N/A	New Indicator	N/A	% compliance with the framework	100% implementation of the Remote working framework	% compliance with the framework	% compliance with the framework

## SUB PROGRAMME 1.4: ICT AND DIGITAL SERVICES

**Programme Purpose:** To continuously simplify, enable and augment organisational use cases and customer journeys through scalable and fit-for-purpose digital technology, data solutions, and informed advisory – for reducing municipal costs and generating revenue for both SALGA and its members.

**Programme Objective:**

- Obtain and secure [SALGA Digital] enablement resources
- Digitalise SALGA's [technology] Environment
- Build Data Management and Analytic Capacity and Capabilities
- Enhance and expand, Macro- and externally-facing digital channels
- Launch initial set of services and products

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Knowledge & Information sharing	ICT Strategy	ICT Strategy	ICT Strategy	SALGA integration and digitalisation strategy	Approved strategy	Integration and digitalisation strategy approved by 30 June 2021	SALGA integration and digitalisation strategy implemented	SALGA integration and digitalisation strategy implemented

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Strategic Profiling	ICT Strategy	ICT Strategy	ICT Strategy	SALGA's cloud migration, integrated cloud-based Enterprise Resource Planning (ERP) and Operation system	Integrated ERP system	Integrated ERP System implemented by 31 March 2022	Full implementation of the integrated ERP system	Full implementation of the integrated ERP system
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Knowledge & Information sharing	N/A	N/A	New Indicator	SALGA Data Model and Business Intelligence Framework	Approved framework	SALGA Data Model and Business Intelligence Framework approved by 31 March 2022	SALGA Data Model and Business Intelligence Framework implemented	SALGA Data Model and Business Intelligence Framework implemented



2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>An Effective and Efficient Administration support service for SALGA programme delivery</b>	SALGA internal operations reconfigured to deliver on its Mandate	Knowledge & Information sharing	N/A	N/A	New Indicator	SALGA Data Analytic Platforms.	Platforms established and functional	SALGA Data Analytic Platforms established and functional by 31 March 2022	SALGA Data Analytic Platforms maintained	SALGA Data Analytic Platforms maintained
<b>Good governance and resilient municipal institutions</b>	Modernised governance systems and processes through the use of digital technology and exploration of new models of interface with communities	Lobby, Advocate and Represent	N/A	Draft 5th Utility Strategy	5th Utility Strategy	Broadband guidelines	Approved guidelines	Finalise SALGA guidelines on broadband rapid deployments by 31 March 2022	Support municipalities in the implementation of the broadband rapid deployments	Support municipalities in the implementation of the broadband rapid deployments

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Modernised governance systems and processes through the use of digital technology and exploration of new models of interface with communities	Support & Advice	N/A	ICT Maturity Assessments	ICT Maturity Assessments	ICT assessment in municipalities	Number of ICT assessment conducted	10 municipal ICT assessment conducted by 31 March 2022	Incremental municipal ICT assessment conducted by 31 March 2022	Incremental municipal ICT assessment conducted by 31 March 2022
<b>Good governance and resilient municipal institutions</b>	Modernised governance systems and processes through the use of digital technology and exploration of new models of interface with communities	Knowledge & Information sharing	N/A	ICT Maturity Assessments	ICT Maturity Assessments	Municipal ICT support	Number of Digital road mapping workshops with Municipalities conducted	20 Digital road mapping workshops by 31 March 2022	Incremental Digital road mapping workshops	Incremental Digital road mapping workshops

## PROGRAMME 2: INFRASTRUCTURE DELIVERY, SPATIAL TRANSFORMATION SERVICES AND INCLUSIVE COMMUNITIES

**Programme purpose:** Build planning capacity and enhance the delivery of infrastructure services to enable, inclusive spatial transformation

**Programme purpose:**

- Influence and drive enabling policy, legislation & fiscal frameworks for Infrastructure Service Provision
- Support the implementation of sustainable urban development and spatial transformation
- *Support regional economic strategies* and effective Land Use Management as drivers for inclusive growth and social cohesion
- Optimise institutional arrangements for sustainable infrastructure Services Strengthen role of LG in social cohesion through social and health services and empowerment of vulnerable communities

2017 - 2022 STRATEGY			AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR	MANDATE	2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Effective delivery of Municipal Infrastructure and Spatial transformation	Lobby, Advocate and Represent	N/A	N/A	New Indicator	SALGA Position paper to strengthen institutional and financial mechanisms to promote PPPs in the network infrastructure, investment and management	Position paper endorsed by the Budget Forum Lekgotla	Position paper to be tabled at budget Lekgotla by 30 September 2021	Establishment on the institutional mechanisms	Improvement on the number municipalities that are getting into partnership

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Effective delivery of Municipal Infrastructure and Spatial transformation	Support & Advice	N/A	N/A	New Indicator	Current practises for investment, operation and maintenance of social infrastructure in municipalities	Documented practises for investment, operation and maintenance of social infrastructure in municipalities shared	Documented practices by 30 September 2021	current practises for investment, operation and maintenance of social infrastructure in municipalities	Share lessons learnt and the implementation of social investment infrastructure
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Effective delivery of Municipal Infrastructure and Spatial transformation	Support & Advice	N/A	N/A	New Indicator	N/A	Engagements with municipalities to share best practices	Municipal engagements conducted in all provinces by 31 March 2022	N/A	N/A
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Improved the protection of municipal infrastructure and assets.	Knowledge & Information sharing	Not Applicable	New Indicator	Assessment of mechanism to enhance protection of infrastructure and assets in municipalities conducted.	A symposium for security industry to share technology and contracting options for asset protection.	Outcome report of the symposium	A symposium on alternative technological innovation on the protection of municipal infrastructure convened by 31 December 2021	Develop a live platform to showcase options available on the protection of municipal assets and infrastructure.	Share the lessons learnt on the implementation of a strategy around protection of municipal infrastructure and assets.

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Improved the protection of municipal infrastructure and assets.	Lobby, Advocate and Represent	N/A	N/A	New Indicator	Municipal support to identify critical infrastructure owned by municipalities for submission to the Minister in terms of the Municipal Infrastructure Protection Act No. 8 of 2019	A data base of the categorised municipal critical infrastructure	Support district municipalities through the DDM approach by 31 March 2022	Continuous update on the list on the critical infrastructure	Continuous update on the list on the critical infrastructure
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Strengthened role of local government in community development and social cohesion	Support & Advice	Not Applicable	New Indicator	A review of the municipal law enforcement strategy including by laws developed	An assessment on the state of law enforcement in local government.	An assessment report	An assessment conducted by 31 March 2022	Engage municipalities on the assessment outcomes.	Influence municipal policies on the capacity required for law enforcement.

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Inclusive human settlements providing access to basic services and socio-economic opportunities	Support & Advice	SALGA input on accreditation policy/framework for municipalities in Human Settlement	Consolidated outcomes report on implementation of the housing accreditation support plan and mechanisms for housing funding	Support municipalities to align PSHSDAs with IDPs and SDFs	Municipalities supported to align the PSHSDAs with IDPs and SDFs.	Alignment of the Priority Housing (PHSHDAs) with municipal IDPs and SDFs	30 Municipalities (Metros and secondary cities) by 31 March 2022	Monitoring of the implementation of gazetted PHSHDA with IDPs and SDFs	Monitoring of the implementation of gazetted PHSHDA with IDPs and SDFs
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Effective monitoring of spatial transformation	Support & Advice	Benchmark report on city transformation index developed by 31 March 2019	Report on the review of the spatial transformation developed	Annual Spatial Transformation Barometer published for additional municipalities	Spatial Transformation Barometer publication	Spatial transformation publication	Spatial Transformation monitored in 10 municipalities by 31 March 2022	Spatial Transformation Barometer published	Spatial Transformation monitored in 20 municipalities and published

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Efficient and effective land management, spatial planning and land use management	Support & Advice	SPLUMA capacity building programmes implemented	SPLUM differentiated support and capacity building implemented in selected municipalities	Differentiated support provided to municipalities on compliance with SPLUMA	Benchmarking and peer review mechanism on SPLUMA compliance	Peer review sessions for municipalities that are non-compliant with SPLUMA	All municipalities that are non-compliant with SPLUMA are supported through a SALGA led benchmarking and peer review mechanism by 31 March 2022	Municipalities supported on SPLUMA related compliance and/or capacity building	Monitoring and evaluation of performance against SPLUMA with particular focus on the outcomes that compliance has achieved over time.
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Enabling policy and legislative framework for the delivery of environmental services	Support & Advice	Local Government Climate Change Finance Strategy	Climate Change Finance support mechanisms	Municipal infrastructure plans reviewed and advice provided on their climate change compatibility.	Climate Change responsiveness assessment reports of District Development Plans	Number of District Development Plans assessed	44 District Development Plans assessed by 31 March 2022	52 District Municipalities supported to apply for climate change related funding	Climate Responsive District Development are implemented accordingly.

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Enabling policy and legislative framework for the delivery of environmental services	Support & Advice	Local Government Climate Change Finance Strategy	Climate Change Finance support mechanisms	Develop a municipal benchmarking report on environmental compliance and facilitate action in response to non-compliance	Cities support programme promoting City Sustainability in respect to Climate Change responsiveness and Environmental management	Approved Cities Support Programme	Cities support programme developed and approved by 31 June 2021	Rollout the programme of B2 municipalities on the town sustainability programme.	Rollout the programme of B2 municipalities on the town sustainability programme.
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Enabling policy and legislative framework for the delivery of environmental services	Support & Advice	Local Government Climate Change Finance Strategy	Climate Change Finance support mechanisms	Develop a municipal benchmarking report on environmental compliance and facilitate action in response to non-compliance.	N/A	Cities participating in the programme	Cities support programme implemented in Metros and secondary cities by 31 March 2022	Rollout the programme of B2 municipalities on the town sustainability programme.	Rollout the programme of B2 municipalities on the town sustainability programme.



2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Disaster Risk Reduction improved and quick response and recovery	Support & Advice	Status report on the implementation of White Papers relating to Public safety and security in LG	Support to municipalities on safety planning	Assess the performance of disaster management, fire and emergency services in municipalities .	Municipal support to improve Disaster Risk Management, Fire and Emergency Services function in partnership with NDMC and PDMC.	Number of municipalities supported	44 District municipalities by 31 March 2022	Municipal National Disaster Risk Management, Fire and Emergency Services performance index developed.	Municipal National Disaster Risk Management , Fire and Emergency Services performance monitored and profiled.
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Enabling policy and legislative framework for the delivery of environmental services	Support & Advice	Engagements with Department of Health and South African Institute of Environmental Health (SAIEH) as well as the TOR for the study on the MHS funding model.	Municipalities supported based on MHS Norms and Standards	Status quo on municipal Environmental Health capacity and Capacity development plans	Assessment of capacity of municipal environmental health to effectively deliver on the function	Assessment report completed	Assessment report completed by 30 September 2021	Outcome report on the engagement with Municipalities and national treasury developed.	Outcome report on the engagement with Municipalities and national treasury developed.

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Enabling policy and legislative framework for the delivery of environmental services	Support & Advice	Engagements with Department of Health and South African Institute of Environmental Health (SAIEH) as well as the TOR for the study on the MHS funding model.	Municipalities supported based on MHS Norms and Standards	Status quo on municipal Environmental Health capacity and Capacity development plans	National Indaba on Environmental Health	Outcome report of the National Indaba on Environmental Health	National Indaba on Environmental Health convened by 31 December 2021	Outcome report on the engagement with Municipalities and national treasury developed.	Outcome report on the engagement with Municipalities and national treasury developed.
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	Efficient and effective land management, spatial planning and land use management	Lobby, Advocate and Represent	Not Applicable	Rural densification implemented in selected municipalities	Rural Development strategy framework incorporating agriculture, infrastructure, land developed	A draft rural development strategy	A draft rural development strategy incorporating agriculture, infrastructure, land, governance etc.	A draft strategy produced by 31 March 2022	Monitoring of the implementation of the rural development strategy through the DDM	Monitoring of the implementation of the rural development strategy through the DDM

### PROGRAMME 3: MUNICIPAL CAPABILITIES AND GOVERNANCE

Programme purpose: Strengthen Governance, Leadership and Institutional Capabilities for developmental local government.

#### Programme Objectives:

- Effective representation of the LG Sector as Employer Body
- Mobilisation of sector intelligence through integrated Research, KM & Learning
- Strengthening oversight and accountability for effective, accountable and transparent leadership of municipalities
- Enabling sustainable use of ICT in municipalities
- Building a competent, capable and professionalized sector
- Strengthening municipal efficiencies with the introduction of ICT and other innovations

2017 - 2022 STRATEGY			AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR	MANDATE	2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Leadership and technical capacity of municipalities are enhanced to lead and manage resilient and stable municipal institutions	Employer Body	N/A	N/A	N/A	2021/22 Local Government Transition Framework	Approved 2021/22 Local government Transition Framework	Transitional Management Plan developed and approved by 31 June 2021	N/A	N/A

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Strengthened oversight and accountability for effective, accountable and transparent leadership practices	Employer Body	N/A	N/A	N/A	N/A	% Implementation of the transitional Management Plan	100% implementation of the transitional management plan	% Implementation of the transitional Management Plan	N/A
<b>Good governance and resilient municipal institutions</b>	Leadership and technical capacity of municipalities are enhanced to lead and manage resilient and stable municipal institutions	Capacity Building	Integrated Councillor Induction Programme	Integrated Councillor Induction Programme	Integrated Councillor Induction Programme	High Impact Leadership Development Programme	Approved High Impact Leadership Development Programme	High Impact Leadership Development Programme for governance improvement developed and approved by 30 June 2021	N/A	N/A
<b>Good governance and resilient municipal institutions</b>	Leadership and technical capacity of municipalities are enhanced to lead and manage resilient and stable municipal institutions	Capacity Building	Integrated Councillor Induction Programme	Integrated Councillor Induction Programme	Integrated Councillor Induction Programme	N/A	% Implementation of a High Impact Leadership Development Programme for governance	100% Implementation of a High Impact Leadership Development Programme for governance	% Implementation of a High Impact Leadership Development Programme for governance	% Implementation of a High Impact Leadership Development Programme for governance

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Professionalization of local government	Employer Body	Professionalization framework and ongoing programme implementation levels within the four pillars.	Professionalization framework and ongoing programme implementation levels within the four pillars.	Professionalization framework and ongoing programme implementation levels within the four pillars.	COVID-19 induced organisational rearrangements / Business Continuity framework	COVID-19 induced organisational rearrangements / Business Continuity framework	COVID-19 induced organisational rearrangements / Business Continuity framework developed and approved by 30 September 2021	N/A	N/A
<b>Good governance and resilient municipal institutions</b>	Professionalization of local government	Employer Body	Professionalization framework and ongoing programme implementation levels within the four pillars.	Professionalization framework and ongoing programme implementation levels within the four pillars.	Professionalization framework and ongoing programme implementation levels within the four pillars.	N/A	% implementation of the COVID-19 induced organisational rearrangements / Business Continuity framework	100% Implementation as per targets in the framework.	Implementation as per targets in the framework.	Implementation as per targets in the framework.

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Sound and productive labour relations	Employer Body	Existing collective bargaining agreement	Existing collective bargaining agreement	Draft Collective Agreement on Pension Fund Restructuring . SALGA Position Document on the Wage Curve Negotiations.	Collective Bargaining Strategy for local government	Signed collective bargaining agreement	Collective bargaining agreement anchored on municipal financial sustainability , flexible exemption and opt out dispensation concluded by 31 September 2021	Support municipalities to implement the collective Bargaining Strategy	Support municipalities to implement the collective Bargaining Strategy
<b>Good governance and resilient municipal institutions</b>	Strengthened oversight and accountability for effective, accountable and transparent leadership practices	Knowledge & Information sharing	SALGA 2017-2022 Research Strategy	SALGA 2017-2022 Research Strategy	SALGA 2017-2022 Research Strategy	New Generation Research Strategy	Approved New Generation Research Strategy	New Generation Research Strategy developed and approved by 30 June 2021	N/A	N/A

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Strengthened oversight and accountability for effective, accountable and transparent leadership practices	Knowledge & Information sharing	SALGA 2017-2022 Research Strategy	SALGA 2017-2022 Research Strategy	SALGA 2017-2022 Research Strategy	N/A	Number of research products	Five (05) Research products aligned to members needs produced by 31 March 2022	Five Research products aligned to members needs produced by 31 March 2023	Five Research products aligned to members needs produced by 31 March 2024

## PROGRAMME 4: MUNICIPAL FINANCE, FISCAL POLICY AND ECONOMIC GROWTH

**Programme purpose:** Strengthen financial resilience and sustainability of municipalities and provide advice and innovative solutions to challenges in regional and local economies with the promotion of trade and investment to stimulate economic growth and development

**Programme Objectives:**

- Positively influence the fiscal policy frameworks of local government to enable financial sustainability of Municipalities
- Support budget management and audit performance in municipalities
- Strengthen billing and revenue collection, municipal borrowing, levy's and taxes, debt management and restructuring, supply chain management and transaction advisory services
- Provide advice and support to municipalities in the promotion of trade and investment for growth in regional and local economies

2017 - 2022 STRATEGY			AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR	MANDATE	2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	High quality and reliable service provision and infrastructure investment	Support & Advice	SALGA inputs to new water Act submitted to department of water affairs	Proposal developed on legislative/policy gap identified on Water and Sanitation	Municipalities supported and advised on the management of water services	Municipalities supported and advised on the reduction of non-revenue water	Incremental implementation of the 5 pillars of Water Conservation and Demand Management	Social and technical pillars of water conservation demand management implemented in collaboration with municipalities and stakeholders by 31 March 2022	Municipalities supported and advised on the reduction of non-revenue water	Municipalities supported and advised on the reduction of non-revenue water



2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	High quality and reliable service provision and infrastructure investment	Capacity Building	SALGA inputs on the role of municipalities in renewable energy and other alternative sources of energy	Consolidated outcomes report on the roll out of the Energy Summit Implementation Plan application for year 1	40 municipalities trained and supported to implement Small Scale Embedded Generation	Municipal training and support programme on Small Scale Embedded Generation system	Number of municipalities trained and supported to implement or improve their Small Scale Embedded Generation system	22 municipalities trained by 31 March 2022	Targeted municipalities trained and supported to implement Small Scale Embedded Generation	Targeted municipalities trained and supported to implement Small Scale Embedded Generation
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	High quality and reliable service provision and infrastructure investment	Lobby, Advocate and Represent	SALGA inputs on the role of municipalities in renewable energy and other alternative sources of energy	Consolidated outcomes report on the roll out of the Energy Summit Implementation Plan application for year 2	40 municipalities trained and supported to implement Small Scale Embedded Generation	Local Government position on EDI reform	Report on Energy Industry reform proposal with road map	Energy Industry reform proposal with road map approved by NEC by 31 March 2022	Lobby for the energy industry reform	Lobby for the energy industry reform
<b>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</b>	High quality and reliable service provision and infrastructure investment	Support & Advice	Sector departments and other relevant institutions engaged to enable support to municipalities	SALGA collaboration with relevant stakeholders to support the implementation of Waste Paise targets	Municipalities supported to improve waste management services	A programme approach for implementation by municipalities on Extended Producer Responsibility (EPR)	Approved Extended producer responsibility programme	Extended producer responsibility programme designed and approved by 31 March 2022	Targeted municipalities supported on waste economy through implementation of EPR	Targeted municipalities supported on waste economy through implementation of EPR

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Reduced number of significant audit findings and strengthened oversight and accountability in municipalities	Support & Advice	Municipal Audit support Programme	Municipal Audit support Programme	Municipal Audit support Programme	Municipalities supported through Municipal Audit Support Programme	Number of municipalities that obtained a Disclaimer of audit opinion and Adverse audit opinions for the 2019/2020 financial year supported	60 municipalities supported by 31 March 2022	Municipalities supported through Municipal Audit Support Programme	Municipalities supported through Municipal Audit Support Programme
<b>Good governance and resilient municipal institutions</b>	Reduced number of significant audit findings and strengthened oversight and accountability in municipalities	Support & Advice	Municipal Audit support Programme	Municipal Audit support Programme	Municipal Audit support Programme	Municipalities supported through Municipal Audit Support Programme	Number of municipalities identified as having ineffective MPAC's and increased Unauthorised, Irregular and Fruitless & Wasteful Expenditure (UIFW) in the audit outcome for the 2019/2020 financial year supported	40 municipalities supported by 31 March 2022	Municipalities supported through Municipal Audit Support Programme	Municipalities supported through Municipal Audit Support Programme

2017 - 2022 STRATEGY		MANDATE	AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR		2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Good governance and resilient municipal institutions</b>	Strengthened oversight and accountability for effective, accountable and transparent leadership practices	Support & Advice	N/A	N/A	N/A	Governance protocol for municipalities that own entities	Approved governance protocol	Governance protocol for Metro municipalities developed by 31 March 2022	Support municipalities to implement the governance protocols	Support municipalities to implement the governance protocols
<b>Financial sustainability of local government &amp; greater fiscal equity</b>	Diversified Infrastructure Financing Instruments for Municipalities	Lobby, Advocate and Represent	N/A	N/A	N/A	Diagnostic report of elements that curb municipalities from maximising the property rates revenue stream	Approved diagnostic report	Diagnostic report development by 31 March 2022	Support municipalities as per the diagnostic report	Support municipalities as per the diagnostic report
<b>Financial sustainability of local government &amp; greater fiscal equity</b>	Reduction in number of Unfunded budgets Reduction in Debtors and Creditors growth rate	Lobby, Advocate and Represent	N/A	N/A	N/A	Budget analysis and benchmarking reports for 40 municipalities	Quarterly benchmarking report published	Four (04) quarterly reports developed	Budget analysis and benchmarking reports for 40 municipalities	Budget analysis and benchmarking reports for 40 municipalities

2017 - 2022 STRATEGY			AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR	MANDATE	2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Financial sustainability of local government &amp; greater fiscal equity</b>	Reduction in number of Unfunded budgets Reduction in Debtors and Creditors growth rate	Support & Advice	N/A	N/A	N/A	N/A	Quarterly benchmarking sessions	Four (04) quarterly benchmarking sessions convened	Quarterly benchmarking session	Quarterly benchmarking session
<b>Financial sustainability of local government &amp; greater fiscal equity</b>	Improved local economic growth through investment promotion	Support & Advice	Packaged trade and investment opportunities for municipalities	Supported provided to municipalities to promote, package and retain trade and investment initiatives	Investment tools developed to support municipalities to improve trade and investment competitiveness	Municipalities supported to implement the trade and Investment guidelines	Number of municipalities supported to implement the trade and Investment guidelines	10 municipalities supported by 31 March 2022	Municipalities supported to implement the trade and Investment guidelines	Municipalities supported to implement the trade and Investment guidelines
<b>Financial sustainability of local government &amp; greater fiscal equity</b>	Improved local economic growth through investment promotion	Support & Advice	Framework for the categorisation of regional economies developed	Cooperation and Partnership agreements signed for regional economic development in Karoo and Selected towns	Regional economic development and small town sustainability programme implemented	Small Town Regeneration Programme	Number of regions with STRs programmes implemented	Two (02) additional regions explored by 31 March 2022	Small Town Regeneration Programme implemented	Small Town Regeneration Programme implemented

2017 - 2022 STRATEGY			AUDITED/ACTUAL PERFORMANCE			PLANNED 2021 - 2022 PERFORMANCE			PROJECTED OUTPUT	
STRATEGIC OUTCOME	STRATEGIC OUTCOME INDICATOR	MANDATE	2018-2019	2019-2020	2020-2021	OUTPUT	OUTPUT INDICATOR	TARGETS	2022-2023	2023-2024
<b>Financial sustainability of local government &amp; greater fiscal equity</b>	Improved local economic growth through investment promotion	Support & Advice	N/A	N/A	New Indicator	Cities investment competitive index	Number of index reports developed	One (01) index report developed by 31 March 2022	Cities investment competitive index	Cities investment competitive index

# MANAGING STRATEGIC RISK

## Introduction

Risk management is a central part of any organisation's strategic management. It is the process whereby the organisation both methodically and intuitively addresses the risk attached to its activities with the goal of achieving sustained benefit within each activity and across the portfolio of activities. Risk management is recognised as an integral part of sound organisational management and is being promoted internationally and in South Africa as good business practice applicable to the public and private sectors.

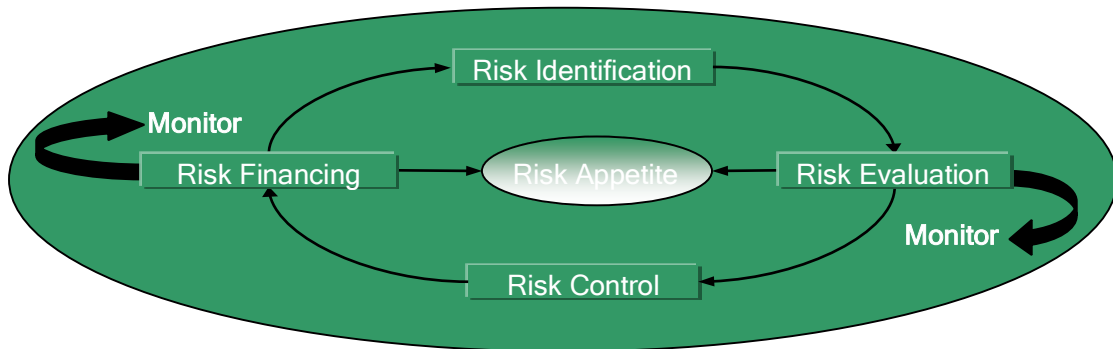
SALGA's approach to risk management is governed by prudence, the nature of the regulatory environment, best practice and the competitive situation within which the organisation operates. A comprehensive risk management framework to effectively identify, evaluate and control risk exposures must be followed to maintain risk exposures within prudent levels.

SALGA seeks, through risk management, to help drive decisions which balance risk and reward, thereby adding value to business. This would involve the following:

- Communication of risk management strategies throughout the organisation;
- Promotion of the management of risk as part of the SALGA culture of risk management;
- Identification and classification of risk exposures;
- Evaluation of risks;
- Controlling of risks through effective internal controls, mitigating techniques, policies and reporting;
- Continuous monitoring of new risk threats in order to be pro-active in developing appropriate mitigating strategies;
- Ensuring the minimisation of the cost of risk by determining a realistic risk appetite, effective involvement of third parties (insurance) and the use of the most efficient approach to allocate capital for risk exposures; and
- Effective management of the main components of the risk model.

## Risk appetite

This involves the determining of the SALGA's tolerance for risk to ensure that the risk exposure does not result in losses that compromise stakeholder value. In order to achieve this, definition of each of the components, of the risk process cycle is vital. Without a clear definition at each point in the cycle, the risk process overall may breakdown. The SALGA risk process is defined below and depicted graphically:



**Risk identification** – The aim is to identify all risk exposures within the organisation. This includes the identification and classification of internal and external factors that could adversely affect the achievement of business objectives.

**Risk evaluation** - The aim is to evaluate the risk exposures in terms of likelihood and impact in order to mitigate, accept or avoid the risks. The evaluation process consists of the assessment (qualitative), measurement (quantitative) and monitoring of risks.

- **Assessment** – This includes the identification and prioritization of risks. This would include an assessment of the inherent risk (the risk pre controls), the controlled risk and the residual risk.
- **Measurement** – This involves the total magnitude of risk, using internal and external data, internal control and identification systems and scenario analysis.
- **Monitoring** – This provides continuous feedback on how well the risks and controls are performing to meet the objectives as well as the overall monitoring of the execution of the risk management process.

**Risk Control** – Typical controls include internal controls, such as management oversight, information processing, activity monitoring, process controls, segregation of duties and performance indicators as well as policies, procedures and reporting. Risk control also consists of the mitigating techniques to minimise or prevent the potential negative effect of risk exposures.

**Risk Financing** – Risk financing entails reviewing the costs and benefits to an organisation in preventing or minimizing risks. This step also involves the determining of the capital allocation for risk as well as the cost of insurance.

# Strategic Risk register

Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
1	<p>An Effective and Efficient Administration support service for SALGA programme delivery</p> <p>Financially sustainable municipalities and greater fiscal equity</p> <p>Good governance and resilient municipal institutions</p> <p>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</p>	Over reliance/dependence on single source revenue.	<p>a) Inability to fund the APP of the organization.</p> <p>b) Financial sustainability of the organization could be put at risk.</p> <p>c) Municipalities could be forced to priorities (e.g. paying Eskom, Salaries instead of Levies)</p> <p>d) The current year collections as at 28 January 2021 are sitting at <b>80%</b> Current Year and <b>66%</b> overall with the prior collection rate at <b>24%</b></p>	5	5	25	<p>Leveraging Donor Funding locally and Internationally and continue with the debtors collection policy approved by the NEC. The early settlement discount continues to be effective with municipalities being consistent at taking them. The NEC in the current also passed additional discounts related to COVID-19.</p> <p>Business Development. Sourcing of Commercial ideas from internally and externally with the objective of creating products that SALGA can sell for extra revenue. Product Development Committee (PDC )</p> <p>Continue to Lobby National Government to honour the promise of funding SALGA's Constitutional Functions relating to IGR. This is an annual process also done through the Annual Performance Plan ( APP ) submission</p>	8	17



Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
2	Good governance and resilient municipal institutions	Reputational damage to SALGA as result of municipalities that are constantly put in various Section 139 and the non-functional interventions that have not resulted in municipalities being better at service delivery and in governance post Section 139 Interventions	The reputational has the potential to derail and affect the entire SALGA Inter-governmental Relations as could cast a negative perception of SALG's work and link it with the overall non-performance of municipalities in the sector post the S139 process.	5	5	25	Constraint Engagement in the Inter-governmental space with all affected stakeholders albeit not entirely effective. Extensive work on obligations placed on others like Province to consult with SALGA in their interventions and other stakeholders who need to be educated on SALGA's enshrined in various pieces of legislation wherein the organization ought to be consulted on matters affecting the sector and currently not taking place as they should. SALGA has nine representative at the NCOP who currently interface with the S139 application for approval purposes.	5	20

Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
3	<p>An Effective and Efficient Administration support service for SALGA programme delivery</p> <p>Financially sustainable municipalities and greater fiscal equity</p> <p>Good governance and resilient municipal institutions</p> <p>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</p>	<p>Incorrect or inadequate advice may be provided to municipalities by SALGA resulting in reputational damage to the organisation. Some of the advice could also expose the organisation to litigation exposure when taken and implemented by municipalities.</p>	<p>Reputational Damage to SALGA. Loss of trust from municipalities. Reliance by municipalities on outside legal advice which may somewhat lack context and relevance. Possible finance losses to SALGA and municipalities</p>	5	5	25	<p>There legal department of SALGA does get consulted in certain instances on advice given albeit inconsistently. The functions of the organization are geared in such a way that different clusters and function are responsible for compliance with laws in their own function. All reports of the organization have to always respond to legal compliance impact as a standard test and assessment. The function of compliance register is being executed by a person within the organisation pending the appointment of the incumbent.</p>	5	20

Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
4	An Effective and Efficient Administration support service for SALGA programme delivery	Reputational risk due to the <b>misunderstanding of SALGA's mandate by stakeholders</b> . The complexity of SALGA's role is embedded with obligations among stakeholders which imposes the duty to consult SALGA on various matters affecting the local government sector. The SALGA mandate is enshrined in the various pieces of Legislation and formal documents which also make it broad and susceptible to misunderstanding (Constitution of South Africa, Organized Local Government Act, Municipal Systems Act and White Paper on Local Government , Labour Relations Act and SALGA's Constitution )	<p>a) Creation of expectations that will not be fulfilled to members</p> <p>b) Misunderstanding by the public and other stakeholders of the role that SALGA plays in local government leading to reputational loss</p> <p>c) SALGA's mandate may not be met leading to questions being raised about the need for SALGA's existence</p> <p>d) Expectation gap that currently negatively impact on the image of SALGA and the sector.</p>	5	5	25	<p>a) SALGA has capacitated the Profiling team. Further, A monthly calendar has been developed to ensure that SALGA develops monthly campaigns that are shared on various media platforms and serve as capacitation on SALGA's role and profiling SALGA. .</p> <p>b) Continuation of SALGA's structured engagement framework which provides guidance on managing stakeholder relations.</p> <p>c) Actively assessing SALGA's role with that contained in the various pieces legislation constantly during planning sessions and while assessing our relevance and the work we do for the sector.</p> <p>d) Actively assessing our role with that contained in the legislation constantly during planning sessions and while assessing our relevance and the work we do for the sector</p>	5	20

Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
5	Good governance and resilient municipal institutions	The image of SALGA could be negatively affected if SALGA is not proactive in providing the country with a model and policy on the management of POLITICAL COALITIONS.	<ul style="list-style-type: none"> <li>1) Disruptions in Service delivery</li> <li>2) Un-approved budget</li> <li>3) Changing political alliances leading to negative impact on service delivery.</li> <li>4) Disbanding of Council which render governance of municipalities ineffective.</li> <li>5) Turnover of senior officials with the changing political leadership in the municipalities.</li> </ul>	5	5	25	No formal control at this stage. SALGA does get involved in various discussion on matters of coalition but the organisation has not formulated a policy or framework which can be adopted by the sector on the management of coalitions.	0	25
6	An Effective and Efficient Administration support service for SALGA programme delivery	The risk that SALGA may not capitalize on commercial opportunities that are available in the sector due to the orientation and history of not pursuing such opportunities.	<ul style="list-style-type: none"> <li>a) Worsening in the reliance on Membership Levies which are under pressure due to the SA economy in general.</li> <li>b) Constant inability to directly show value and ad-hoc responses in this regard to queries raised.</li> <li>c) No improvement in municipal service delivery due to continuation of the status quo where municipalities continue to use consultants that are not in tune or close enough with their challenges .</li> <li>d) Concerns may erupt as a result of uncertainty.</li> <li>e). Losing on the opportunity to apply economies of scale on major cost items in municipalities.</li> </ul>	5	5	25	There is a Product Development Committee to on-board all the commercial proposals that have the effect of improving service delivery. Part of the Risk Profiling also includes the solicitation of the possible commercial opportunities that SALGA may pursue. The Business Development Unit is not up and running and focused on the work of establishing products.	7	18

Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
7	An Effective and Efficient Administration support service for SALGA programme delivery	Possible Withholding of Levies by Member Municipalities and Threats of withdrawal. Possible withholding of SALGA Levies as those members that pay could argue that others are also not paying levies with no consequence while benefiting from indivisible SALGA benefits or functions e.g. Employer Body work or SALGA input into Bills which ultimately benefit the whole sector.	Liquidity problems for the organization may increase. The implementation of the APP will not be possible without funds. The current services may need to be curtailed.	5	5	25	NEC imploring PECs and NEC members to encourage municipalities to pay levies Continued engagement with the members on the value of SALGA as they relate to the levies. Enforcement of SALGA policies against members that are not paying. Enforcing the provisions of SALGA's Constitution with regard to non-payment of levies. Using the Not-In Good Standing tag not members who owe levies. Withholding of the Sitting Allowance payment to encourage Councillors to assist SALGA with collection of levies from municipalities in exchange for the payment of levies.	10	15
8	An Effective and Efficient Administration support service for SALGA programme delivery  Financially sustainable municipalities and greater fiscal equity  Good governance and resilient municipal institutions  Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Inadequate/lack of IMPACT Assessments for programmes and assistance provided to municipalities	a) SALGA may not be able to determine the effectiveness of its programmes on the communities it serves. b) The perception that SALGA's work is not important or has no impact because impact of the efforts taken cannot be quantified or are not visible.	5	5	25	1. Monitoring and Evaluation (M&E) Framework policy 2. NCOP Representation of municipalities is visible. 3. IGR Forum and visibility based on direct interaction with municipalities. 4. Continuous engagement of SALGA in forums like the FFC.	10	15

Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
9	An Effective and Efficient Administration support service for SALGA programme delivery Financially sustainable municipalities and greater fiscal equity Good governance and resilient municipal institutions Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Non completion of the SALGA organisational design and its objectives and critical imperatives coupled with lack of CHANGE MANAGEMENT regarding the new way of working and the Cluster set-up.	<p>a) Continuation and entrenchment of silos which affected delivery pre organizational design.</p> <p>b) Uneven distribution of work across the organization with some sections heavily loaded while others do not have an even load.</p> <p>c) Lack of quality in the final product which lacks the full value and synergy of available skills in the organizational.</p> <p>d) Concerns may erupt as a result of uncertainty</p>	5	5	25	<p>a) Tracking of the current work based on the existing APP continues and progress reported at all SALGA Governance structures. b) At every available opportunity SALGA Management (MANCOM) does establish teams to tackle tasks that require multi-disciplinary skills.</p>	10	15
			<p>a) Underutilization of SALGA available resources across the organization.</p> <p>b) Uneven distribution of work across the organization with some sections heavily loaded while others do not have an even load Lack of quality in the final product which lacks the full value and synergy of available skills in the organizational.</p> <p>c) Duplication and un-even delivery of the product of SALGA across Clusters and provinces.</p> <p>d) Optimal Resourcing of SALGA both at Provincial and National Level.</p>				<p>Work of the organization continues to be tracked through the current APP and delivery monitored.</p>		
10	An Effective and Efficient Administration support service for SALGA programme delivery	SALGA intellectual property may be misappropriated by unauthorized parties due to lack of protection	<p>a) Erosion of SALGA's brand value</p> <p>b) Loss of SALGA intellectual property</p> <p>c) Legal costs incurred due to violation and protection of IP</p> <p>d) Expensive litigation in the event of violation of IP</p> <p>e) Increased operational costs and sometimes protection of assets that may not be as valuable as compared to costs of protection.</p>	5	5	25	SALGA has bought software that will be able to safeguard its identified documents that require protection.	10	15

Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
11	An Effective and Efficient Administration support service for SALGA programme delivery	Lack of readiness for the Sector and for SALGA for the impact of the 4th Industrial Revolution	The sector and SALGA could remain behind essential changes that could transform the sector. Legal consequences when adaptation is either not taking place or is happening too slow. If the sector does not get ready this may delay their entire country given the closeness positioning of the sector to the country's service delivery	5	5	25	Incumbent in the Chef Digital Officer has been appointed and has hit the ground running	10	15
12	An Effective and Efficient Administration support service for SALGA programme delivery  Financially sustainable municipalities and greater fiscal equity  Good governance and resilient municipal institutions Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Overall negative impact of CORONA OR COVID-19 virus on SALGA Operations and Service Delivery	Non - attainment of the APP. Danger to life and fatalities, dysfunctional meetings due to connectivity. No extracting benefits that are brought by the change of doing business as result of the pandemic. Ineffective operations due to the tools of trade relating to technology being dysfunctional.	5	5	25	All SALGA offices were closed during the lockdown period as anticipated and was reopened in level 3. SALGA Fully complied with the protocols as set by government on the management of spaces and how to respond when there has been a case identified in the office. Further SALGA developed the Standard Operational Procedures (SOP) and kept colleagues up-to-date with developments around the COVID-19 and the cases at SALGA.	20	5

Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
		Critical meetings of the organization may not take place or take place and not be efficient					SALGA's meetings planned in March and April were rescheduled to ensure that the organization prepares systems and processes to ensure the smooth running of SALGA's governance structures. SALGA can safely indicate that all governance structure are now meeting on virtual platforms including the SALGA Provincial Members Assemblies which are scheduled to start in October and November 2020. SALGA NEC also approved a Data Allowance payment for members who serve on the SALGA governance structures.		
		Lack of connectivity because of technological tools leading to operational effectiveness of engagements and SALGA's business processes					SALGA's virtual platform have been adapted to respond to employees working from home. All operational systems (SAP, VIP, Intranet, Email, and ESS) can be accessed remotely. SALGA has also deployed ZOOM, Teams and Star leaf to conduct meetings. Microsoft Teams are is now being used as remote desk for all employees wherein they can log on a daily basis.		



Risk #	2017-2022 Strategic Outcome	Risk Title	Consequences	Impact	Likelihood	Inherent risk	Existing control	Control Effectiveness	Residual Risk exposure
13	<p>An Effective and Efficient Administration support service for SALGA programme delivery</p> <p>Financially sustainable municipalities and greater fiscal equity</p> <p>Good governance and resilient municipal institutions</p> <p>Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation</p>	The inability to deliver on the Conference mandate provided at Sandton December 2016 and thereby missing the very mandate of the highest decision making body in the organization	Non-delivery and missing the critical work or opportunity of transforming the sector based on Conference Resolutions outlined in 2016.	5	5	25	Tracking of the resolutions by the NEC through various governance structures of the organization	20	5
14	An Effective and Efficient Administration support service for SALGA programme delivery	Staff and leadership conduct on public platform including social media	<p>a) Disrepute being brought upon SALGA through association with employee's personal remarks.</p> <p>B) Uncontrolled social media activities by SALGA employees on matters against the constitution.</p>	5	5	25	<p>1) SALGA communication protocol</p> <p>2) Signed condition of services by SALGA employees</p> <p>3) SALGA Social communication policy was updated to include social media conduct by employees.</p> <p>4) The matter of social media communication was discussed at MANCOM highlighting risks that could be presented on SALGA's reputation and employees need to conduct themselves.</p>	20	5

# FINANCING THE PLAN

## Overview

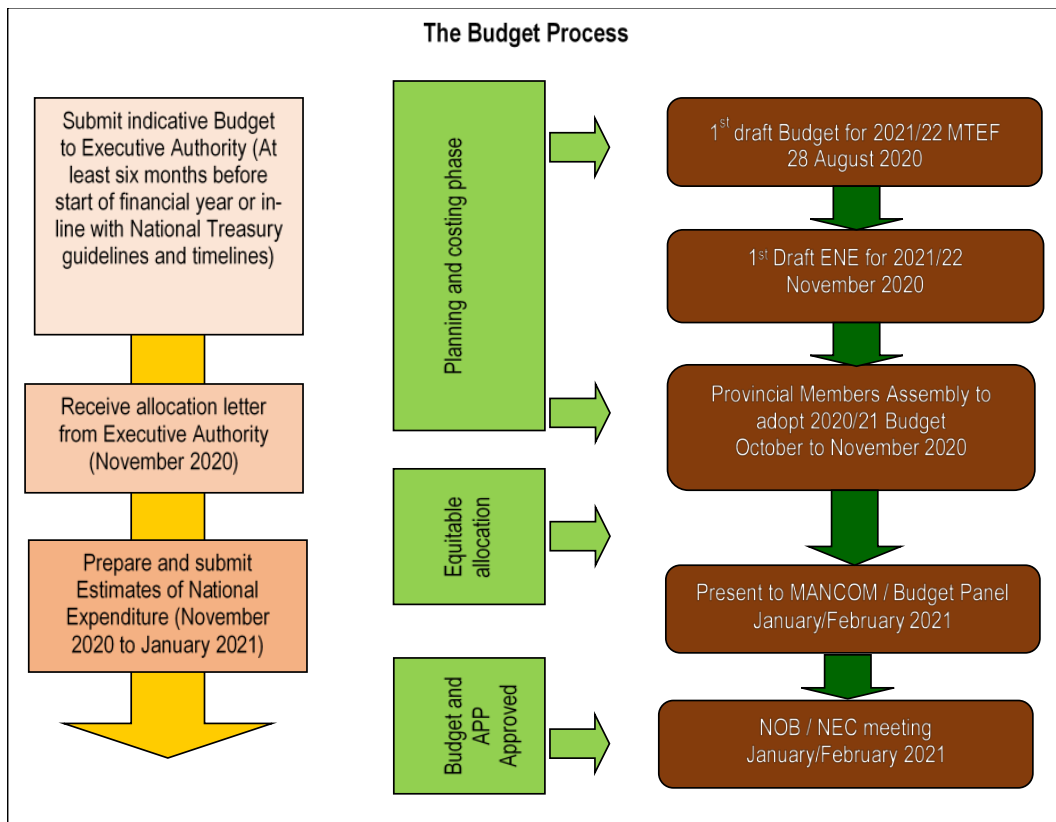
The organisation's budget is informed primarily by the organisational 5-year strategic plan 2017 – 2022 and the Annual performance for 2021/2022 together with the Budget management policy and the MTEF guidelines. Budget parameters were set based on prevailing and projected economic conditions as well as available resources for 2021/22. This represents the final year of the new 5-year strategy. These budget parameters are designed to ensure that the organisational budget is affordable; sustainable; realistic; and credible. SALGA is not immune to budgetary constraints that dictate priority areas for a specific planning year.

The budget has taken into account the published cost control measures as outlined on all National Treasury Instructions in respect of Cost Containment Measures. In order to deal equitably with competing demands from various business units for resources, the organisation's budget management policy established a "Budget Panel". The "Budget Panel" or the SALGA Executive Committee (MANCOM) interrogate the Budget and ensure the various competing needs are weighed against realistic available resources; and organisational priorities as informed by Annual Performance Plan - 2021/22 and the Strategic Plan 2017 - 2022. The "Budget Panel" or Mancom ensures an equitable allocation of budget.

## Budget Process

The process to develop the budget is protracted and robust, which is best described diagrammatically below (highlighting the critical governance and administrative structures).

### The Budget Process



# Key highlights

Projected revenue over the MTEF period are as follows:

Operating Revenue (Incl. Interest received)	2021/22	2022/23	2023/24
<b>Total Revenue</b>	<b>R 743 709 000</b>	<b>R 775 541 000</b>	<b>R 803 978 000</b>

The costs per Objective are tabulated below:

PER OBJECTIVE R thousand	Medium-term estimate		
	2021/22	2022/23	2023/24
Administration (Enablers)	419,742	431,030	441,646
Goal 1 - Sustainable inclusive economic growth and realised spatial transformation	85,671	94,694	99,656
Goal 2 - Good governance and resilient municipal institutions	149,496	155,037	162,934
Goal 3 - Financial sustainability of local government and greater fiscal equity	88,588	94,496	99,498
<b>Total expense</b>	<b>743,497</b>	<b>775,257</b>	<b>803,734</b>

## Budget parameters

R thousand	Medium Term Estimates		
	2021/22	2022/23	2023/24
<b>Budget Parameters</b>			
Administrative Costs Growth Rate - Projected Consumer Price Index (CPI)	4.4%	4.4%	4.5%
Employee Costs Growth Rate - Projected Consumer Price Index (CPI plus 100 basis points)	5.4%	5.4%	5.5%
Operating Expenditure	R 743,497	R 775,257	R 803,734
Total Revenue	R 743,709	R 775,541	R 803,978
Early Settlement Discount - Estimation based on prior year take up	R 9,000	R 9,000	R 9,000
Net Membership Levies	R 692,299	R 723,206	R 751,513
Government Grant - Executive Authority	R 35,369	R 36,280	R 36,408
<b>Membership Levy Formula (Proposed)</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Metropolitan Municipalities	Flat Rate plus CPI plus 1% using 2020/21 base year	Flat Rate plus CPI plus 1% using 2021/22 base year	Flat Rate plus CPI plus 1% using 2022/23 base year
Districts & Local Municipalities	1% of Salary Budget, Minimum of R500k	1% of Salary Budget, Minimum of R500k	1% of Salary Budget, Minimum of R500k

## Statement of financial performance

The Statement of Financial Performance sometimes referred to as an Income statement provides information on the financial performance of the entity during a specified period. Users of the statement use historic information to predict future trends, while investment and credit decisions are based on the particular parties' prediction of future events, such as the ability to generate cash flows from an existing resources base, an entity's historic performance is also used for these decisions. The table below depicts the projected financial performance for the 2021/22 MTEF as well as the revised projected estimate for the 2020/21 financial year.

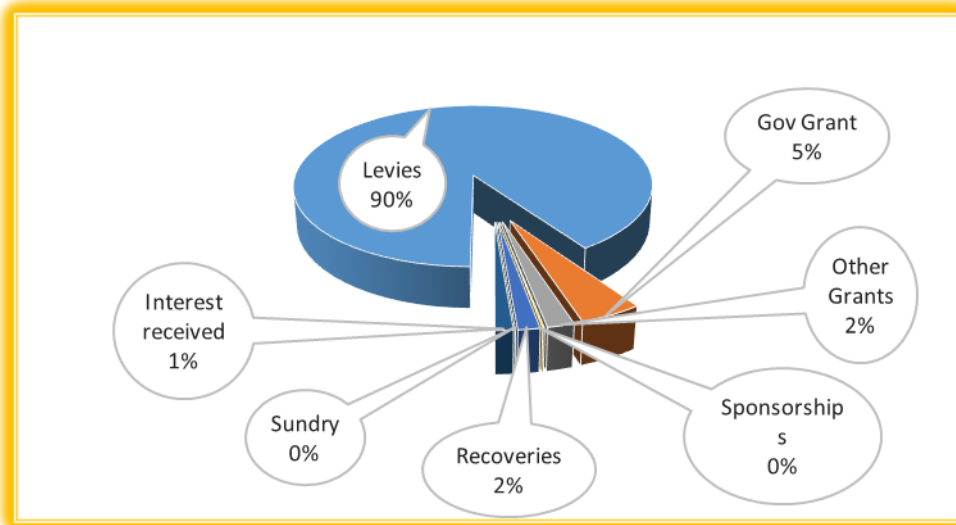
Statement of financial performance	Revised estimate	Medium-term estimate		
	2020/21	2021/22	2022/23	2023/24
R thousand				
<b>Revenue</b>				
<b>Non-tax revenue</b>	<b>679,797</b>	<b>703,339</b>	<b>734,260</b>	<b>762,569</b>
Sale of goods and services other than capital assets	667,597	692,299	723,206	751,513
<i>of which:</i>				
<i>Sales by market establishment</i>	667,597	692,299	723,206	751,513
<i>Other non-tax revenue</i>	12,200	11,040	11,054	11,056
Interest, dividends and rent on land	8,300	10,000	10,000	10,000
<b>Transfers received</b>	<b>52,077</b>	<b>40,370</b>	<b>41,281</b>	<b>41,409</b>
<b>Total revenue</b>	<b>731,874</b>	<b>743,709</b>	<b>775,541</b>	<b>803,978</b>
<b>Expenses</b>				
<b>Current expenses</b>	<b>731,874</b>	<b>743,497</b>	<b>775,257</b>	<b>803,734</b>
Compensation of employees	458,701	470,063	495,468	522,716
Goods and services	262,546	262,390	268,253	268,963
Depreciation	9,190	9,535	9,955	10,403
Interest, dividends and rent on land	1,437	1,509	1,581	1,652
<b>Total expenses</b>	<b>731,874</b>	<b>743,497</b>	<b>775,257</b>	<b>803,734</b>
<b>Surplus</b>	<b>-</b>	<b>212</b>	<b>284</b>	<b>244</b>

### Revenue trends

Revenue from levies remains the major contributor to the organisation's total income comprising 90 percent of total revenue in the 2021/2022 financial year amounting to a total of R743 million; the trend stabilizes over the MTEF period with levies comprising an average 90 percent of total revenue over the MTEF period. Membership levies growth rate in the 2021/2022 financial year is 4 percent; and growth for the two outer years 2022/23 and 2023/24 is 4 percent, respectively. The membership levy formula has been kept the same as prior years. The organisation is compelled to maximize the membership levy revenue stream in order to continue fulfilling its legislative mandate of representing the local government sphere at inter-governmental fora.

SALGA's main source of revenue is levies amounting to R680 million and they contribute 90 percent to total income in 2021/22 financial year. The distribution of other revenue streams is illustrated on the graphic below.

### Revenue distribution 2021/22:



### Expenditure trends

The total projected operating expenditure for 2021/22 is R743 million with the main focus of the following goals:

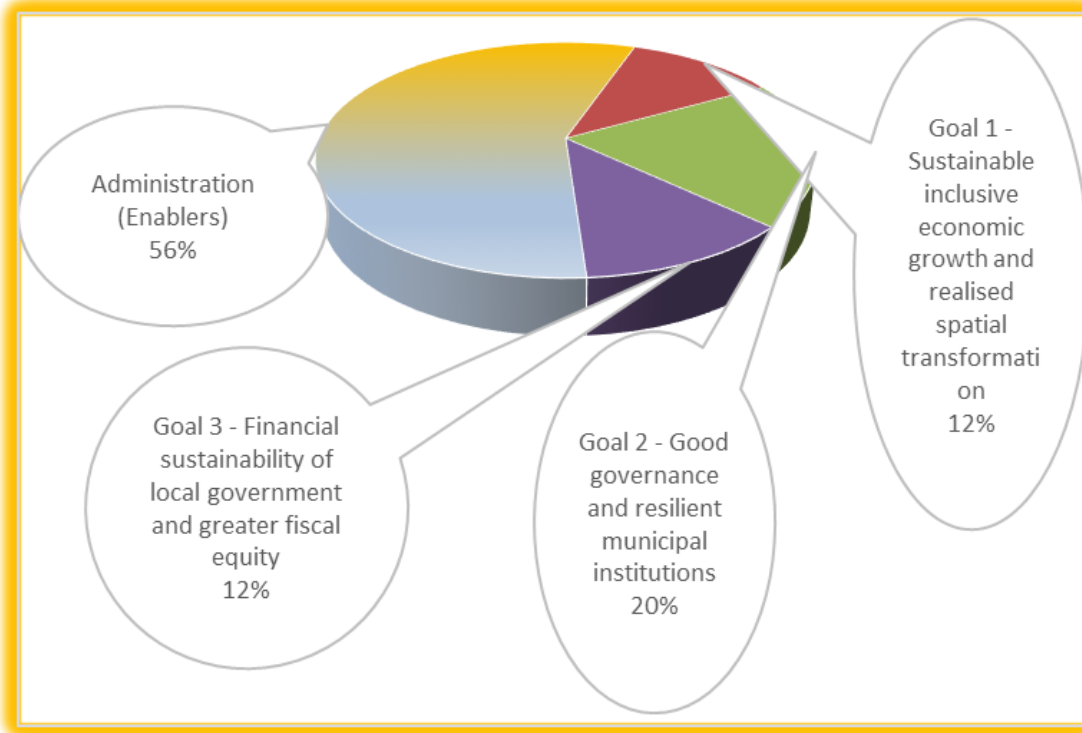
Outcome 1: Sustainable, Inclusive Economic Growth and Spatial Transformation;

Outcome 2: Good Governance & Resilient Municipal Institutions;

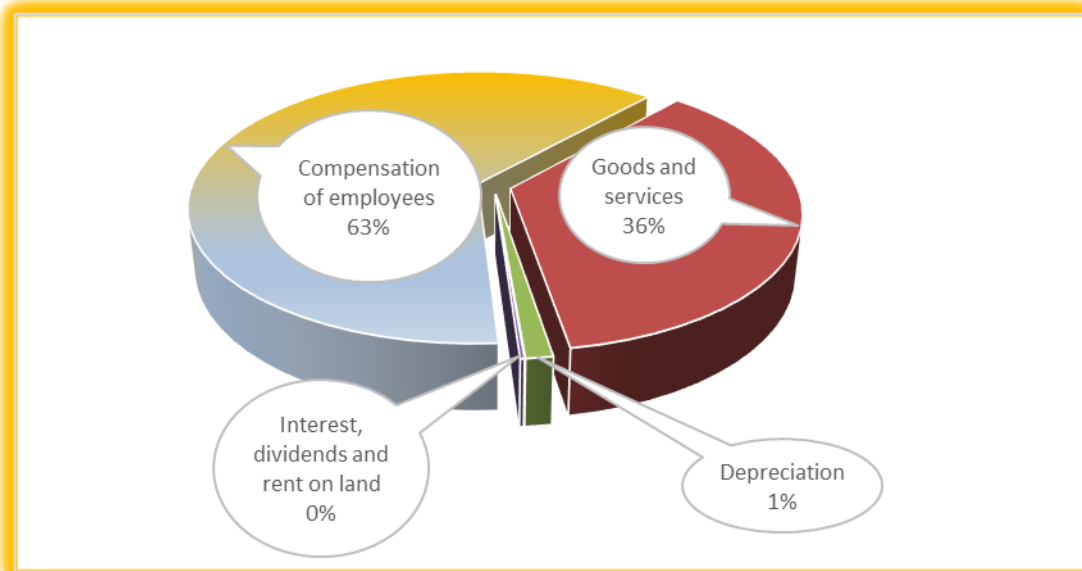
Outcome 3: Financial Sustainability of LG and Fiscal Equity.

Outcome 4: An Effective and Efficient Administration support service for SALGA programme delivery.

### Expenditure distribution 2021/22 per Outcome / Objective:



The distribution of operating expenditure by economic classification is illustrated on the graphic below.  
*Expenditure distribution 2021/22 per classification:*



## Capital expenditure

Asset acquisitions	Medium-term estimate		
	2021/22	2022/23	2023/24
<i>R thousand</i>			
<b>Acquisition of assets</b>	<b>17,722</b>	<b>19,493</b>	<b>20,370</b>

The draft projected capital acquisitions for 2021/22 amount to R18 million are based on the projected replacement of equipment including personnel growth/requirements. The nature of SALGA's capital acquisitions is operating capital such as furniture & fittings, IT equipment; and office equipment. New headcount additions to SALGA's establishment attract these capital items since they are required as tools of trade for personnel. Also provisioned in capital additions for 2021/22 is the acquisition of SALGA offices in the various provinces to improve the cost savings through rental cost over the longer term and also to sub-let a portion of space to improve the organisation's revenue streams.

## Statement of financial position

The Statement of Financial Position, portrays the economic resources of an entity, the claims against these resources and the impact of transactions, events and circumstances on these resources and claims against resources, as well as the liquidity and solvency of the entity.

This information is useful for the prediction of the ability of the entity to generate cash and cash equivalents and the amounts, timing, and uncertainty of its future cash flows, as well as how successful the entity is likely to be in raising of funds. Information on liquidity and solvency is used to predict the ability of the entity to meet its commitments when they become due. Such information helps investors, creditors and others to identify the entity's financial strengths and weaknesses, and indicates the cash flow potentials of some economic resources and the cash needed to satisfy most claims of creditors.

Financial position	Audited Outcome	Audited Outcome	Audited Outcome	Revised estimate	Medium-term estimate		
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Carrying value of assets	56,695	58,863	53,557	187,332	133,972	140,086	146,390
<i>of which:</i>							
Acquisition of assets	(30,692)	(10,527)	(2,774)	(17,019)	(17,722)	(19,493)	(20,370)
Investments	1,124	1,109	1,792	1,028	1,028	1,028	1,074
Receivables and prepayments	124,493	118,968	109,116	26,550	28,010	29,354	30,675
Cash and cash equivalents	89,059	110,444	162,911	204,308	278,432	291,797	304,928
<b>Total assets</b>	<b>271,371</b>	<b>289,384</b>	<b>327,376</b>	<b>419,218</b>	<b>441,442</b>	<b>462,265</b>	<b>483,067</b>
Accumulated surplus/(deficit)	159,576	172,906	213,395	336,632	358,856	379,319	396,388
Capital and reserves	2,260	2,260	2,260	2,260	2,260	2,260	2,362
Capital reserve fund	10,270	11,305	8,906	-	-	-	-
Finance lease	1,889	3,521	2,119	9,138	9,138	9,138	9,549
Deferred income	-	-	-	2,753	2,753	2,753	2,877
Trade and other payables	84,999	85,208	99,435	65,633	65,633	65,993	68,963
Provisions	12,298	14,184	1,261	2,802	2,802	2,802	2,928
<b>Total equity and liabilities</b>	<b>271,371</b>	<b>289,384</b>	<b>327,376</b>	<b>419,218</b>	<b>441,442</b>	<b>462,265</b>	<b>483,067</b>



The draft statement of financial position reflects a financially stable organisation over the MTEF period with positive reserves at R359 million in 2021/22 and the outer years to R379 million and R396 million for 2022/23 and 2023/24, respectively. The outlook remains consistent for both outer years, indicating that the organisation will be liquid over the MTEF cycle. The positive liquidity ratio also addresses the going-concern issue as previously raised by the Auditor-General. The organisation is projecting to generate positive cash-backed reserves, to manage the misaligned financial years with its members and eliminate the cash flow risk as a result of dependency on a single source of revenue.

### Operational and financial sustainability

Organised Local Government is primarily funded by membership fees from municipalities. This keeps it accountable to the municipalities that constitute it. However, the functions performed by local government require wide-ranging, high-level and specialised human resources. For it to be effective, additional sources of funding will need to be accessed and more attention must be paid to account for donor funding. To this end, the organisation has developed a comprehensive 'Funding model' and presented the same to the Executive Authority and National Treasury over the past few years. However, to date the model has not been implemented despite the White Paper on Local Government providing that "National and provincial government are committed to assisting organised local government, and have made provision for funding organised local government on a rand-for-rand basis out of the equitable share of national revenue to which local government is entitled". SALGA's leadership is continually engaging with other spheres of government, for organised local government to be effective its activities as mandated by its members it must be adequately funded. Hence, the need for the review of the membership levy formula. SALGA recognises that the current funding model, which places heavy reliance on member municipalities to fund the organisation's operations and programmes, is not optimal in light of the existing burden on municipalities to provide quality services with limited resources. However, in the interim, the status quo remains, with the organisation's resource generating capacity being limited to what it can raise in membership levies. The purpose of developing the Funding model was to analyse the various activities currently performed by SALGA with specific reference to the relevant legislation and to determine a funding model that will enhance revenue thereby ensuring the sustainability of SALGA in future years. In analysing the activities undertaken by SALGA, cost drivers were identified. The funding model; has determined scientifically the following cost components that must be funded from the national budget; these are:

- Mandatory governance costs;
- Legislated inter-governmental relations participation; and
- Restructuring and transformation of Local Government sector.

Cost Component	2020/21	2021/22	2022/23	2023/24
Mandatory Governance costs	R 9,961,000	R 10,459,000	R 10,961,000	R 11,290,000
Legislated IGR participation	R 126,037,000	R 132,339,000	R 138,691,000	R 142,852,000
Transformation /Restructuring	R 0	R 0	R 0	R 0
<b>TOTAL</b>	<b>R 135,998,000</b>	<b>R 142,798,000</b>	<b>R 149,652,000</b>	<b>R 154,142,000</b>
<b>Less</b> : Current government grant in financial model	(R 33,259,000)	(R 35,369,000)	(R 36,280,000)	(R 36,408,000)
<b>TOTAL INCREASE REQUIRED</b>	<b>R 102,739,000</b>	<b>R 107,429,000</b>	<b>R 113,372,000</b>	<b>R 117,734,000</b>

# Materiality framework

## Strategic objective

The SALGA Strategic Plan 2017-2022 focuses on three goals and eight strategic enablers to facilitate the delivery on the strategic agenda set by the SALGA conference in 2016. **Effective and Efficient Administration** is an enabler that addresses various interventions relating to governance, performance management, financial management, people development and Information & Communication Technology.

## Background

SALGA, as a schedule 3A public entity in terms of the Public Finance Management Act, 1999 (PFMA) is required to develop a “Materiality and Significance Framework”. The PFMA under section 54(2) provides that:

*Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:*

- (a) establishment or participation in the establishment of a company;
- (b) participation in a **significant** partnership, trust, unincorporated joint venture or similar arrangement;
- (c) acquisition or disposal of a **significant** shareholding in a company;
- (d) acquisition or disposal of a **significant** asset;
- (e) commencement or cessation of a **significant** business activity; and
- (f) a **significant** change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

Section 55(2)(b)(i) of the PFMA provides that the annual report and financial statements of the public entity must:

*Include particulars of-*

- (i) any **material** losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;

Furthermore, the National Treasury PFMA regulations provide the following;

Section Part /	Content / Regulation
28.3.1	For purposes of material [section 55(2) of the Act] and significant [section 54(2) of the Act], the accounting authority must develop and agree a <b>framework of acceptable levels of materiality and significance</b> with the relevant executive authority.
29.1.1	The corporate plan must cover a period of three years and must include – a <b>materiality/significant framework</b> , referred to in Treasury Regulation 28.3.1
30.1.3	The strategic plan must include the <b>materiality/significance framework</b> , referred to in Treasury Regulation 28.3.1

Having considered the legislative background for the development and adoption of a “*Materiality and Significance Framework*”, such framework is to be used by SALGA to assess the materiality and significance of any transaction. The framework shall also form part of the Organisational Strategic Plan for the 2018/19 financial year.

Below is a brief discussion on the factors considered to arrive at the determined level of materiality and significance deemed appropriate or acceptable to SALGA as an organisation.

As the legislation does not define the words “materiality” or “significance” various sources have been used to arrive at a universal meaning of the terminologies.

## Materiality

The statements of Generally Accepted Accounting Practice (GAAP) and the statements of Generally Recognised Accounting Practice (GRAP) on ‘Presentation of Financial Statements’ (IAS 1) par. 11 defines **material** as follows:

*Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.*

Paragraph 12 goes on further to elucidate that; “Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. *The Framework for the Preparation of Financial Statements* states in par. 25 that ‘users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

Information may be both quantitatively and qualitatively material. Both the amount (quantity) and nature (quality) of information should be considered in setting the materiality figure.

## Significance

The Concise Oxford dictionary defines “*significant*” as “*extensive or important enough to merit attention*”. The Oxford Advance Learner’s Dictionary defines “*significant*” as “*in a way that has special importance and to an important or considerable degree*”. The term is not explained in the accounting standards.

“Significant” could therefore be interpreted as of relative importance to the public entity as a whole. Thus, a transaction will be significant if conducting the transaction is vitally important in order to fulfil the public entity’s mandate and for it to operate effectively.

As with “material” there is no set rule for calculating a “significant” monetary value. The importance of the transaction i.e. the transaction’s impact on the public entity as a whole, as well as any possible impact the transaction could have on a decision or action taken by the public entity’s executive authority should be considered in the development of the materiality and significance framework.

## Factors considered to determine the materiality and significance framework

The following factors have been considered by SALGA when setting the materiality and significance levels:

### a) Nature of the public entity’s business

The nature of the public entity’s business may have an impact on the materiality and significance framework. The public entity should be guided by its public accountability and the sensitivity of the public entity’s accounts, activities and functions regarding matters of public interest. The public entity should also consider the impact of its materiality and significance framework, and therefore the information reported to its executive authority could have on decisions and actions taken by its executive authority.

### b) Statutory requirements

Non-compliance with laws and regulations is considered material (qualitative and quantitative).

### c) Risk associated with the public entity’s business

There is an inverse relationship between materiality / significance and the level of risk. The lower the risk the higher the materiality / significance level and vice versa. The public entity needs to take into account various risks when developing a significance and materiality framework. These risks include:

- Operational risk – risks arising from the day-to-day operational activities which may result in a direct or indirect loss.
- Liquidity risk – risk that the organization may not be able to honor its obligations as they become due in the ordinary course of its business.
- Credit risk – risk that the credit advanced to our debtors might not be collectable.
- Human resource risk – risk to attract and retain scarce skills to enable the organization to deliver on its mandate.
- Legal and compliance risk – these risks include significant contractual relationships that the organization enters into such as lease contracts for office accommodation etc.
- Regulatory and compliance risk – the risk of incurring penalties or restrictions as a result of non-compliance with legal requirements.
- Information risk – the risk that confidentiality may be breached or the availability of information when required.

- Insurance risk – the risk that the entity is not adequately insured against losses and damage to property and equipment as well as claims against the organization.
- Technology risk – the risk that systems are not adequately monitored, accounted or serviced to deliver a service.
- Reputation risk – the risk of damaging the public entity’s image.

#### **d) Quantitative and qualitative factors**

When setting the materiality and significance framework, the organization must consider both the quantitative (amount) and qualitative (nature) factors that include:

##### Quantitative factors:

- Amount or extent of the item in relation to the financial information as a whole; and
- Special characteristics of the item;

Qualitative materiality focuses on the inherent nature of the item under consideration. These items do not necessarily influence the reasonableness of the financial information, but due to their nature they are of importance to the users of the financial information.

##### Qualitative factors:

- Statutory requirements; compliance with legislation, regulations, policy, internal control measures.
- Degree of estimation; the risk of material misstatement;
- Disclosure requirement; deviations from Generally Accepted Accounting Practice (GAAP), Generally Recognised Accounting Practice (GRAP) and International Financial Reporting Standards (IFRS).

#### **e) Nature of the transactions**

The public entity should consider the importance of the transaction, i.e. the transaction’s impact on the public entity as a whole, as well as any possible impact the transaction could have on a decision or action taken by the public entity’s executive authority in the development of the materiality and significance framework.

A distinction should be made between transactions that are operational in nature and transactions that are approved within a very specific framework, i.e. the annual budget, the public entity’s corporate plan or strategic plan.

## Determined level of materiality and significance

For the 2020/21 financial year the determined levels of materiality and significance are as follows:

### a) Nature of the public entity's business

This aspect has been considered INSIGNIFICANT, as the nature of SALGA's business is not about to change in the foreseeable future.

### b) Statutory requirements

From prior year audit outcomes a "**clean audit**" in 2019/20 was obtained, for the eighth consecutive year or "**unqualified audit opinion**", which has reduced significantly from 2007/08 financial year onwards. Consequently this aspect is considered SIGNIFICANT and does not matter on the audit outcomes. However, on another front such as the enabling legislation viz. the Organised Local Government Act the considerations are INSIGNIFICANT.

### c) Risks associated with the public entity's business

The determination in respect of risks is as follows:

- Operational risk – SIGNIFICANT due to likelihood of the incidence of fraud. None reported during the 2019/20 financial year audit and none expected for during the 2020/21 financial year.
- Liquidity risk – INSIGNIFICANT due to the past eight financial years from 2012/13 improvements of collection levels of membership levies in comparison to prior years.
- Revenue risk – SIGNIFICANT due the change in political landscape and economic pressure faced by our member municipalities through the reduction of the Local Government equitable share.
- Credit risk – INSIGNIFICANT due to the extent of outstanding membership levies for periods longer than 12 months were only 1.19% and 1.046% for 2019/20 and 2018/19, respectively in relation to total membership levies invoiced.
- Human resource risk – SIGNIFICANT due to the high employee turnover rate, and the specialist nature of SALGA's work. The introduction of employee benefits conversion of contracts from a five year contract to permanent to all staff up to manager level during the 2014/15 financial year, has reduced the turnover rate. A new Human Resources strategy has been developed to improve the impact of human resources within the organisation.
- Legal and compliance risk – INSIGNIFICANT due to the nature of contractual agreements that SALGA normally enters into. These are normal lease agreements for office accommodation and use of office equipment.
- Regulatory and compliance risk – SIGNIFICANT as the compliance culture needs to be maintained from the 2012/13, 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 achievements, "**clean audit**". Improvements are always necessary with regards to compliance.
- Information risk – SIGNIFICANT as institutional memory is at risk as a result of the high staff turnover rate. The staff turnover rate has been reduced with the implementation of employee benefits and conversion of contracts during the 2014/15 financial year.
- Insurance risk – INSIGNIFICANT as the organisation insures all its assets and risk of losses have been transferred. Internal control measures have been introduced through the loss control policy to limit the losses incurred.
- Technology risk – SIGNIFICANT as the ICT staff are not security cleared although there were no reportable findings reported during the past ten years, since 2010/11 ICT audit.
- Reputational risk – INSIGNIFICANT as the organization has a capable management team and road-map in the form of the Strategic Plan.

#### d) Quantitative and Qualitative factors

The quantitative level of materiality and significance for the 2019/20 financial year is based on the following:

##### Amount of the item to the financial information

The materiality is set at 0.5% of the total original operational expenditure budget. Therefore, the materiality level for the 2021/22 financial year is set at R 37 674 050 (being R753 481 000-00 X 0.5%).

##### Special characteristics of the item

The following are considered material due to their nature:

- Fruitless and wasteful expenditure;
- Irregular expenditure; and
- Losses of any form.

#### e) Nature of the transactions

In terms of the transactions per the revised annual budget for the 2021/22 financial year the determination is INSIGNIFICANT.

<b>Statement of Financial Performance</b>				
Statement of financial performance	Revised estimate	Medium-term estimate		
		2020/21	2021/22	2022/23
R thousand				
<b>Revenue</b>				
Tax revenue	–	–	–	–
<b>Non-tax revenue</b>	<b>679,797</b>	<b>703,639</b>	<b>734,559</b>	<b>762,868</b>
Sale of goods and services other than capital assets	667,597	692,599	723,505	751,813
<i>of which:</i>				
Administrative fees	–	–	–	–
Sales by market establishment	667,597	692,599	723,505	751,813
Other sales	–	–	–	–
Other non-tax revenue	12,200	11,040	11,054	11,055
Interest, dividends and rent on land	8,300	10,000	10,000	10,000
<b>Transfers received</b>	<b>52,077</b>	<b>49,842</b>	<b>50,048</b>	<b>47,128</b>
<b>Total revenue</b>	<b>731,874</b>	<b>753,481</b>	<b>784,607</b>	<b>809,996</b>
<b>Expenses</b>				
<b>Current expenses</b>	<b>731,874</b>	<b>753,269</b>	<b>784,323</b>	<b>809,752</b>
Compensation of employees	458,701	472,376	500,721	530,766
Goods and services	262,546	269,734	271,905	266,750
Depreciation	9,190	9,650	10,113	10,573
Interest, dividends and rent on land	1,437	1,509	1,584	1,663
<b>Transfers and subsidies</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>731,874</b>	<b>753,269</b>	<b>784,323</b>	<b>809,752</b>
<b>Surplus</b>	<b>–</b>	<b>212</b>	<b>284</b>	<b>244</b>

## Proposed equitable share for SALGA

<b>Cost Component</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
Mandatory Governance costs	R 9,961,000	R 10,459,000	R 10,961,000	R 11,290,000
Legislated IGR participation	R 126,037,000	R 132,339,000	R 138,691,000	R 142,852,000
Transformation /Restructuring	R 0	R 0	R 0	R 0
<b>TOTAL</b>	<b>R 135,998,000</b>	<b>R 142,798,000</b>	<b>R 149,652,000</b>	<b>R 154,142,000</b>
<b>Less</b> : Current government grant in financial model	(R 33,259,000)	(R 34,841,000)	(R 35,047,000)	(R 36,098,000)
<b>TOTAL INCREASE REQUIRED</b>	<b>R 102,739,000</b>	<b>R 107,957,000</b>	<b>R 114,605,000</b>	<b>R 118,044,000</b>



END