



ANNUAL SUMMARY REPORT 2021/22





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This abridged Annual Report highlights SALGA's achievements and challenges in fulfilling its local government developmental mandate and reviews its performance during the period
1 April 2021 to 30 March 2022.

"SALGA remains committed to transforming local government into a well-governed service provider – one that will stimulate economic growth and reignite societal well-being in a newly post-COVID business environment." – Cllr Bheke Stofile, SALGA President, July 2022

PERFORMANCE HIGHLIGHTS



Achieved a **10th** clean audit in a series of **13** consecutive unqualified audits since 2009.



61 municipalities benefitted from the Municipal Public Accounts Committee (MPAC) programme, while **43** received the related training.



7 484 (2021: 1 116) municipal officials and Councillors benefitted from SALGA's continuous development and capacity building programmes.



Championed local government transformation across inter-governmental relations (IGR) platforms to protect and promote municipal interests in policy and legislative processes.



Positive increase in net assets to **R565.9 million** (2021: R372.6 million).



Facilitated the integration of local government's climate change response plans and a capacity increase in metros to respond sustainably to climate change and environmental management challenges with long-term benefits for South Africa and its citizens.



5.1% increase in membership levy revenue to **R686 million** (2021: R652.7 million).



Represented local government in governance structures at the United Nations to develop and coordinate the implementation locally of the Sustainable Development Goals, Paris Agreement on Climate Change and Sendai Framework on Local Disaster Risk Reduction, as well as the Addis Ababa Agreement on Financing, which is used to develop cities and towns.



57 of 62 performance targets, or **92%**, for the 2021-22 financial year, consistent with an average of **90%** of meeting annual performance targets for the past 13 years.



Initiated and facilitated municipal partnerships and the development of local governance capacity in sister associations in Africa, which includes SALGA's representative role in the African Union.

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The South African Constitution envisaged that citizens will live in cities, towns and settlements where they have access to clean water, sanitation, electricity, refuse services and good roads and infrastructure. A country where their elected representatives in council will ensure that the rates and taxes they pay and the funds provided by national government for basic services and infrastructure development are accounted for and used for their intended purpose. I firmly believe that courageous, ethical, accountable and citizen-centric leadership is needed to turn the tide in local government.

Tsakani Maluleke,
Auditor-General of South Africa

*Consolidated General Report on Local Government Audit Outcomes
Municipal Finance Management Act, 56 of 2003 (MFMA) 2020-21*





PRESIDENT'S FOREWORD

EXECUTIVE REVIEW

This review reflects abridged comments by SALGA's President and Chief Executive Officer about the organisation's achievements, challenges and performance during the past financial year as presented in the 2021-2022 Annual Report.

Despite a challenging financial year, SALGA's resilience and singular focus on good governance and service excellence ensured that we leveraged the skills, expertise and diversity of our workforce to serve our member municipalities and their communities.

SALGA's 10th consecutive clean audit for the 2021-22 financial year again attested to its financial health, which is fundamental to public accountability and provides assurance about its ability to manage public funds responsibly and effectively.

The adverse audit findings against the majority of municipalities in South Africa is cause for grave concern. Going forward, SALGA will intensify its interventions, such as the Municipal Audit Support Programme (MASP), to support municipalities in the areas of leadership, governance, institutional capacity and financial management.

Noteworthy achievements included a Coalition Government Framework, drafted with the Dullah Omar Institute, to help political parties and councillors form and manage coalitions. The successful conclusion of the 5th multi-year Condition of

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As the unified voice of local government in South Africa, it is vital for SALGA to model the behaviour it wants to see in the sector. Transparent business conduct and effective and efficient management should be the primary drivers of accountability and good governance within municipalities nationwide.

Cllr Bheke Stofile
Chairperson

Service Agreement with municipal worker unions was signed without incident or disruption to service delivery, while 7 484 councillors and traditional leaders benefitted from SALGA's Integrated Councillor Induction Programme.

The spirit, passion and dedication of SALGA's employees contributed to significant progress in areas of strategic importance. We look forward to continuing value creation for our member municipalities and stakeholders in the year ahead.

Cllr Bheke Stofile
July 2022

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*SALGA's strategic role remains clear:
We represent the interests of local
government within the system of
intergovernmental relations and
support our members to fulfil their
developmental obligations.*

Xolile George
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S OVERVIEW



The past year marked SALGA's 25th anniversary. While an important milestone, it was a time for reflection and an opportunity to envisage our continued contribution to the transformation and professionalisation of local government.

During the past post-pandemic financial year, SALGA proved itself resilient to lingering economic shockwaves and challenging conditions. We achieved 57 of 62 (or 92%) of our performance targets, which is consistent with an average annual performance of 90% for the past 13 years. We also delivered record results that included a 34% growth in assets to R565.9 million (2020: R372.6 million) and an increase of nearly 5% in membership fees to R686 million (2020: R652.7 million).

A focal point during the reporting period was the effective closing out the final year of SALGA's 2017-2022 strategic plan. Another clean audit, the 10th in an uninterrupted streak of clean audits since 2012, again attested to our continued commitment to operational excellence. SALGA is well-positioned, therefore, to achieve its long-term growth strategies.

Leadership plays an important role in establishing a solid foundation from which to influence and create sustainable impact. In this regard, I am pleased to welcome SALGA's newly established national executive committee led by Cllr Bheke Stofile.

The new leadership constitutes SALGA's highest decision-making body and was elected at the organisation's 6th national conference in Cape Town in 2022. This collective

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I firmly believe that at its core, SALGA is an organisation that is fit for purpose, innovative, agile, resilient and with an innate ability and will to support our member municipalities to enhance the social and economic development of their communities.

Xolile George
Chief Executive Officer

of leaders are already working hard for the sector and the interests of its communities.

SALGA's results bear testimony to the high-performance culture within the organisation. I congratulate all our employees for their unwavering commitment to ensuring that SALGA fulfils its mandate.

Xolile George
July 2022

PROFILE

The South African Local Government Association (SALGA) is a membership-based association funded through a national government grant, levies from member municipalities and project-specific funding from, inter alia, the international donor community. Membership of the association is voluntary.

Established in 1996 to represent all the municipalities in the country, the Minister for Provincial Affairs and Constitutional Development - currently Cooperative Governance and Traditional Affairs (CoGTA) - recognised SALGA in 1998 as the national body representing local government, as confirmed by the publication of Government Notice R.175 in the Government Gazette 18645.


SALGA's executive authority vests in the CoGTA Minister, while a National Executive Committee (NEC) acts as the accounting authority and the Chief Executive Officer as the accounting officer.

The SALGA Constitution (as amended at the 2016 National Conference), identifies the organisation as a unitary body that consists of a national association and nine provincial offices. The organisation was listed as a registered Schedule 3A Public Entity with the Public Finance Management Act, 1 of 1999 (PFMA) as its accounting framework.

The Constitution frames the organisation's accountability to member municipalities through well-articulated governance principles that regulates its structures and processes.

The elected NEC councillors represent the political units of member municipalities and the decision-making structures that enact governance oversight. The NEC is responsible for SALGA's affairs between the annual national conference and members' assemblies.

SALGA's strategic role in representing the interests of local government assists members to fulfil their developmental obligations. The organisation participates actively in intergovernmental relations to support partnership policies, represent the interests of local government and provide solutions to related transformation, developmental and professionalisation challenges.



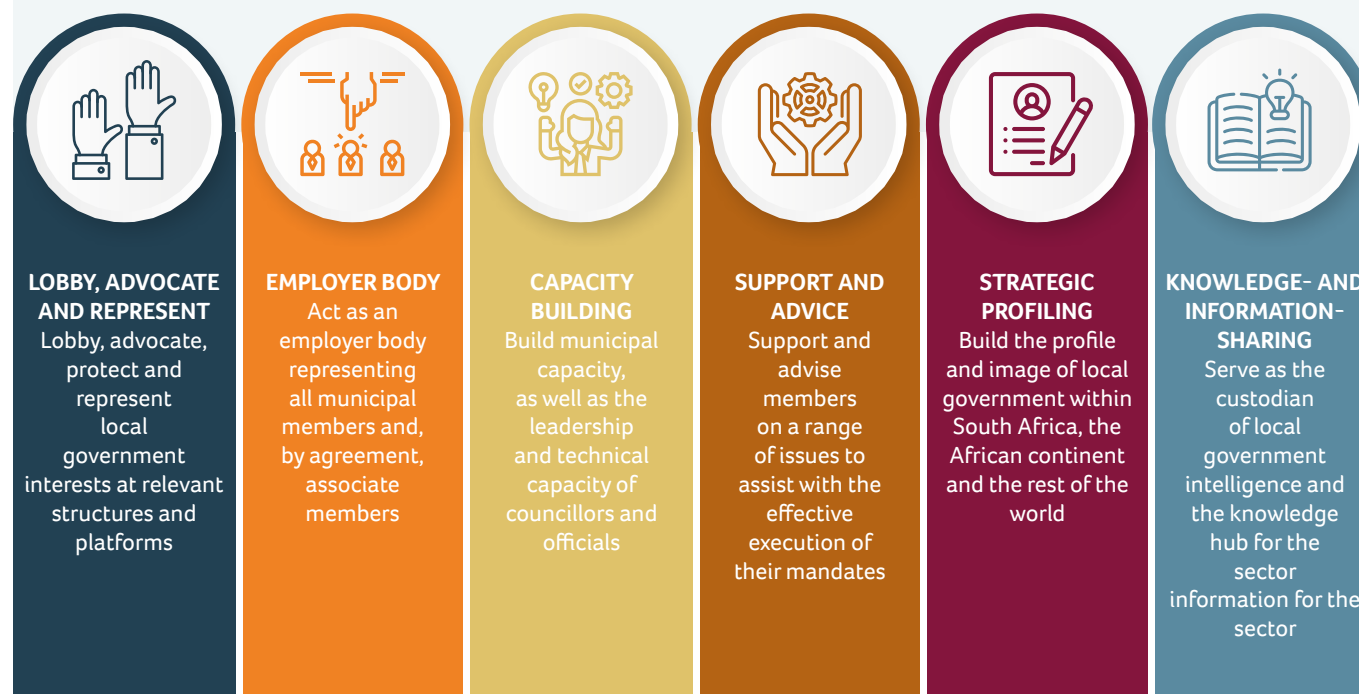
*SALGA's strategic role remains clear:
We represent the interests of local
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support our members to fulfil their
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Xolile George
Chief Executive Officer

SALGA MANDATES

SALGA has a clear strategic role to play in representing the interests of local government, within the national system of government and globally, as well as in supporting its members to fulfil their developmental obligations. The organisation's role is framed by legislative, national and international mandates.

TRANSFORMING LOCAL GOVERNMENT TO FULFIL ITS DEVELOPMENTAL MANDATE



INSPIRING SERVICE DELIVERY

SALGA's performance is guided by its membership-determined mandate, as well as by intergovernmental legislative, national and international mandates.

CONSTITUTIONAL MANDATE

Our mandate supports local government transformation in a highly complex environment with a diverse municipal membership-base. The Constitution guides SALGA's member interaction without any statutory executive authority over members. We participate actively in the intergovernmental relations (IGR) system as the voice for local government interests and to provide common policy positions and solutions for local government.

LEGISLATIVE MANDATE

Section 55 of the Public Finance Management Act, 1 of 1999 (as amended by Act 29 of 1999) states that the accounting authority of a public entity must:

- keep full and proper records
- prepare and submit annual financial statements ...
- submit, within five months after the end of the financial year, to the relevant treasury, the executive authority responsible for the public entity and the Auditor-General of South Africa (should the AGSA not have performed the audit of the financial statements):
 - an annual report on its activities during that financial year
 - the audited financial statements for that financial year
 - the report of the auditors on those statements.

A comprehensive discussion of SALGA's constitutional, legislative, policy and international mandates is reflected on page 21 of the 2021-2022 Annual Report, available online at www.salga.org.za/publications.

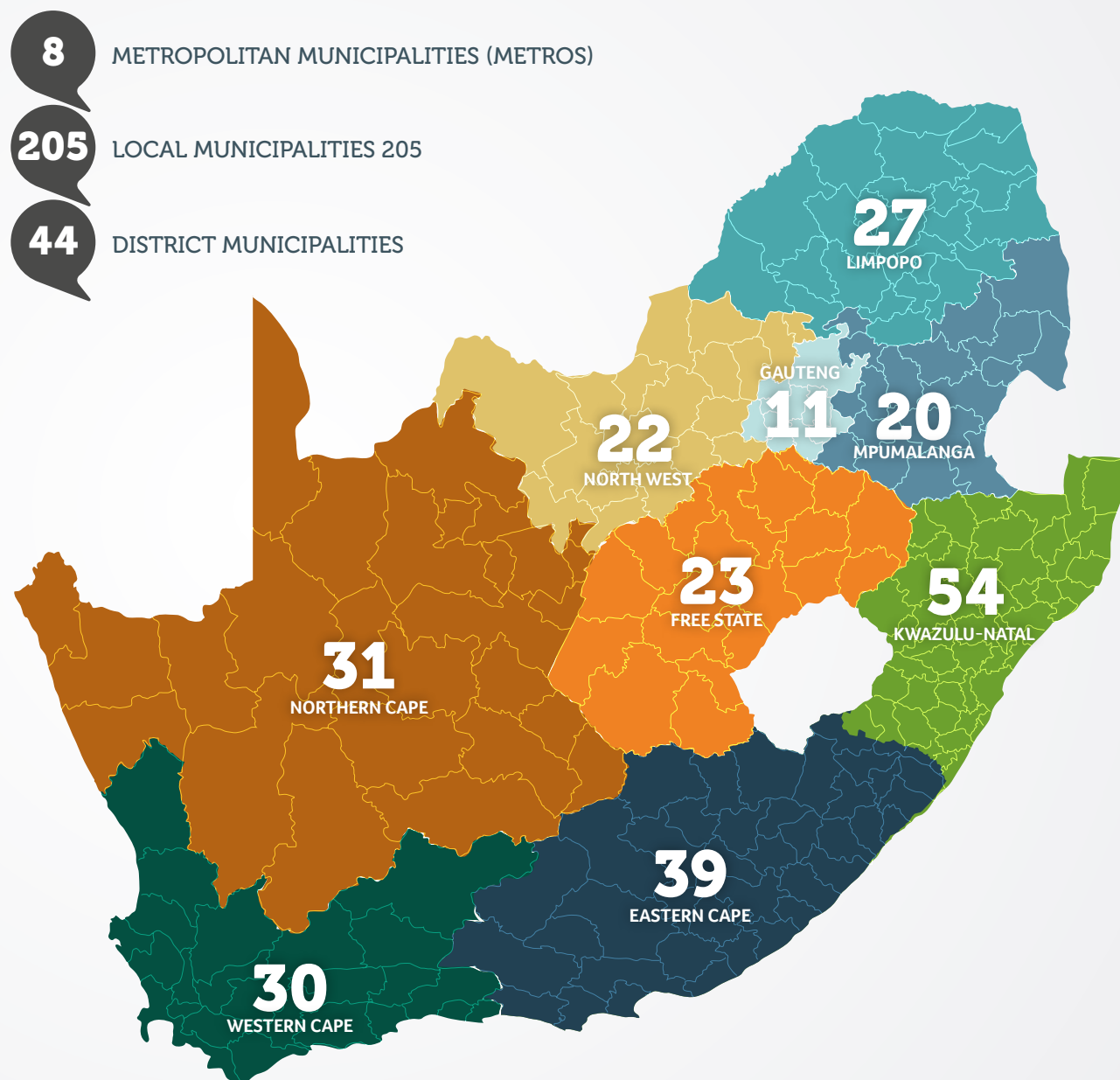
MEMBERSHIP

SALGA's membership consists of the country's 257 metropolitan, district and local municipalities across all nine provinces. Collectively, they constitute local government as an independent, interdependent and inter-related sphere of government.

SALGA is mandated to serve, support and guide its members to optimise service delivery opportunities, address challenges and meet citizen expectations. Members range from municipalities in deep rural areas grappling with severe service delivery backlogs and institutional challenges to sophisticated cities with significant institutional capacity.

Municipalities pay membership levies that enable SALGA to respond to the extensive range of member needs. During the past five years, SALGA's response to members was enacted through the implementation of its 2017-2022 Strategic Plan.

SALGA remains steadfast in its commitment to assist and empower its members to fulfil and exceed their service delivery obligations within the communities they serve.



STAKEHOLDERS AND PARTNERS

SALGA is keenly aware of the value of stakeholder contributions and partner collaboration to meet member needs and fulfil its mandate of promoting and protecting the interests of local government and enabling its resource capacity. Managing stakeholder and partner relationships effectively and efficiently remains critical to SALGA's commitment to representing, supporting and servicing its members as the voice for local government.

During the 2021-22 reporting period, stakeholder interaction and partner collaboration included:

Using technology for infrastructure protection

SALGA, the SAPS, industry experts and academic institutions hosted 208 delegates to discuss the use of technology in infrastructure protection. Attendees represented municipalities, sector departments and academia and included partners, legal and operational infrastructure security experts and analysts and researchers.

Disaster risk management, fire and emergency services

SALGA engaged with Chief Fire Officers and District Disaster Management Advisory Forums about municipal support plans to manage disaster, fire and emergency risks, as well as with the Disaster Management Training and Education Centre at the University of the Free State and Disaster Management Institute of Southern Africa to professionalise this function as legitimate and capacitated with the requisite skills and expertise to respond and perform effectively.

Cities Investment Competitive Index

SALGA collaborated with DNA Economics to develop a Municipal Investment Competitiveness Index Report to complement national and sub-national competitiveness initiatives. The index will assess and benchmark ease-of-doing-business and general investment competitiveness within the municipal landscape locally to promote healthy competition among municipalities and provide them with investment data.

International partnerships

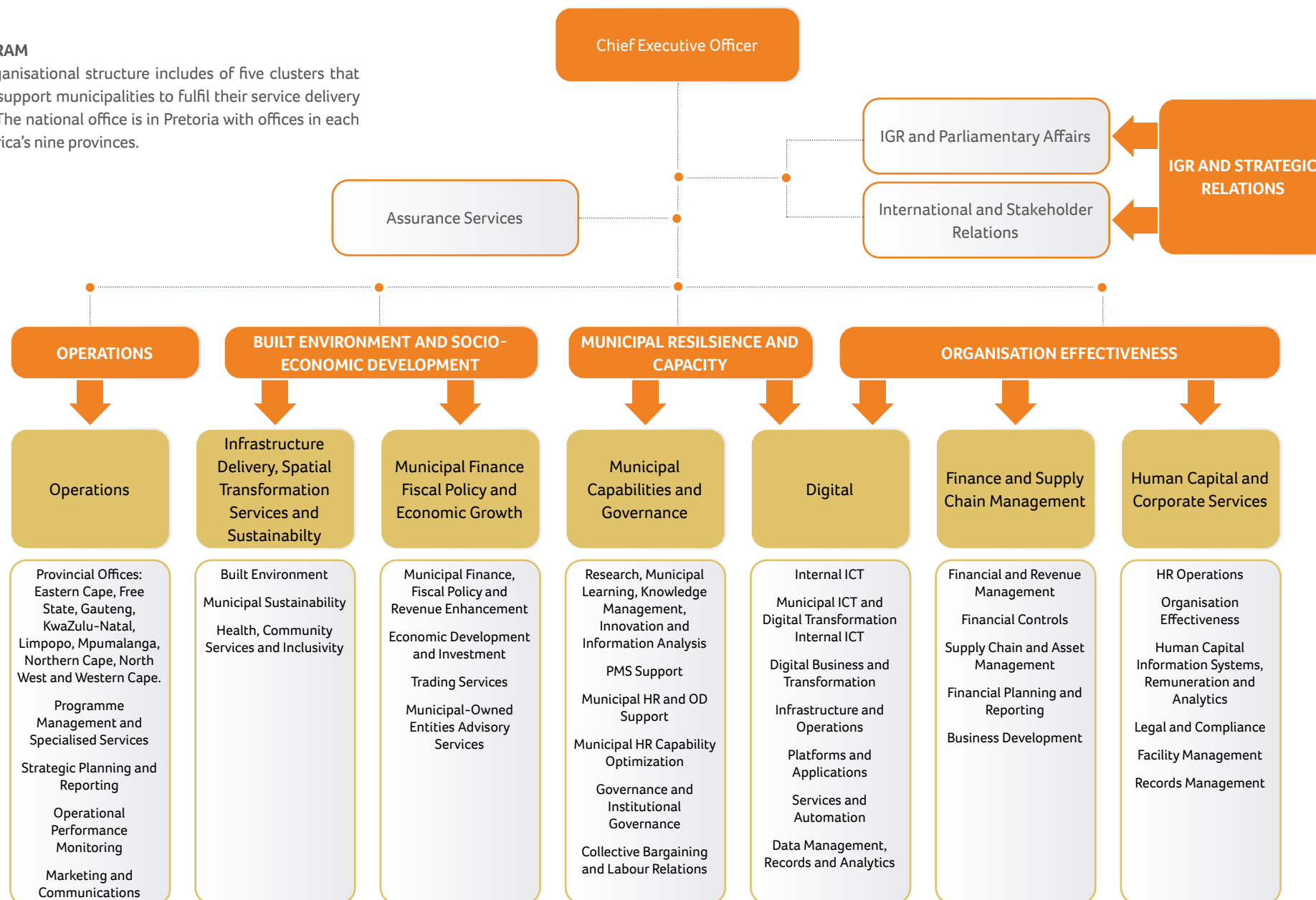
A SALGA/VVSG (Belgium) partnership has linked three local municipalities (Witzenberg, Nquthu and Bergrivier) with three in Brussels (Essen, Bornem and Heist-op-den-Berg) in city-to-city collaboration to share best practices in waste management. Activities included the development of a Waste Management App (SALGA/Vodacom) for municipalities to access service point locations and contact councillors and employees responsible for waste management. The partnership highlighted the use of digital technologies in waste management to improve recycling, the use of recyclates, consumer purchasing and sorting decisions and waste sourcing options for recyclers.



ORGANISATIONAL STRUCTURE

ORGANOGRAM

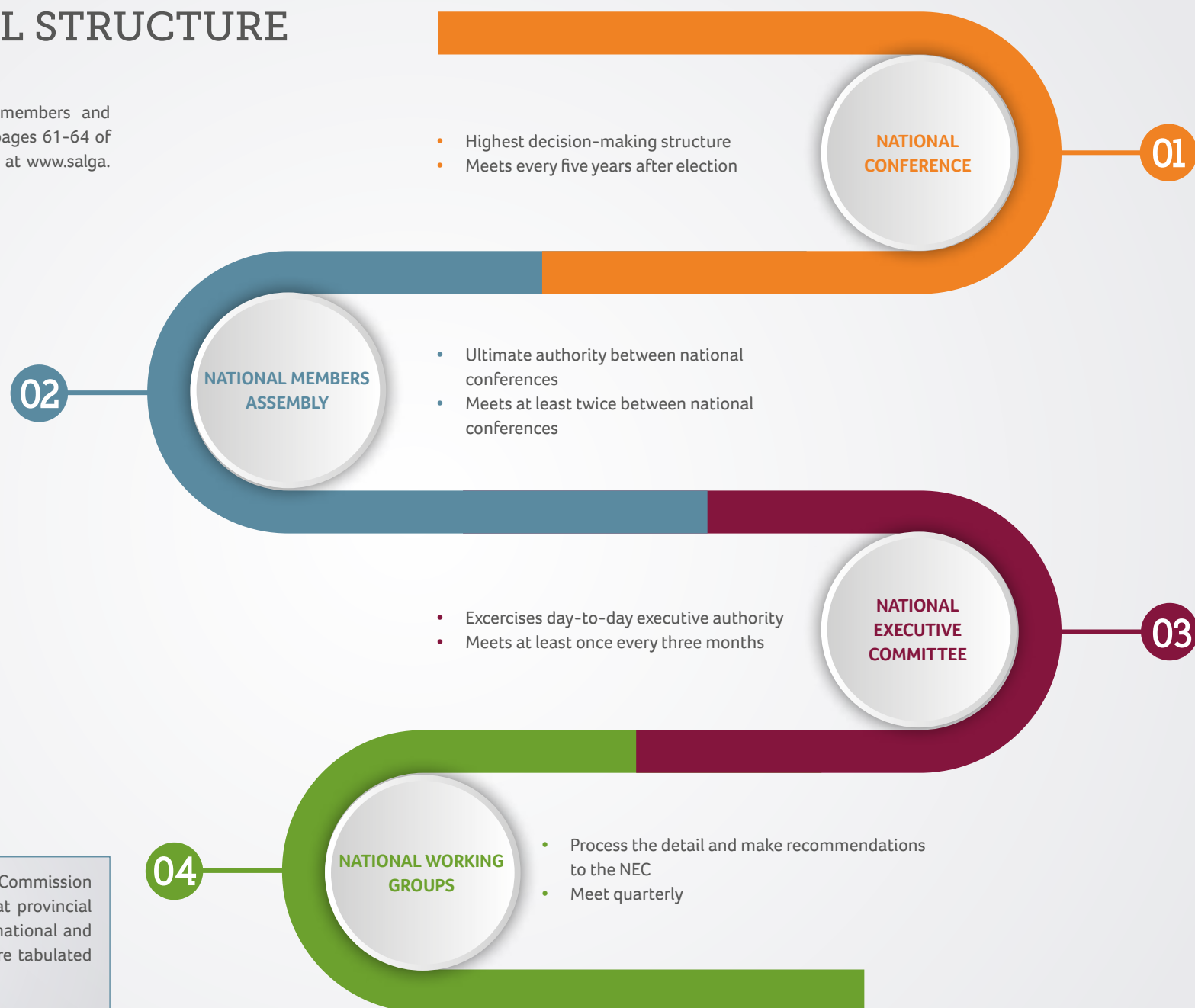
SALGA's organisational structure includes of five clusters that advise and support municipalities to fulfil their service delivery mandates. The national office is in Pretoria with offices in each of South Africa's nine provinces.



ORGANISATIONAL STRUCTURE

NATIONAL AND PROVINCIAL STRUCTURES

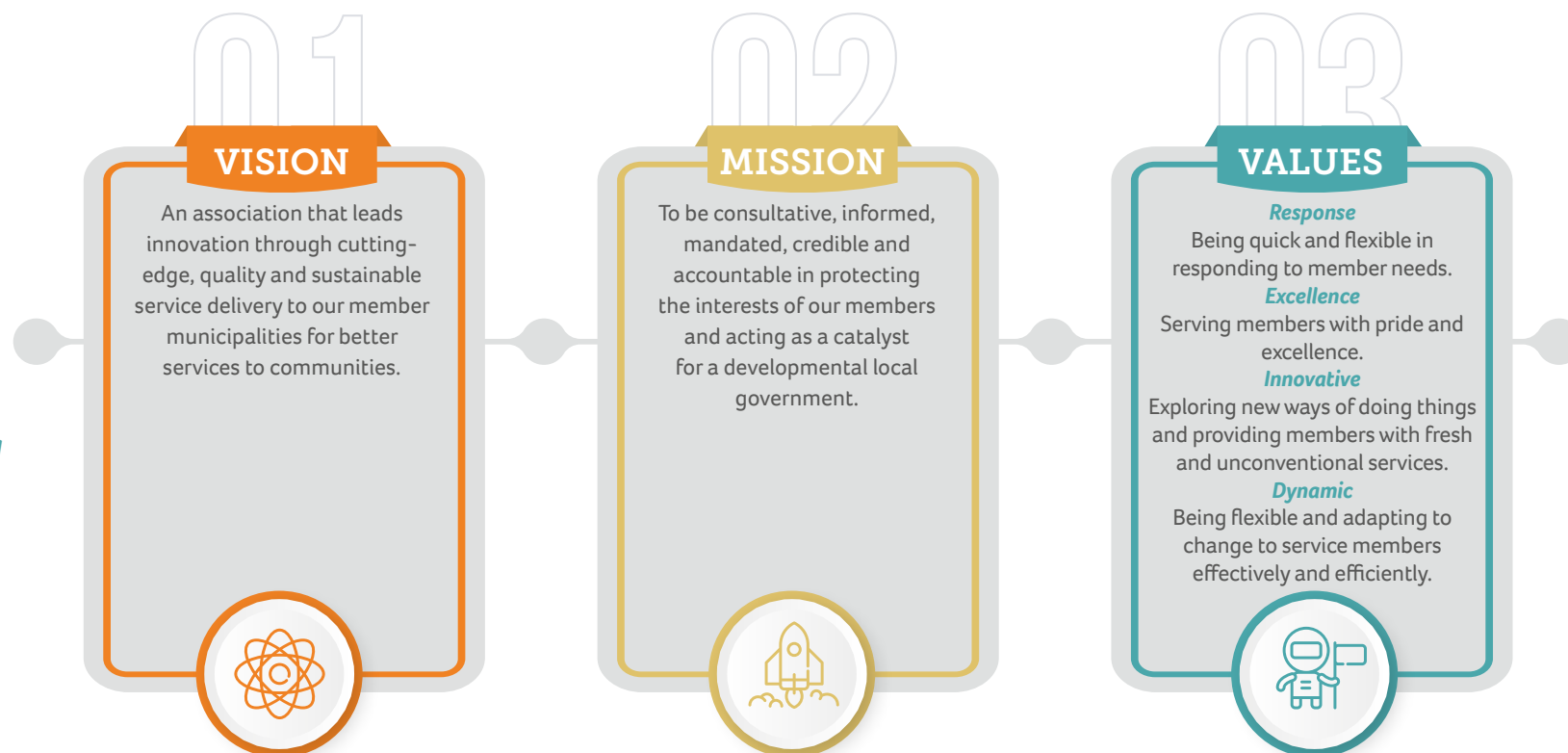
A comprehensive discussion of the elected members and functions of these structures can be found on pages 61–64 of the 2021–2022 Annual Report, available online at www.salga.org.za/publications



These structures include the SALGA Women's Commission and Working Groups, which are replicated at provincial levels and focus on similar issues. SALGA's national and provincial governance structure meetings are tabulated on pages 68–73 in this report.

STRATEGIC OVERVIEW

SALGA remains committed to transforming local government into a well-governed service provider that will stimulate economic growth and reignite societal well-being in a newly post-COVID business environment.
– Cllr Bheke Stofile, SALGA President, July 2022.



PRINCIPLES – LIVING THE VALUES

These principles are inculcated in SALGA's DNA, they are our *raison d'être*, the lived organisational culture and the pathway to manifesting our values.

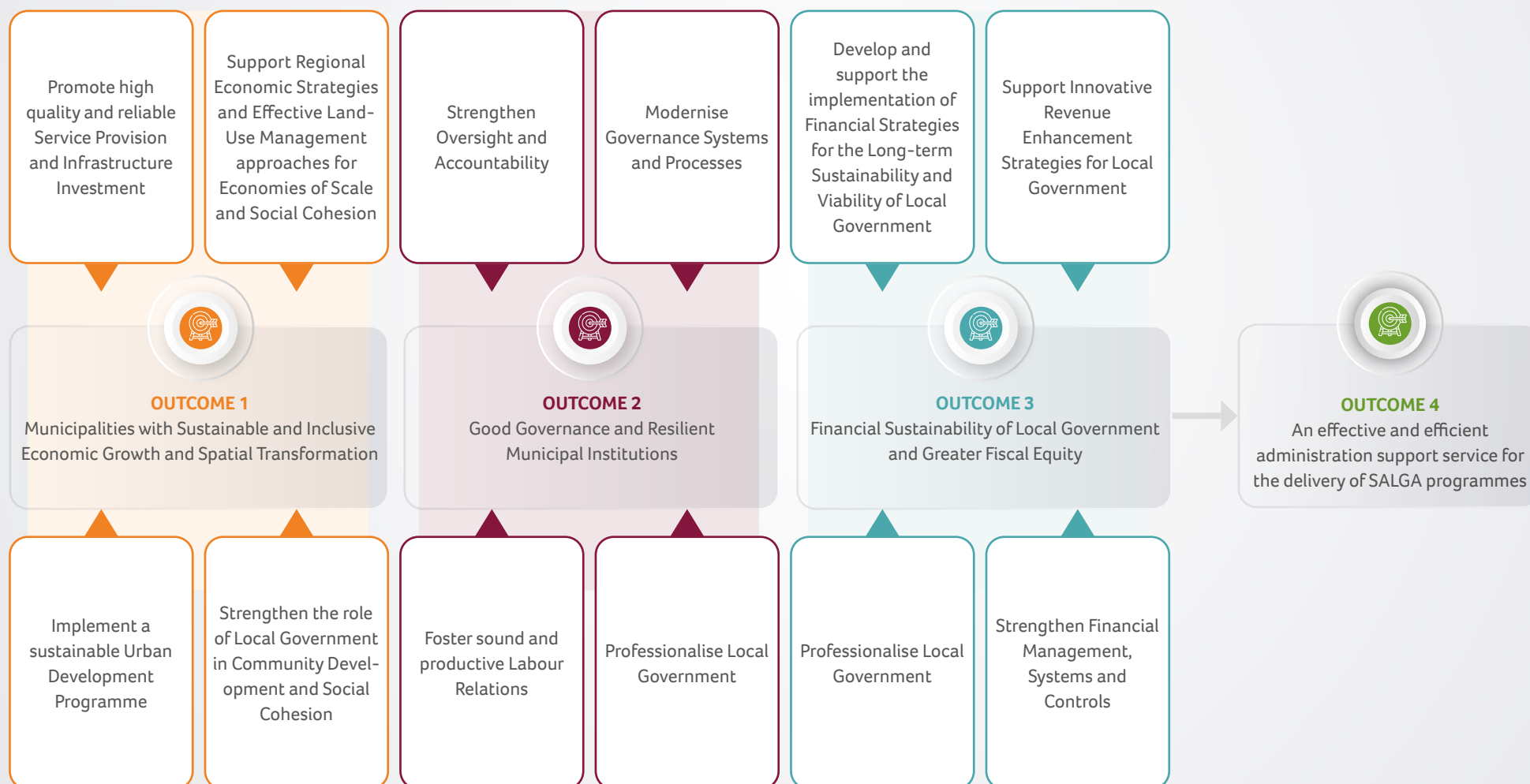




SALGA STRATEGY 2017– 2022

SALGA's strategic framework, as encapsulated in its 2017-2022 Strategic Plan, is aligned with Government's intent to use spatial transformation and economic growth to achieve a sustainable local government by 2030.

The strategic outcomes were derived from long-term objectives that framed the predetermined targets and enablers of each Annual Performance Plan (APP) for the five years of the strategic period.



SALGA's performance against strategic outcomes serves as the measure of its success, while the outcomes create a platform for partners and stakeholders to participate in interventions that will transform and develop local government.

The organisation's performance targets are divided among five business clusters that frame its activities:



ANNUAL PERFORMANCE PLANNING PROCESS

In pursuit of its mandate to support and guide the ability of municipalities to improve their service delivery effectively, SALGA uses a phased approach to plan and implement its Annual Performance Plan (APP). As indicated below, the phases are aligned with achieving strategic goals, fulfilling member mandates and using enablers to report on performance.



SALGA adopted National Treasury's 2010 outcomes-orientated framework for strategic plans and annual performance plans. This results-based planning approach creates a "line-of-sight" between SALGA's activities (guided by its mandate), deliverables (scorecards, annual operational and performance plans) and impact on its member environment (annual outcomes and impact).

The planning process links each APP to key performance indicators that guide its implementation during a specific financial year. Each APP serves as a management tool to monitor progress and ensure that resource allocation remains on track.

SALGA's Executive Management Team liaises annually with cluster participants and municipal members at Provincial Members' Assembly meetings to outline the programmes, priorities, emerging issues, solutions and risk mitigation for each APP.

The APP consists of quarterly activities with targets against which performance is reported upon and indicates SALGA's envisaged sector impact for the specific 12-month financial period.

PERFORMANCE OUTCOMES

SALGA remains committed to its role as a democracy protector, rights enforcer and constructive disrupter within local government to spearhead the transformation and professionalisation of the sector.

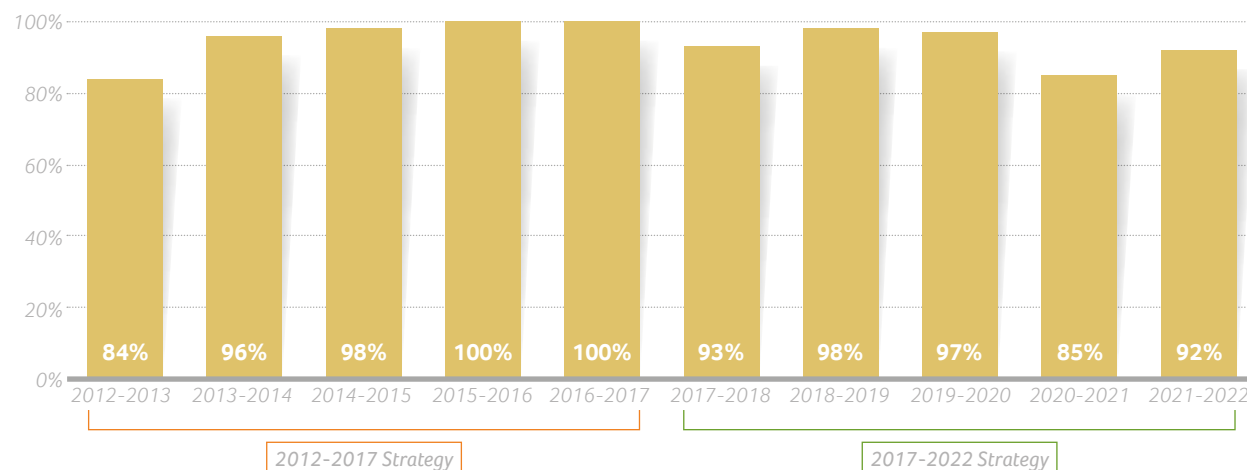
The predetermined targets and enablers in the 2021-22 APP directed our performance during the reporting period. The targets were monitored on the assumption that each target will be implemented fully. Provisions were made in the technical indicator descriptors during the planning stage for any anticipated changes or challenges during the implementation period.

The graphs below reflect SALGA's audited performance linked to outputs and targets and are aligned with each of its four outcomes and six mandates.

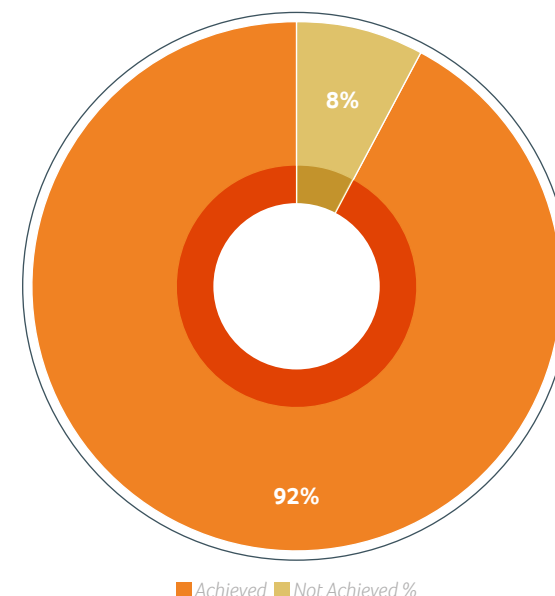
SALGA achieved 92% (2020-21: 85%) or 57 of 62 predetermined targets, a noteworthy improvement of 7% over the previous year. Reasons for non-achieved targets included:

- a post-COVID-19 transitional year
- the postponement of local government elections to late-2021, which delayed the finalisation of governance structures to March 2022
- the inability to exhaust internal governance approval processes (SALGA mandating process)
- dependence on sector departments for achieving some of our targets.

The table below reflects SALGA's audited performance outcomes against predetermined objectives for the 2012-2017 and 2017-2022 strategic periods.



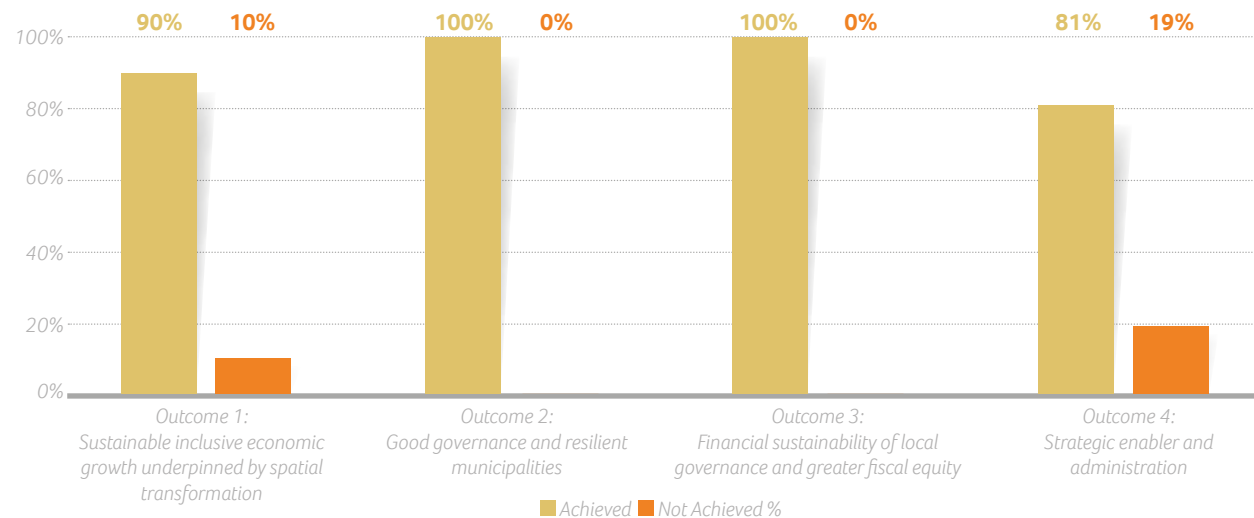
Audited performance against predetermined objectives for the periods 2012-2013 to 2021-2022.



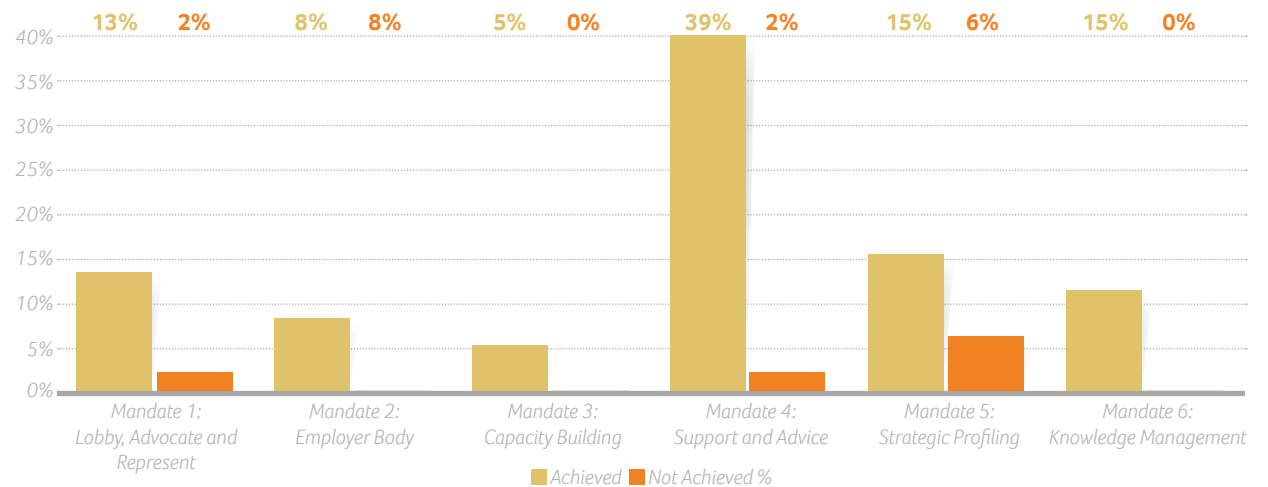
■ Achieved ■ Not Achieved %

I firmly believe that courageous, ethical, accountable and citizen-centric leadership is needed to turn the tide in local government.

Tsakani Maluleke
Auditor-General of South Africa



2021-2022 Performance per strategic outcome



2021-2022 Performance per mandate

The table below reflects the status of SALGA's annual performance during its 2017-2022 strategic period with an overall average performance of 90% over the five years against the predetermined targets of its four strategic outcome areas.

OVERALL PERFORMANCE FOR THE FULL FIVE-YEAR 2017-2022 STRATEGIC PLAN PERIOD

	OUTCOME	2017/18	2018/19	2019/20	2020/21	2021/22
1	Sustainable, inclusive economic growth and spatial transformation	15/16	30/31	22/23	31/36	18/20
2	Good governance and resilient municipal institutions	21/23	14/14	11/11	44/55	20/20
3	Financial sustainability of local government and fiscal equity	5/5	3/3	3/3	7/9	6/6
4	Effective and efficient administration	17/17	7/7	2/2	35/37	13/16
PERFORMANCE OVERALL		58/61	54/55	38/39	117/137	57/62





OUTCOME 1:

MUNICIPALITIES WITH SUSTAINABLE INCLUSIVE ECONOMIC GROWTH UNDERPINNED BY SPATIAL TRANSFORMATION

Purpose: To foster integrated and sustainable urban development and management, as well as regional economic growth that includes rural development and brings about social cohesion.

MUNICIPAL INFRASTRUCTURE AND SPATIAL TRANSFORMATION

South Africa's municipalities use their municipal workforce and an external service supplier or public-private partner (PPP) to deliver services. Inefficient PPP regulations and management deter their uptake, while effective asset and infrastructure management and protection remain significant challenges for municipalities.

KEY ACHIEVEMENTS

- Infrastructure and asset management study into the municipal use of PPPs, locally and worldwide.
- Refined spatial transformation indicators, monitored use in 10 municipalities and publication of a consolidated Spatial Transformation Barometer across online platforms, including the SALGA website.

IMPACT

- Improved urban and rural development with greater social cohesion through:
- Simplified PPP infrastructure project regulations for public/

private sector use.

- Municipalities better informed about social infrastructure investment opportunities, asset infrastructure protection and the use of the Spatial Transformation Barometer.
- Improved municipal planning for spatial transformation, land-use management and the delivery of basic services, housing and infrastructure.

ENABLING POLICY AND LEGISLATIVE FRAMEWORK FOR THE DELIVERY OF ENVIRONMENTAL SERVICES

A District Development Model (DDM) One-Plan Review Framework is used to assess the climate-responsiveness of district development plans, institutional resourcing and knowledge needs to improve district climate change resilience and emission reduction.

KEY ACHIEVEMENTS

- Assessed 42 districts and seven metros for climate responsiveness.
- Published best practices for climate-resilient infrastructure development as a peer learning case study.
- Partnered with DFFE to launch the two million trees project at uMhlathuze on Arbour/Spring Day 2021 as part of the Presidency's National Environment Programme.

IMPACT

- Improved integrated planning and delivery within district and metropolitan spaces as focal points for government and private sector investment.

- Climate change planning incorporated into IGR coordination and structures for municipalities to improve spatial transformation and sustainable environmental and infrastructure development.

CHALLENGES

- Minimal information was made available by municipal officials to develop the profiling document, which required additional research within the municipal spaces.
- Accessing actual DDM plans proved challenging with the majority of the plans assessed as drafts, since it took longer than anticipated for municipalities to finalise the plans. Municipalities had also not actioned the recommendations on assessed plans nor involved the environmentalists in the DDM planning processes or structures.

CITIES SUPPORT PROGRAMME (CSP)

Cities are frontline providers of core infrastructure services and key players in policy implementation and community engagement. The programme is a SALGA/SA Cities Network/ National Treasury CSP initiative to create an enabling fiscal system and policy environment for transforming city-led environmental sustainability. This municipal sustainability network is a hub for ideas, experiences and best practices to support metros and secondary cities directly in their response to climate change.

KEY ACHIEVEMENTS

- Developed terms of reference and CSP monitoring and evaluation criteria
- Monitored CSP implementation through quarterly outcomes reports.
- Engaged cities' support organisations and other partners locally and globally to conceptualise a Just Urban Transition initiative and develop a policy brief and stakeholder engagement process.



IMPACT

- The CSP support for cities is at the heart of environmental sustainability and Urban Just Transition and will have profound implications for the future competitiveness of South Africa's economy and the livelihoods of its people.

IMPROVED DISASTER RISK REDUCTION, RESPONSE AND RECOVERY

Municipalities face numerous challenges in providing effective disaster management services, due mainly to a lack of financial resources allocated to the function.

KEY ACHIEVEMENTS

- Assessed municipal fire emergency services and disaster management, proposed support interventions, established Response Task Teams and developed action plans for disaster management governance, funding, procurement and technical support.
- Reviewed the proposed Disaster Management Amendment Bill and submitted recommendations for revision to the CoGTA Parliamentary Portfolio Committee.

IMPACT

- Improved institutional arrangements, funding and technical models for disaster management within local government based on revised disaster management legislation (the National Disaster Management Framework and Fire Brigade Services Act, 99 of 1987).
- Strengthened municipal capabilities to assess risk and vulnerability, structure disaster management plans and a funding model, integrate disaster risk reduction into integrated development plans (IDPs) and manage displacement during disasters.

INCLUSIVE HUMAN SETTLEMENTS WITH ACCESS TO BASIC SERVICES AND SOCIO-ECONOMIC OPPORTUNITIES

In response to member requests, SALGA facilitated the alignment between municipal IDPs/Spatial Development Frameworks (SDFs) and Priority Human Settlement and Housing Development Areas (PHSHDAs).

KEY ACHIEVEMENTS

- Developed a PHSHDA cooperation mechanism, approved by the SALGA National Working Group
- Supported 37 municipalities to develop PHSHDAs aligned with their municipal plans.

IMPACT

- The ability of municipalities to incorporate PHSHDAs into their municipal sector plans will align their planning and budgetary processes and support the identified PHSHDAs.

QUALITY, RELIABLE SERVICES AND INFRASTRUCTURE INVESTMENT

NON-REVENUE WATER (NRW)

The technical, social, financial, institutional and legal pillars of water conservation and demand management are game changers in addressing the plight of municipalities to manage non-revenue water usage, which currently stands at 41% of total water usage locally. Such significant revenue losses could have provided the funding to sustain municipal water businesses.

KEY ACHIEVEMENTS

- Provided municipalities with an Interim National Non-Revenue Water Programme to implement with stakeholder and partner support.

- Exposed municipalities to water conservation user-education (collectively with communities), JICA NRW training and best practices, DBSA funding instruments and the use of performance-based contracts.

IMPACT

- Exposure to alternative NRW funding instruments, measures, case studies, management tools, training and best practices will improve the capacity and ability of municipalities to reduce the financial burden of non-revenue water usage and increase water conservation to the benefit of communities and the country as a whole.

QUALITY, RELIABLE SERVICES AND INFRASTRUCTURE INVESTMENT

ELECTRICITY AND ALTERNATIVE ENERGY

The lack of direction in policy reform in the electricity distribution sector spurred SALGA to lead this discussion with an intended outcome similar to spearheading the policy reforms that enabled energy transition in the sector. While existing policy reforms addressed business models for generation, electricity distribution challenges persist and have worsened.

KEY ACHIEVEMENTS

- Developed a five-phased Energy Industry Reform Proposal in terms of executive authority for the 167 licenced municipalities, which includes a distribution provider status quo for each municipality, as well as potential options/models and the opportunity of municipal consultations about the options.
- Submitted a comprehensive Reform Options and Recommendations Proposal for political endorsement.

IMPACT

- The development of an executable action plan will address and mitigate electricity distribution challenges to the benefit of municipalities and their communities as electricity end-users.



OUTCOME 2:

GOOD GOVERNANCE AND RESILIENT MUNICIPAL INSTITUTIONS

***Purpose:** To invest in good governance and the modernisation of governmental approaches and strengthen community interface mechanisms, sound labour relations and professionalisation.*

RESEARCH PRODUCTS

SALGA identified the delivery of five key research products for fiscal 2021–2022.

KEY ACHIEVEMENTS (RESEARCH OUTPUTS)

- The State of Labour Relations in Local Government and SALGA's Role in Providing Support Services to Municipalities.
- The Role of Local Government in Building Social Cohesion (commissioned by Business Enterprises at the University of Pretoria).
- Study of the Ease-of-Doing-Business Indicators by Determining the Push-and-Pull Factors for Businesses in Selected Municipalities (commissioned by Business Enterprises at the University of Pretoria).
- 20-years of Democratic Local Government: A Retrospective and Prospective Outlook.
- Developmental Local Government Series: Municipal Perspectives on Development, Governance and Service Delivery.

IMPACT

- Shared documented practices on investment, operations and the maintenance of municipal social

infrastructure enable municipalities to benchmark with peers and continue to benefit from SALGA's support in partnership with IGR departments and the private sector.

MUNICIPAL AUDIT SUPPORT PROGRAMME (MASP): DISCLAIMER OF AUDIT OPINION AND ADVERSE AUDIT OPINIONS

The adoption of MASP was a deliberate intervention to stem the regression in the financial health of municipalities and deteriorating audit outcomes in the sector, as reported in the 2020–2021 MFMA Audit Outcomes Report released by the Office of the AGSA.

KEY ACHIEVEMENTS

- Collaborated with stakeholders in a multi-disciplinary audit support programme to assist municipalities with training and capacity building.
- Provided individual and groups support to 61 provincial and district municipalities.
- Created the eMASP portal for online municipal support, which spurred an optimal uptake of eMASP, during in the aftermath of the COVID-19 virtual working environment. The portal allows user interaction and provides peer-learning, workshops and access to management material for day-to-day operations.

IMPACT

- Improvement in the quantity and severity of adverse audit findings, some of which will be measurable only against 2022–2023 outcomes.

- Municipal support requests via eMASP enables SALGA to track the quantity and volume of requests.

MUNICIPAL AUDIT SUPPORT PROGRAMME (MASP) TO MITIGATE THE INCREASE IN AUDIT FINDINGS ABOUT INEFFECTIVE MPACS AND UIFW EXPENDITURE

Municipal Human Resources Capability Optimisation (MHRCO)

SALGA coordinates support services to improve municipal human resource processes and address adverse human resource-related audit findings by the Auditor-General.

KEY ACHIEVEMENTS

- Identified 40 municipalities for collaborative MHRCO support among those with adverse audit findings in the Auditor-General's 2020-2021 MFMA Audit Outcomes Report.
- The cross-cutting human resource issues identified by the Auditor-General informed and structured the support offered to the municipalities.

IMPACT

- The targeted human resource and related support to municipalities will increase their levels of human resource maturity and reduce qualified audit findings by the Auditor-General.

IMPLEMENTATION OF THE TRANSITIONAL MANAGEMENT PLAN

SALGA implemented a Transitional Management Plan to assist municipalities with managing local government election processes before, during and after the elections on 1 November 2021. The plan included guidelines for electing

capable municipal councillors, as well as the roll-out of an Integrated Councillor Induction Programme (ICIP) and Portfolio-based Inductions.

KEY ACHIEVEMENTS

- Leadership conversations about the SALGA Guidelines on the Calibre of Local Government Leaders created a body of knowledge and raised awareness about the complexity, governance, mandate, powers and functions of local government in electing capable leaders.
- Established strategic media partnerships to amplify municipal and sector profiling.
- Implemented the Local Government Transition Campaign across various platforms to showcase the value chain of municipal service delivery during the past 20 years and create a local government repository of good news stories.

IMPACT

- Buy-in and support from political parties for the 2021 ICIP.

POLICY AND LEGISLATIVE PROPOSALS FOR IGR ENGAGEMENTS

Representing the interests of our members includes advocacy and lobbying in intergovernmental relations (IGR) fora, such as the Technical Budget Forum, Budget Forum, Budget Forum Lekgotla and the Standing and Select Committees on Appropriations in Parliament.

KEY ACHIEVEMENTS

- Submitted comments on the 2022-2023 Budget Policy Statement and Division of Revenue Amendment (DORA) Bill to the Standing Committee on Appropriations.
- Aligned submissions with the requirements in Section 10(3)(b) of the Intergovernmental Relations Framework Act, 13 of 2005, for the Minister of Finance to solicit

comments from organised local government on the appropriation of nationally raised revenue.

IMPACT

- An increase in the allocation of the local government equitable share by R28.9 billion over the Medium-Term Expenditure Framework (MTEF) to cover shortfalls from bulk services that cannot be recovered from poor households\.
- An additional allocation of R1.8 billion in direct conditional grants.

GOVERNANCE PROTOCOL FOR MUNICIPALITIES THAT OWN ENTITIES

The Auditor-General indicated that 31.6% of municipalities required immediate intervention to deal with adverse audit findings, while 52.6% lacked a satisfactory control environment. The overall negative trend was due primarily to non-compliance with legislation and the need to increase internal controls and exercise governance oversight responsibly.

KEY ACHIEVEMENTS

- Produced a good practice guide that codifies legislative principles and King IV recommendations into a single document for parent municipalities to incorporate in their municipal governance frameworks.
- The guide will assist parent municipalities to regulate relationships with municipal entities and comply with good governance practices and responsible oversight.

IMPACT

- Robust oversight mechanisms between the parent municipality and the municipal entity will ensure that municipal service delivery is equitable, accessible and financially and environmentally sustainable.

HIGH-IMPACT LEADERSHIP DEVELOPMENT PROGRAMME



Strategic considerations for a high-impact leadership capacity building programme.

SALGA developed a high-impact leadership development programme to improve governance. The key deliverable entails a Transitional Management Plan (with integrated councillor and portfolio-based inductions).

KEY ACHIEVEMENTS

- Trained 7 484 councillors and traditional leaders through the Integrated Councillor Induction Programme (ICIP).
- Established the ICIP Stakeholders' Coordinating Committee
- Produced the ICIP manual and secured stakeholder contributions for the 2021 ICIP.

IMPACT

- Buy-in and support from political parties for ICIP 2021.

COVID-19 INDUCED ORGANISATIONAL REARRANGEMENTS/BUSINESS CONTINUITY FRAMEWORK

SALGA's framework served as a guide for municipal management to deal with the impact of COVID-19, build people resilience and ensure municipal business continuity during the pandemic.

KEY ACHIEVEMENT

- Developed a five workstream framework with a focus on legislation, policies, procedures and guidelines; employee wellness; learning and development; employee vaccination; and an employee engagement survey.
- Collaborated with the SALGBC, Local Government Accredited Medical Aid Schemes and other stakeholders to collect and analyse data on compliance, vaccination, infection and the mortality rate of municipal employees and councillors.

IMPACT

- Created awareness and monitored and supported municipal response to ensure compliance with directives from the Ministries for Health, CoGTA, Employment and Labour to, inter alia, manage staggered/rotational return-to-work schedules for employees, business continuity and risk mitigation decision-making.

COLLECTIVE BARGAINING STRATEGY FOR LOCAL GOVERNMENT

SALGA's salary and wage negotiations research team developed a Collective Bargaining Strategy for the salary and wage negotiations with a mandate from member municipalities.

KEY ACHIEVEMENTS

- Multi-year (three years) Salary and Wage Collective Agreement, signed on 15 September 2021, with inflation-linked increases in the outer years, an "opt-out" clause and a revised "exemption" process with financial experts to assist the arbitrator with exemption applications.
- Retirement Fund Restructuring Collective Agreement, signed on 15 September 2021, that outlined implementation timeframes for certain processes

including the accreditation of funds.

- All 257 municipalities in the country signed the collective agreements.

IMPACT

- Labour stability for municipalities since the multi-year salary and wage collective agreement affords them the opportunity to plan through their budgeting processes.
- The opportunity for employees in local government to transfer to own-choice pension funds that are accredited as well-managed funds.

4TH ANNUAL LOCAL GOVERNMENT LABOUR LAW SEMINAR

The Annual Labour Law Seminar, held in February 2021, represented an opportunity to showcase SALGA offerings to municipalities.

KEY ACHIEVEMENTS

- Developed the seminar conceptualisation document and project charter with the theme of “Sustaining an Effective Labour Relations System beyond the COVID-19 Pandemic”.
- Invited all municipalities to attend the hybrid seminar from 29 - 30 March 2022 and hosted the speakers and the technical team at the venue and other delegates via Zoom.
- Produced a seminar report.

IMPACT

- Municipalities benefitted from the solutions contained in seminar papers and gained a better understanding about how to promote employee vaccination and deal with employee absenteeism due to co-morbidity claims.

BROADBAND GUIDELINES

SALGA resolved, at its 2016 national conference, to accept Broadband as a 5th utility, while the telecommunications industry called for local government to migrate to standardised processes and bylaws for handling broadband business and the related infrastructure roll-out.

KEY ACHIEVEMENTS

- Documented the Broadband Norms and Standard Guidelines for consultation with the Department of Communications and Digital Technologies and as input to the Operation Vulindlela single-bylaw task team (as part of SA Connect) for the rapid deployment of broadband infrastructure.
- SALGA's national conference resolved to develop a sector-wide broadband business model for municipal participation in the internet connectivity value chain.
- SALGA identified the Sol Plaatje local municipality in the Frances Baard District for piloting the broadband guidelines and bylaws.

IMPACT

A sound understanding of how to develop the first wave of broadband business models and the role of municipalities in the value chain with a guide for market-friendly bylaws that are revenue-enhancing for municipalities.

ICT ASSESSMENTS IN MUNICIPALITIES

Municipalities granularly identify areas of ICT excellence and those for improvement. While SALGA supported municipalities with its ICT programme, the varying levels of ICT maturity required benchmarking to identify the need for interventions to address adverse audit findings.

KEY ACHIEVEMENTS

- ITSM assessments for 10 municipalities to determine

ICT maturity and assess governance compliance and the effectiveness of ICT management.

- Communicated key support interventions to the ICT steering committees.
- Assessment insights are available (in interactive format) to municipal ICT managers for self-managed improvement and to inform municipal support programmes, including to develop next-generation digital strategies.

IMPACT

- Municipalities gained a better understanding of their intervention needs, areas of excellence and how to improve ICT governance and develop improved, next-generation strategies.
- Two assessed municipalities implemented the recommendations and improved their maturity scores even while the final reports were being prepared.

SALGA DATA MODEL AND BUSINESS INTELLIGENCE FRAMEWORK

Data analytics and management is key to addressing digitisation problems and embed a data-driven culture into processes, decision-making, planning and value creation. This necessitated the expansion of SALGA's strategic digital model with a framework and data model to inform the technical operationalisation of SALGA's data journey.

KEY ACHIEVEMENTS

- Developed a POPIA (Protection of Personal Information Act, 4 of 2013) municipal readiness assessment tool to assist municipalities to evaluate their legislative compliance/non-compliance.
- Developed a data model and catalogue for SALGA's functional areas that identify data flows, sources and uses for internal and external work.



IMPACT

- The blueprint for a data analytics platform will help inform technology choices and data output priorities, as well as identify improvement needs in decision-support and data usage.

SALGA DATA ANALYTICS PLATFORM

The data programme derived from the data model and framework informed the first phase of developing SALGA's big data and analytics platform to operationalise the data model. This entails data pipelines and processes that extract, transform and load data into data storage artefacts (data lakes and warehouses) and a data publishing layer for consumer interaction.

KEY ACHIEVEMENTS

- Activated a fully-fledged, cloud-based data platform that identifies data use (through thematic areas) through the full activation of SALGA's cloud data lake and warehouse.
- Aligned the data pipeline (conduit for data collection, streaming, cleansing, harmonising and ingestion from source to warehousing) with SALGA's data management model and framework and business intelligence framework.

IMPACT

- The project provided compelling proof of the value of data use from various sources, as well as the use of data science and engineering techniques and tools to enhance decision-making across the organisation and for its members.



OUTCOME 3:

FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT AND GREATER FISCAL EQUITY

***Purpose:** To improve the financial health of municipalities through a revised Local Government fiscal framework, effective revenue management and enhancement, access to alternative/innovative funding sources and sound financial management.*

MUNICIPAL AUDIT SUPPORT PROGRAMME (MASP)

The main focus with MASP is to coordinate support services to municipalities to improve their audit outcomes by addressing adverse findings by the Auditor-General while continuing to deliver basic services to the citizens of South Africa. MAPS peer learning sessions provide a platform for peers to share financial management knowledge and experience; enhance capacity and foster collaboration and partnerships between municipalities.

KEY ACHIEVEMENTS

- Assisted 42 municipalities identified for dedicated support in the 2019-2020 MFMA Audit Outcomes Report.
- Conducted records management, financial management good practice and eMASP testing workshops for municipal employees.

IMPACT

- Increased levels of maturity in municipal human resource functions with fewer adverse HR audit findings and improved levels of records management.
- Improved proficiency in financial and human resources management through access to the eMASP repository and e-Learning components that allow self-learning and/or participation in facilitated group sessions.

DIVERSIFIED MUNICIPAL INFRASTRUCTURE FINANCING INSTRUMENTS

The bulk of municipal revenue comes from sources such as property rates. SALGA's partnership with Ntiyiso Consulting in September 2021 identified that the main reasons for loss of revenue from property rates are non-compliance with supply-chain management (SCM) procedures; irregular, wasteful and fruitless expenditure; poor internal controls; and potential fraud. Resolving these challenges in all municipalities are key to reducing adverse audit findings.

KEY ACHIEVEMENTS

- Surveyed 14 municipalities and delivered a final diagnostic report based on five municipal revenue management maturity level pillars.
- The maturity level results from the survey identified four superhero or innovating municipalities that operate at a maturity level 5.

IMPACT

- The impact will be determined when the diagnostic report recommendations are shared and workshopped with the selected municipalities in the forthcoming financial year.

DATA CLEANSING TO IMPROVE REVENUE

SARS database exchange pilot with eThekweni Metro Municipality

Municipal access to the SARS database, which contains vital taxpayer data, could be of mutual benefit to both parties in assisting SARS to more regularly update its data and assisting municipal to improve credit control, revenue management, debt collection and policy decisions with more informed review processes.

KEY ACHIEVEMENT

- Oversight, support and monitoring of the pilot project while the eThekweni Metro shared data files and SARS shared their Logical Integration Design (LID) document that describes process flow and integration design, including exposed interfaces, integration mechanisms, protocols, data format requirements and field mappings.

IMPACT

- Cost reduction for eThekweni by using MIMECAST technology to send large files via a Secure File Transfer Protocol (SFTP) between SARS and the municipality.
- Improved stakeholder relations between SALGA, SARS and eThekweni requests for similar projects for other metros.

MULTIDISCIPLINARY REVENUE COMMITTEE (MDRC) RESPONSIBLE CITIZENRY PAYMENT OUTREACH

CAMPAIGN

Debt owed to and by municipalities has been increasing steadily over the years. In response to recommendations by an Inter-Ministerial Task Team (IMTT), SALGA established a Multidisciplinary Revenue Committee (MdRC) to implement the IMTT recommendations, including the roll-out – under CoGTA stewardship – of a national campaign to promote a culture of payment among an active and responsible citizenry.

KEY ACHIEVEMENTS

- Cabinet approved the Responsible Citizenry Payment Campaign.
- The campaign was shared with municipalities, endorsed by political leaders and municipal office bearers and promoted via social media and print and electronic media, including community and commercial media, in all provinces and in all official languages.

IMPACT

- The campaign will create awareness, increase knowledge, mobilise communities around the country to form stronger and active partnerships with government to accelerate service delivery.
- Impact will be measured by behavioural change in the payment for services and a reduction in municipal debt levels.

REDUCTION IN UNFUNDED BUDGETS

Municipal non-compliance with Section 18 of the Municipal Finance Management Act (MFMA), 56 of 2003, was evidenced in the 2021-2022 financial year with 112 municipalities adopting unfunded budgets and 135 adopting budgets with deficits.

KEY ACHIEVEMENTS

- Conducted 35 case studies for the incoming 2021-2026 Council and reflected the trends for 2016-2020 in its report, which included intermediate cities and metros.
- Conducted a benchmark analysis in March 2021 of the 2021-2022 adopted budgets and the midyear adjustment budgets published on 3 March 2022 for 20 MdRC listed municipalities.

IMPACT

- Despite SALGA's proactive support to municipalities with budget-related challenges prior to the adjustment budget process, as well as a well-attended funding methodology training session in collaboration with National Treasury and written alerts to affected municipal leaders to take corrective action to improve key financial indicators, those municipalities still approved unfunded adjustment budgets.

PROMOTING INVESTMENT TO IMPROVE LOCAL ECONOMIC GROWTH

SALGA partnered with GrowthMap Infonomics to produce a Municipal Investment Guidelines manual in 2020 as a best practice municipal framework for investment promotion and facilitation with easy-to-follow guidelines on stimulating inward investment in local economies. The focus was on promoting investments relevant to under-resourced municipalities and attracting and facilitating domestic investment and investment after-care.

KEY ACHIEVEMENTS

- Developed and shared an assessment checklist and reporting template for municipal investment and local economic development (LED) strategies.
- Selected municipalities signed consent letters to be part of the pilot project.

- Convened a training workshop for provincial teams and selected municipalities and provided feedback to the Midvaal, Uthukela and Mogale municipalities.

IMPACT

- The assessed municipalities undertook to review their LED strategies and formulate their investment and business retention strategies.
- SALGA will develop a municipal investment profile framework for the continuation of the programme during the 2022-2023 financial year.

SMALL-TOWN REGENERATION PROGRAMME (STR)

The programme aims to regenerate, restore and fulfil the economic potential of underperforming small towns to strengthen their economies, improve quality of life and build and leverage local assets. Since its commissioning in 2013, STR has been implemented on a municipal demand basis. SALGA incorporated STR in its 2017-2022 Strategic Plan in response to its strategic vision of integrating the management of space, economies and people.

During the reporting period, the Gauteng City Region (trans-provincial region encompassing Gauteng, Mpumalanga and North West) and the Wild Coast Region (Eastern Cape) were identified for a pilot study.

KEY ACHIEVEMENT

- SALGA developed 3D conceptual designs for each of the two towns to visually depict some of their regeneration initiatives and provided the municipalities with their regeneration concept designs.

IMPACT

- The high-impact projects identified for each region

and the IDP and LED strategies and consultations with the municipalities will provide a baseline for future STR project identification and regeneration plans.

SALGA'S POSITION AND INFLUENCE IN IGR PROCESSES

As the representative body of organised local government, SALGA participates in NCoP proceedings. During the reporting period, SALGA submitted inputs on the Disaster Management Amendment Bill, 2021 and 2022 Division of Revenue and corresponding Amendment Bill, National Veld and Forest Fire Amendment Bill, Children's Amendment Bill and SAPS Amendment Bill.

KEY ACHIEVEMENTS

- Improved National Treasury relationship with a potentially positive impact on SALGA's Division of Revenue and Amendment Bill submission and concerns about the misalignment between local government funding and functions.
- National Treasury and CoGTA will consider SALGA's capacity-building recommendations to address local government's infrastructure challenges.
- Developed the Local Government Transition Framework, which involves important role players, such as CoGTA, in the implementation.
- Successfully lobbied for the SLA between Eskom and the Maluti-A-Phofung Local Municipality.
- Engaged the Police MINMEC about local government's role in building safer communities and partnered with the Civilian Secretariat for Police Services.
- Successfully lobbied the CoGTA Portfolio Committee to reject the Disaster Management Amendment Bill.
- Engaged the Portfolio Committee on Environment, Forestry and Fisheries on the National Veld and Forest Fire Amendment Bill and the Local Government Support

Programme on Waste Management.

- Secured quarterly meetings between the NCoP Chairperson and SALGA leadership.

IMPACT

- Budget forum and appropriations committee advocacy contributed to the R30.7 billion increase over the MTEF in the equitable share of local government and in conditional grants, which should go towards service delivery.
- Collaboration in implementing the Local Government Transition Plan limited the duplication of efforts towards a smooth transition.
- Rejection of the Disaster Management Amendment Bill will save municipalities the costs associated with extending the proposed 21 days "State of Disaster".
- Recognition for and strengthening of the role of local government in sports, arts, culture and heritage will contribute to social cohesion in communities.
- Regular engagements with the NCoP Chairperson will deepen an understanding of the challenges facing local government.

“

The RemPanel serves SALGA and its member municipalities diligently by guiding the implementation of remuneration policies to attract and retain top talent and embed holistic employee wellness and equitable and fair recruitment practices.

Joyce Moloi-Moropa
Chairperson





OUTCOME 4:

EFFECTIVE AND EFFICIENT ADMINISTRATIVE SUPPORT FOR SALGA PROGRAMME DELIVERY

Purpose: *To provide SALGA with an effective and efficient administrative support service to deliver its programmes.*

BUILDING INCLUSIVE GREEN MUNICIPALITIES (BIGM)

The BIGM project was aligned with the national priorities of poverty reduction, sustainable economic growth and climate change resilience and completed in July 2021. Six local municipalities (LMs) in the Eastern Cape received technical assistance to strengthen municipal capacity in BIGM (Ngqushwa, Kouga, King Sabata Dalindyebo, Winnie Madikizela-Mandela, Ndlambe and Port St Johns).

KEY ACHIEVEMENTS

- Inclusive economic development: four LMs included gender equity in their LED strategies; 265 municipal employees and 81 elected officials trained in inclusive approaches to LED; 28 municipal and five SALGA employees completed online GBA+ training; municipal partners developed LED marketing strategies to attract investors.
- Integrating climate change into asset management: four LMs became anchor cities by adopting a life-cycle approach to asset management, mapping assets and updating municipal registers using GIS; municipal partners developed asset management strategies and policies; 41 (25 males, 15 females) municipal practitioners trained in asset management; 23 municipal officials completed an internationally-recognised Asset Management Certification programme.
- Effective institutional support to municipalities: SALGA improved its member services by strengthening Parliamentary connections; positioning itself as the local government knowledge repository; integrating anchor cities and district municipalities in municipal development; creating and supporting Mayors' Councils; conducting a multi-party panel at the NMA; and creating a knowledge sharing municipal and key agency cluster (as for LED, asset management and climate change).

IMPACT

- Entrepreneurial groups in Eastern Cape municipalities (women, youth and the vulnerable) became business operators and entire communities benefitted from improved business environments, job creation and enhanced service delivery.
- The BIGM project adapted activities, moved many online and organised webinars for partners to address COVID-19 response issues, while boreholes, on-site storage and water tanks provided communities with access to potable water.
- Existing small tourism businesses benefitted from COVID-19 recovery and restart packages, while municipalities received PPEs and vulnerable groups information about enhanced sanitation to combat the transmission of the Coronavirus.

STAKEHOLDER AND PARTNERSHIP AGREEMENTS

The SALGA/VVSG partnership supports municipal waste management through capacity building, information sharing, networking and advocacy. The local programme consists of city-to-city cooperation between three local and three Flemish municipalities, namely Witzenberg, Nquthu and Bergrivier locally with, respectively, Essen, Bornem and Heist-op-den-Berg in Belgium.

KEY ACHIEVEMENTS

- Developed a Waste Management App for mobile devices and the Internet and is available in the Google Play store.
- Shared waste management best practices with multiple BIGM beneficiaries and other municipalities, including Stellenbosch.
- The app provides access councillors and employees responsible for waste management, locates service points and reports related issues.

IMPACT

- Digital technologies are reimagining waste management as sustainable materials management, while the technologies improve recycling, stimulate the use of recyclates, inform consumer purchasing and sorting decisions, improve waste sourcing options for recyclers and reduce human labour in handling illegal littering.

SALGA INTEGRATION AND DIGITISATION STRATEGY

SALGA adopted a sector-wide digital agenda to reimagine, redesign and realign local government processes and business models with a clear, strategic direction for a next-generation, digitally-driven local government and digital organisation.

KEY ACHIEVEMENTS

- An approved integration and digitisation strategy, with targets and scorecards, to drive all SALGA digital programmes, projects and interventions and inform the digital interventions for its next five-year strategy.
- Developed systems deployment and application architecture guidelines to provide structure and direction to the SALGA cloud.

IMPACT

- SALGA's clear digital agenda consists of key strategic inventions and value-enhancing digital programmes within a framework that accelerates digital technology adoption and product rollout.

INTEGRATED ENTERPRISE RESOURCE PLANNING (ERP)

Gearing SALGA to tackle future support requirements requires efficient processes, innovative interventions and the adoption of fit-for-purpose technologies. The resulting development of a digital framework sets out to digitise SALGA's processes and overall business environment.

KEY ACHIEVEMENTS

- Piloted the ZAP-BI tool that maps ERP solutions and internal financial analytics to automate seamless reporting and enable SALGA employees to directly manage and monitor financial resources.
- Finalised the Bring-your-Own-Device and Cybersecurity Policies and trained employees to use modern workplace tools.
- Rolled out modern workspace tools, digitally enhanced processes and cloud migration (files, storage, email, exchange, datastores, backups).

IMPACT

- Improved productivity due to employee access to tools that simplify work processes, boundaryless collaboration and automation. Individual self-management analytics and increased workplace mobility has set a baseline for more advanced technologies to incrementally improve and streamline service delivery to members.

SALGA'S FIVE-YEAR STRATEGIC AGENDA

SALGA started to develop its 2022–2027 Strategic Plan in February 2021 with a management conversation about the progress and challenges for organisation and the sector going forward.



KEY ACHIEVEMENTS

- A robust consultative process with SALGA stakeholder contributed to a new generation five-year strategic plan for the period 2022 – 2027.
- Portfolio Committee members applauded SALGA for clearly mapping out the key challenges confronting local government during its strategy presentation in Parliament.

IMPACT

- A clearly delineated organisational direction with a strategic plan that outlines the SALGA journey for the next five years to bring about the changes it wishes to see within the local government sector.

SALGA AND LOCAL GOVERNMENT PROFILING

SALGA's integrated marketing communication (IMC) plan profiled the organisation and local government locally and abroad by raising awareness about the constitutional objectives and functioning of local government, SALGA's role, responsible and accountable local government leadership and a responsible citizenry. The plan focused on three campaigns: a monthly thematic calendar, local government transition and SALGA profiling (SALGA 101).



THEMATIC CALENDAR

- **Build and establish a structured approach** to content planning, development and distribution
- **Structure content development and advance planning** to profile the organisation's work and communicate effectively about the role of local government in different sectors of government



LG TRANSITION CAMPAIGN

- **Increase awareness** about local government (Governance, mandate, powers & functions)
- **Showcase** the value chain of municipal services
- Create and increase awareness about **municipal services delivery** during the past 20 years
- Create a **repository of good news stories** in local government



SALGA 101

- **Educate stakeholders** about the role of SALGA
- Showcase **the achievements of SALGA**
- **Profile the key gains made by SALGA** in IGR, Parliamentary, international and other key platforms

Summary of the integrated marketing communication plan.

KEY ACHIEVEMENTS

- The Thematic Calendar
 - Established a structured approach to organisational profiling and communication about the role of local government within the public sector.
 - The themes aligned with the Freedom, Workers, Youth, Nelson Mandela, Women's and Tourism Months (during 2021 and Municipal Budget Adjustments, SONA, SOPA, SOMA, Municipal Success Stories, Human Rights and the Water Week Month in 2022 and were profiled through social media, SALGA TV productions, in-studio interviews, the publishing of municipal success stories and media releases.
- The Local Government Transition Campaign
 - A pre-election media campaign profiled the key municipal gains of the 4th Administration during the past five years to create awareness about the importance of voting and participation in municipal matters.
 - Post-election communication profiled SALGA's new leadership, created awareness about impediments to efficient municipal service delivery and the desired future state of local government and shared the objectives of SALGA's new five-year plan.
- SALGA Profiling Campaign
 - Showcased the value of SALGA representation of and assistance to members.
 - Influenced the media agenda to report on the Auditor-General's 2019-2020 Municipal Audit Outcomes Report and the 2021-2022 salary and wage negotiations between SALGBC, SAMWU and IMATU.
 - Secured wide media coverage for SALGA's drive to professionalise local government and educate South Africans about democratic and administration processes after the 2021 Local Government Elections, coalition governments and Councillor induction; as well as for Councillor Bheke Stofile as the new SALGA president, the new local government administration and SALGA's assistance to municipalities to fulfil their mandate.

MUNICIPAL COMMUNICATORS SUPPORT

SALGA's support for municipal communicators included participation in provincial communicators forums, developing and sharing brand corporate identity manuals, communication plans and social media best practices, as well as hosting the 5th National Communicators Forum with a focus on digital brand communication, social media policy, media relations and SALGA's profiling campaign.

SALGA also included media training in the induction of NCoP and provincial legislature nominated representatives.

KEY ACHIEVEMENT

- Greater awareness and a better understanding among municipal communicators about SALGA's Marketing and Communication function, media rights, freedom of the press and references in the Constitution about the media, as well as the impact of the PAI and POPI Acts on public representatives and media workers, such as journalists.

IMPACT

- The improved profiling of local government and SALGA and the repository of sector stories contributed to greater awareness of and a better understanding among stakeholders about local government and the functioning of municipalities.



2021-2022 REFLECTIONS ON ...

GOVERNANCE

FRAMEWORK AND STRUCTURES

SALGA prides itself on operational excellence within a governance framework that adheres to best practice governance principles and is supported by independent experts with informed views on good governance.

- The framework:
 - Clarifies the roles and responsibilities of SALGA's political and administrative governing bodies, specifically the national and provincial political governing bodies and SALGA working groups.
 - Advocates accountability, transparency, responsiveness, consensus and client-orientation.
 - Directs business conduct, equity, inclusivity, efficiency and effectiveness towards legislative compliance, as well as a separation of powers between the political and administrative wings.
 - Frames good corporate governance, administrative justice and compliance with the Batho Pele (People First) principles.
 - Outlines mandates and reporting requirements for national and provincial offices.
 - Facilitates effective consultation, reporting and decision-making between and within SALGA's national governance structures.

SALGA's National Members' Assembly coordinates and aligns governance structures at national and provincial levels through national and provincial conferences that are held according to SALGA's Constitution. Important elections are monitored by independent external parties to guarantee free and fair processes.



The structures include the SALGA Women's Commission and Working Groups, all of which are replicated at provincial levels to focus on similar issues.

SALGA participates in the National Council of Provinces (NCoP) with a delegation that consists of a representative from each of the nine provinces.

FUNCTIONS

- Administrative Leadership
 - SALGA's political governance structures are supported by an administrative structure and its national office by nine provincial offices to fulfil the administrative The Management Committee (MANCOM) consists of national and provincial managers, while working groups process a wide range of issues according to their mandate and functional area within SALGA.
- Internal Controls
 - Internal Audit reports administratively to the CEO and functionally to the Audit and Risk Committee (ARC) to ensure its independence.
 - The purpose, authority and responsibilities of the function are formally defined in the Internal Audit Charter, which is adopted by the ARC.
 - A Performance Management and Remuneration Panel (RemPanel) oversees the implementation and institutionalisation of performance management within SALGA.
 - The Legal and Compliance Unit ensures legislative and governance compliance, good governance, ethical internal environment and manages legal disputes and litigation.
 - NEC oversight subcommittees (ARC and RemPanel) subscribe to the King IV Code on Corporate Governance.

CODE OF ETHICS AND BUSINESS CONDUCT

The Code guides business conduct, drives employee

performance to produce long-term stakeholder results and ensures that everyone involved with SALGA adheres to the highest standards of ethics and professional behaviour and that the integrity of SALGA and its employees are not compromised.

- Health, Safety and the Environment

The Safety, Health and Environment (SHE) Committee adheres to occupational health and safety protocols stipulated by the National Department of Health, including all COVID-19 regulations. Regular inspections identify critical non-compliance, workplace hazards or potential incidents.

- B-BBEE compliance

In accordance with the B-BBEE Act, 46 OF 2013, SALGA reports annually on its compliance with ownership, management control, skills development, enterprise and supplier development, socio-economic development and any other sector-specific element.

- Labour Relations Compliance

SALGA's compliance with the provisions of the Labour Relations Act, 66 of 1995, is audited annually and, as an employer body, certifies annually that the organisation accords with its records and reports on the number of its members (257 members as at 31 March 2022).

HUMAN RESOURCES

MANAGING OUR HUMAN CAPITAL

- 2021-2022 focus on implementing the human capital strategy and employee value proposition (EVP) to ensure that SALGA remains a preferred employer with employee development and nurturing seen as integral to organisational success.
- Key projects included implementing the Human Capital Information System (HCIS), recruiting to fill critical vacancies and documenting the remuneration strategy, while the Leadership, Gender Transformation and Employee Recognition Programme was a priority.
- The EVP launch was core creating a work environment with progressive, digital and effective human resource practices, aligned with SALGA's vision, mission and values that energises competent, professional and courteous employees to perform, learn and grow.

INTEGRATED TALENT MANAGEMENT AND DEVELOPMENT

- Established a Headcount Committee to identify the critical positions for SALGA to achieve its organisational goals.
- Developed a recruitment service level agreement (SLA) that outlines a recruitment timeline and tracks recruitment milestones against the SLA's service standards to mitigate delays and ensure process efficiencies.

Occupational level	Female				Female Total	Male				Male Total	Grand Total
	A	C	I	W		A	C	I	W		
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	2	0	0	0	2	2	1	0	0	3	5
Professionally qualified	12	0	0	0	12	7	0	0	1	8	20
Skilled	3	0	0	0	3	4	1	0	0	5	8
Semi-skilled	3	0	0	0	3	1	0	0	0	1	4
Unskilled	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Not graded	0	0	0	0	0	0	0	0	0	0	0
Total	20	0	0	0	20	14	2	0	1	17	37

The table reflects the Headcount Committee's assessment of critical positions and identification of a concentration of critical roles at professional levels. This enabled several internal promotions which improved employee morale.

EMPLOYEE HEALTH AND WELLNESS

Employee wellness programmes serve as a strategic intervention to identify and proactively manage employees' personal, health and work-related concerns and challenges. Activities included:

- Corporate wellness initiatives are designed to keep employees healthy and engaged and enhance work productivity to mitigate the negative impact of illness, absenteeism and presentism on productivity.
- Provincial offices are assisted to develop their own wellness plans/calendars with a holistic approach to employee health and assistance with problem areas.
- Interventions dealt with concerns about mental health, personal financial management, gender-based violence, sexual harassment, women empowerment, parenting skills, physical wellness, employee bereavement support, COVID-19 support and occupational health and safety.
- Internationally-observed corporate campaigns included Mental Health Month, Women's Month, Men's Health Month, Cancer Awareness, 16 Days of No Violence Against Women, Children's Day and Human Rights Day.

EMPLOYEE RECOGNITION

Employee recognition is part of SALGA's employee value proposition by acknowledging and rewarding employees who go the extra mile to contribute to business success.

- During 2021-2022, SALGA adopted a holistic employee recognition framework that recognises outstanding performance and celebrates unique accomplishments as part of its business strategy of enhancing positive employee workplace experiences.
- Roadshows to explain the framework and request employee input took place in May 2021.
- Employee recognition and award events create opportunities to celebrate employee accomplishments. Employees nominate colleagues on a monthly basis, from which quarterly and finally annual winners are selected.
- Hybrid events were held in four provinces in September 2021 and were attended by 150 employees at designated venues and 60 employees via virtual platforms.

IMPACT

- Employee recognition and awards events improved employee morale and productivity.

STAFF COMPLEMENT

- Recruitment and exits during the reporting period resulted in a staff complement of 398 as at 31 March 2022.
- The total headcount is indicative of an organisation that is anchored by skilled employees.



Occupational level	Female				Female Total	Male				Male Total	Grand Total
	A	C	I	W		A	C	I	W		
Top management	8	1	0	1	10	11	1	1	0	13	23
Senior management	12	0	2	1	15	12	1	1	1	15	30
Professional qualified	36	1	3	1	41	38	3	0	3	44	85
Skilled	71	7	2	3	83	50	5	0	2	57	140
Semi-skilled	67	4	1	6	78	8	0	0	0	8	86
Unskilled	15	3	0	0	18	10	0	0	0	10	28
Temporary employees	1	0	1	0	2	4	0	0	0	4	6
Total	210	16	9	12	247	133	10	2	6	151	398

SALGA's total staff complement as at 31 March 2022. The total headcount is indicative of an organisation that is anchored by skilled employees.

STRATEGIC PROJECTS

- Organisational Culture
 - Conducted a survey to better understand how to embed an enabling culture of trust, engagement, empowerment, high performance and accountability throughout the organisation.
 - Findings identified leadership as an area for improvement and effective leadership/ employee engagement as critical to organisational health and leadership development of the executive team as important to entrenching a high-performance culture.
- Leadership Development Programme
 - Organisational culture is set by its leadership and integral to successful operations. SALGA regards leadership as an enabler of effective strategy implementation. Initiatives during the review period included:
 - The adoption of a structured approach to leadership development with a focus on specific building blocks to achieve all-encompassing transformational development.
 - The roll-out of a Leadership Development Programme started with individual coaching for some executives.

The programme approach will be revisited in the 2022-23 financial year for the rest of the executives.

The process to develop leadership capability is in line with SALGA's Leadership Competency Model, as reflected here.

LEADING SELF

- Self-awareness and management
- Continuous self-transformation
- Learning agility
- Professional ethics
- Political astute
- Exemplary behaviour
- Driven to deliver results
- Inspired and future-focused
- Innovation-centric



LEADING OTHERS

- Manages teams
- Leads change agility
- Builds trust and confidence
- Collaborates and Partners
- Drives improvement
- Inspires culture of high performance
- Drives improvement and Innovation
- Communicates desired outcomes

LEADING IN COMMUNITIES

- Responsible business
- Social awareness and contribution
- Builds partnerships with communities
- Promotes SALGA's brand
- Inspires community partnership



LEADING THE ORGANISATION

- Vision for sustainability
- Setting direction
- Strategy weaving
- Leadership brand
- Deliver results
- Shaping culture
- Inspiring high performance



FINANCIAL STATUS

SALGA maintained its clean audit track record consecutively for the past 10 years and again delivered a set of high-quality annual financial statements and annual performance report for the 2021-2022 financial year, as well as a governance environment in which the Auditor-General made no material findings on compliance.

KEY RESULTS

- The results of operations for the year ended 31 March 2022 reflected a surplus of R192.8 million (2021: R157.0 million).
- Total operating revenue increased by 6.3 per cent to R749.2 million, due mainly to an increase of 5.1 per cent in membership levies attributable to inflationary adjustments and organic growth of the base from which the levy amount is derived.
- Total operating expenditure increased by 2.1 per cent to R591.6 million, attributable mainly to an increase in municipal support and offset partly by less operating costs in the wake of an extended COVID-19 lock down.
- Comparatively, the expenditure trend, excluding the impact of the allowance for doubtful debt, affirmed SALGA's increased efforts to assist municipalities, as verified by the increase in targets achieved from 85% to 92% during the year under review.
- Net non-operating revenue increased by 11.3 per cent to R35.2 million, while the surplus for the period was R192.8 million, an increase of 22.9 per cent because of the net increase in revenue overall.

STATEMENT OF FINANCIAL PERFORMANCE

<i>R million</i>	2022	2021	2022% change
Operating Revenue	749.2	705.0	6.3
Operating expenditure	(591.6)	(579.7)	2.1
Operating surplus	157.6	125.3	25.8
Net non-operating revenue	35.2	31.7	11.3
Surplus	192.8	157.0	22.9

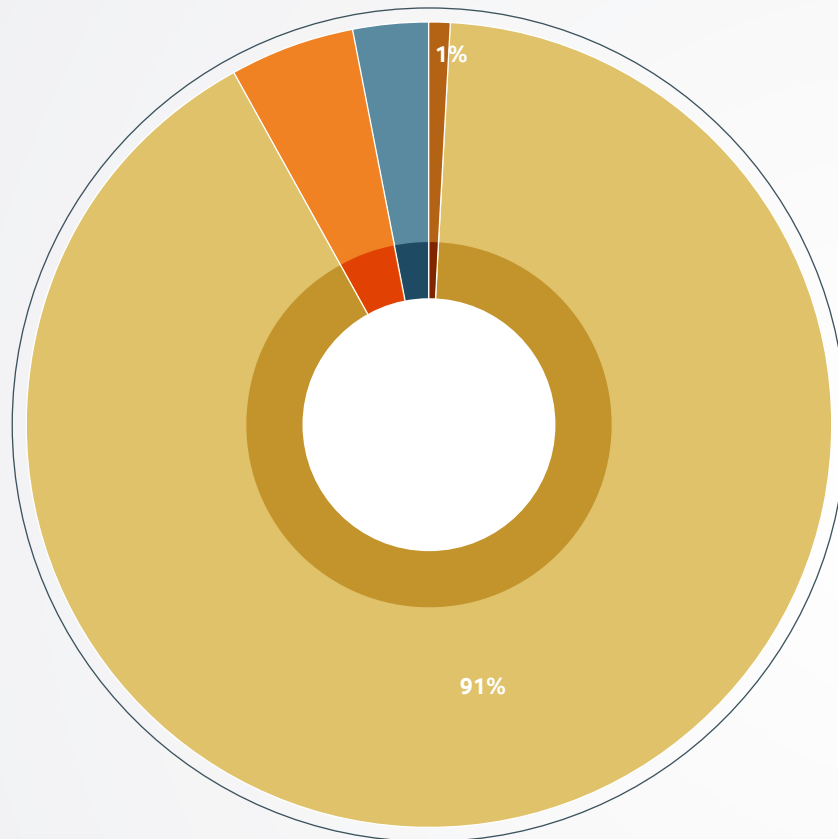
STATEMENT OF FINANCIAL POSITION

<i>R million</i>	2022	2021	2022% change
Current Assets	619.0	424.3	45.9
Non-Current Assets	52.8	51.5	2.5
Total Assets	671.8	475.9	41.2
Current Liabilities	102.8	99.5	3.3
Total Liabilities	3.2	3.8	(16.8)
Total Net Assets	106.0	103.3	2.6
Total Net Assets and Liabilities	565.9	372.6	51.9
	671.8	475.9	41.2

The financial position of the organisation as at 31 March 2022 reflected positive net assets of R565.9 million (2021: R372.6 million). The growth of 41.2 per cent in net assets was underpinned by the strong financial performance for the year under review, coupled with an increase in cash and cash equivalents held at the end of the year.

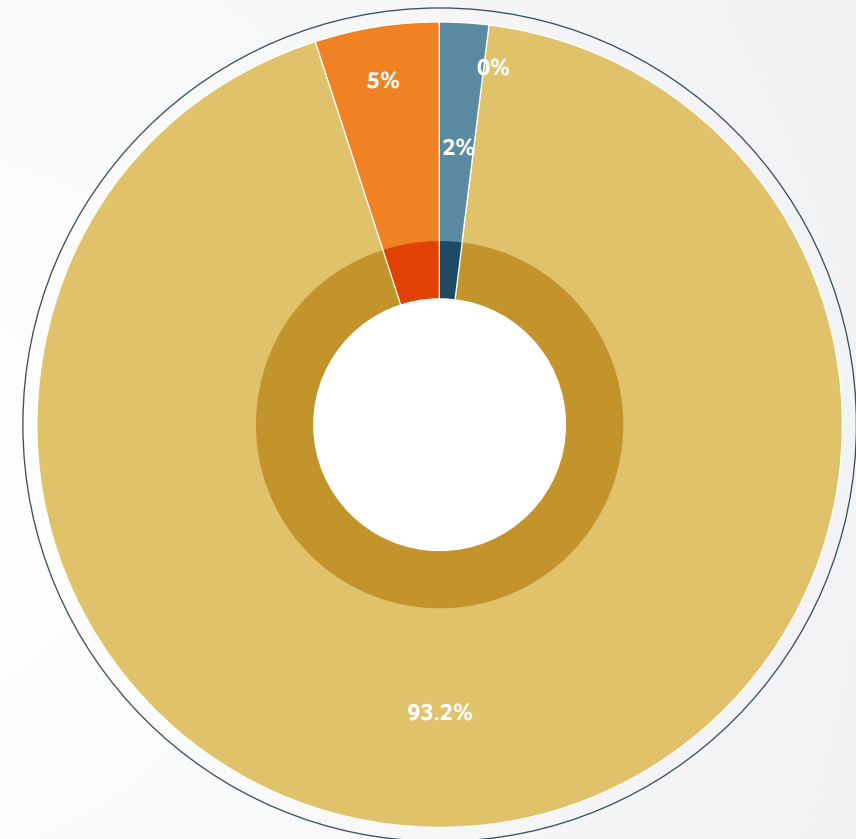
The accumulated surplus is used for working capital and capital expenditure. We also anticipate that the SALGA programmes and assistance to municipalities will grow as the organisation commences with the implementation of its new five-year strategy in the forthcoming financial year.

DISTRIBUTION OF OPERATING REVENUE FOR THE 2021 AND 2022 FINANCIAL YEARS



■ Rendering of services - Membership levies
■ Transfers and subsidies Executive Authority
■ Revenue from non-exchange transactions
■ Other revenue

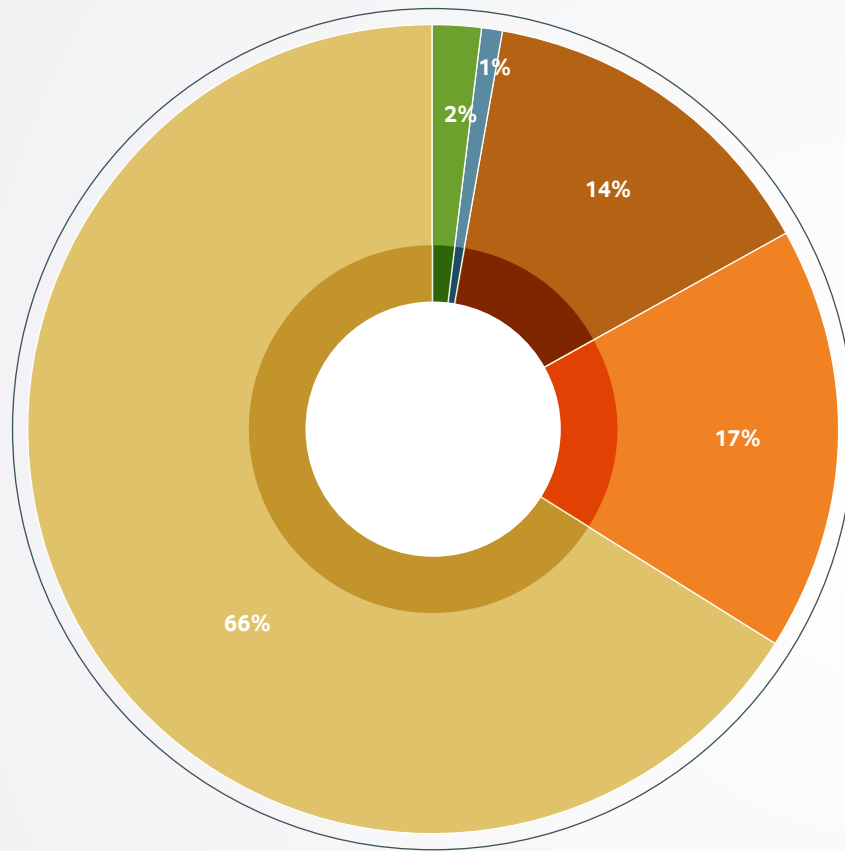
Figure 1 Operating revenue distribution (2021/22).



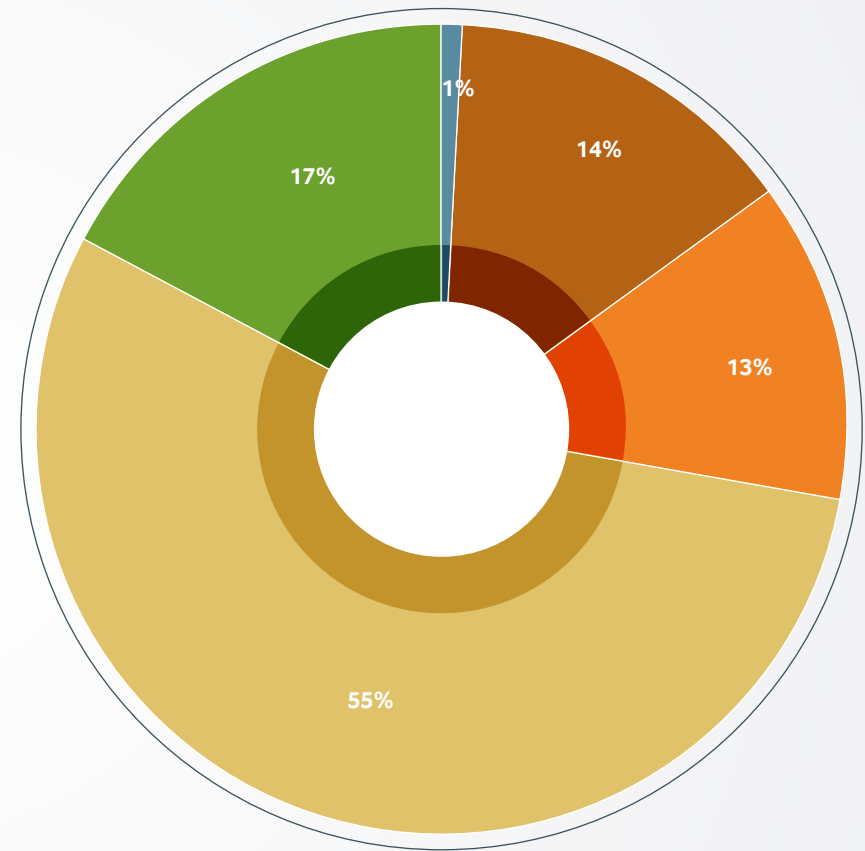
■ Rendering of services - Membership levies
■ Transfers and subsidies Executive Authority
■ Revenue from non-exchange transactions
■ Other revenue

Figure 2 Operating revenue distribution (2020/21).

DISTRIBUTION OF OPERATING EXPENDITURE FOR THE 2022 AND 2021 FINANCIAL YEARS



■ Programme cost
 ■ Employee rated cost
■ Depreciation and amortisation
 ■ Other operating expenses
■ Administrative overheads



■ Programme cost
 ■ Employee rated cost
■ Depreciation and amortisation
 ■ Other operating expenses
■ Administrative overheads

Figures 3 and 4 Operating expenditure distribution for 2021/22 and 2020/21.

OUTLOOK FOR THE YEAR AHEAD

The current subdued economic climate and continuing negative impact of COVID-19 necessitated a re-think of SALGA's strategies and revenue modelling. Similarly, the negative economic conditions and impact of the pandemic on the financial state of municipalities required SALGA to fast track its revenue diversification strategy to remain viable and financially sustainable in the foreseeable future.

SALGA's results over the past year bear testimony to the high-performance culture within the organisation and the exceptional teamwork and professionalism of employees committed to continued service excellence in meeting the needs of our member municipalities and their communities far into the future.

Going forward, revenue diversification will be critical to SALGA's sustainability and one of the top ten risks for the organisation. The digitisation of processes, cash flow management and cost rationalisation are also key strategic focus areas in the year ahead.

The 2022-2023 financial year is also the start of the implementation of SALGA's next five-year strategic period.

"We look forward to enhancing our efforts in areas of strategic importance in a way that creates increasingly greater value for our member municipalities and stakeholders in the new financial year and beyond." - Cllr Bheke Stofile, SALGA President

NOTE TO READER

Detailed information about SALGA's performance against predetermined outcomes and membership information can be found as appendices to the 2021-2022 Annual Report, available online at www.salga.org.za/publications.



