

SALGA ANNUAL REPORT

2015/2016



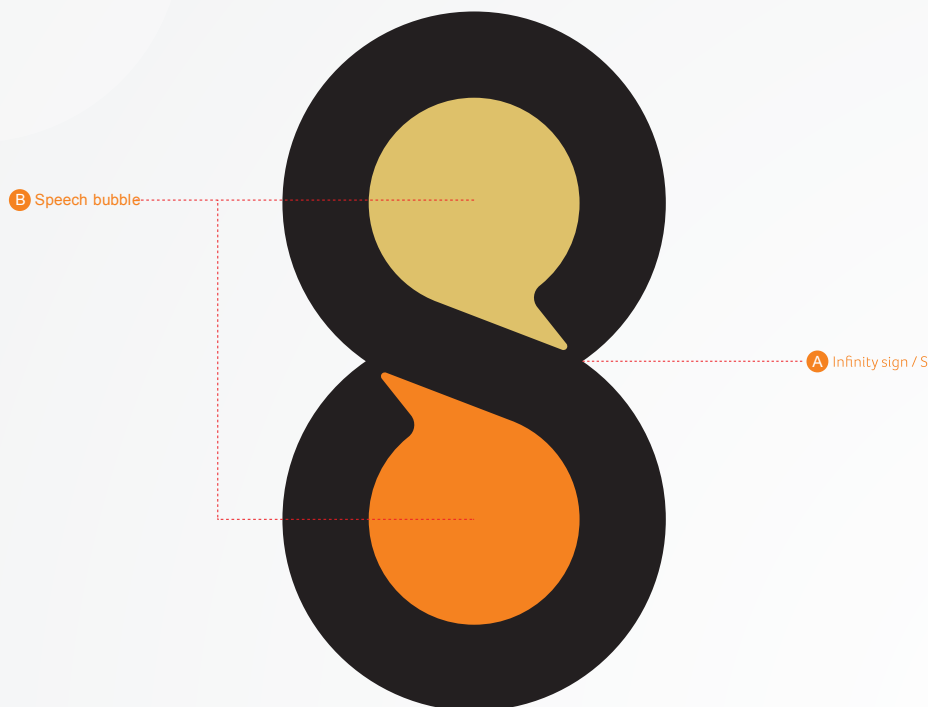


SALGA ANNUAL REPORT 2015/2016

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SALGA Logo explained



The logo symbol by it's design embodies the core values of the SALGA brand.

A The infinity sign or the 'S' characteristic of the logo symbol signifies the ongoing and progressive change of SALGA as it continues on the journey of constant improvement.

This element of the logo symbolises:

- Limitless
- Boundless
- Potential
- Possibility
- Harmony
- Balance
- Unity

B The speech bubbles of the logo symbol carry the message of the brand, they say

- We are informed
- We are consultative
- We listen
- We advocate
- We influence
- We represent

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Foreword

Chairperson

Cllr Thabo Manyoni

As we enter the 20th year of SALGA's contribution to the development and strengthening of the local government system in our country, on behalf of the National Executive Committee of SALGA, it gives me great pleasure to present the 2015/16 Annual Report of this ever growing and evolving organisation.

This report provides a synopsis of activities performed by the organisation between April 2015 and March 2016 whilst outlining the context within which SALGA performs its role and mandate. It marks another momentous year in the continuous strive to improve our value proposition and to build sustainable, responsive and people centered local governance.

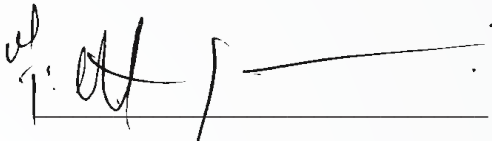
Notably, this NEC has overseen four consecutive clean audits, ensuring that the representative body of local government (SALGA) is indeed leading by example in its quest to inspire and improve good governance, high performance and sound financial management in municipalities.

While the report contains a detailed analysis of the work done at SALGA in the 2015/16 financial year, I wish to highlight a few major groundbreaking initiatives that were undertaken to advance the cause of, and in support of, our members. The inaugural SALGA Small Towns Conference (#SmallTownmustRise) was successfully hosted on 22 and 23 October 2015 in Mangaung, to create a platform for key stakeholders to shape the agenda of revitalising small towns as well as share lessons and good practices. The inaugural SALGA-SASCOC Conference was successfully held on 10-11 July 2015 (in Mangaung) to clarify roles and responsibilities and forge common programmes on sport and recreation. Notably, SALGA successfully co-hosted (with the City of Johannesburg, CoGTA and SACN) the 2015 AfriCities Summit in Sandton, Johannesburg, from 29 November to 3 December 2015, showcasing our local government to the world and building strategic partnerships for implementing Agenda 2063 and the global Sustainable Development Goals. The 3rd Local Government Week, in partnership with the NCOP, was held under the theme "Celebrating 15 years of democratic and transformative local government - entrenching cooperative government for people centered development".

Looking forward, SALGA developed a repositioning and rebranding strategy which was approved by the NEC in November 2015 and was launched at the National Members Assembly (NMA) in May 2016. The strategy and new identity instils a fresh sense of purpose which consolidates the successful growth of the organisation since its establishment 20 years ago and repositions it for even greater impact in the next 20 years. The key tag or payoff line of the new brand is "Inspiring Service Delivery", which is apt in committing us to creating an enabling and conducive environment for municipalities to execute their developmental mandate to the communities that they serve.

We are confident that the significant milestones that have been registered during the term, as recognised by the various accolades in recognition of our visionary leadership, sharing of best-practice and contribution to the local government sector, will be built upon to ensure that municipalities are at the cutting edge of quality and sustainable services. Those accolades include prestigious ones bestowed on our CEO, Mr Xolile George, for his outstanding leadership and commitment to championing excellence within our sector, as well as the highly professional expertise and administrative capability within SALGA's ranks, which we are immensely proud of.

As we move into the transition into the next term and usher in new leadership to drive this mandate forward, the glare of the public will continue to be squarely focused on local government and the work done in service to the people of South Africa. The execution of the SALGA strategic mandate is indeed in very capable hands.



Thabo Manyoni

SALGA Chairperson



Overview

Chief Executive Officer

Xolile George

The year 2015/16 financial year has seen SALGA achieve its stated objectives and advance our mandate on a number of different levels. The organisation went into the year with a clear approach to support the interests of member municipalities focusing primarily on four defined apex priorities, ranging from ensuring a sound regulatory environment, fiscal and financial management, capacity building to stimulating innovation and systemic intelligence in our own work.

This annual report looks at SALGA's performance in relation to the 36 targets that SALGA spread across those four strategic priorities, enabling us to once more provide members and key stakeholders with a detailed and accurate report on our work for the 2015/16 financial year.

A notable milestone in the administration for SALGA is the attainment of the fourth consecutive clean audit, which is a sign of maturity in the systems and controls we have measuredly put in place over the last decade and more so over the last five years. It is now starting to yield real dividends and translating to real impact in the sector.

A key recognition of SALGA's role was the release of the 2014/15 municipal audit outcomes report by the Auditor-General (in 2015/16), which directly links to the dedicated support that SALGA continues to provide to municipalities with adverse audit outcomes, through our Municipal Audit Support Programme. The support provided ranged from financial management, risk management, internal audit matters, governance and ICT control, which saw the number of municipalities in the red zone decreasing from 69 to 40.

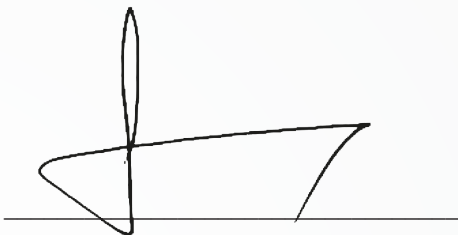
Key to these audit outcomes is the fact that municipalities with clean audit opinions represent 39% of the municipal sphere's expenditure budget, while the municipalities with unqualified audit opinions represent 14% of the expenditure budget and only 6% of this budget represent the municipalities with adverse and disclaimed audit opinions.

Once more and without incident, a collective bargaining agreement was concluded with the relevant parties and significant progress on working towards a service charter agreed upon, covering 270 000 employees in 278 municipalities, for the period 2015 to 2018.

Of course, we are grateful for the support provided by all our partners and stakeholders who have helped shape our performance in the year under review. Not least I wish to acknowledge the oversight and guiding role played by the National Executive Committee, under the leadership of Chairperson Manyoni, in ensuring that we continuously strive to learn and grow in moving local government forward.

The dedication shown by staff through the proper following of governance processes within the organisation and that SALGA ensures value for money in all its dealings is reflected in the solid financial performance we have attained over the last few years.

May I also take this opportunity to express my sincere appreciation and gratitude to all employees for their hard work and dedication that contributed to an exceptional performance achievement in the 2015/2016 financial year. Let us strengthen each other's hands as we embark on the last leg of our 5-year strategy and push the boundaries of performance and excellence to ultimately inspire the sector to deliver the quality of life that communities rightfully expect.

A handwritten signature in black ink, consisting of a stylized 'X' followed by a horizontal line and a small upward stroke.

Xolile George

Chief Executive Officer

PERFORMANCE

AT A GLANCE



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

PERFORMANCE AT A GLANCE

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Financial Performance **16**

PERFORMANCE AT A GLANCE

NON-FINANCIAL PERFORMANCE

2015/16 was very significant and was filled with a basket of challenges and achievements. The organisation entered the year with a defined vision to promote the interest of member municipalities focusing primarily on four apex priorities areas:

- To review the legislative and policy framework within which municipalities operate;
- To review the fiscal and financial management framework of municipalities;
- To build municipal capacity; and
- To reposition SALGA as a centre for LG excellence, knowledge and intelligence

It was essential for SALGA to reflect on its successes and identify challenges that may require unlocking. The annual report 2015/16 reflects SALGA's performance and achievements in relation to the 36 key performance indicators and associated targets as per the approved SALGA 2015/16 annual performance plan. 36 targets were spread amongst the various SALGA programmes.

Below is a summary of SALGA's performance based on the six pillars of the SALGA mandate:

1. On our key role of representing, protecting and advancing the interests of the sector

SALGA made numerous policy and legislative submissions on new policies and amendments of legislation by Parliament. In addition, SALGA lobbied Parliament to review some of the legislations that impedes delivery of services in local government. As a result, Parliament has commissioned a committee to make recommendations on those identified legislations.

2. On our employer role and collective bargaining quest for labour stability and peace in the sector

A collective bargaining agreement was again concluded without incident for the 2015 – 2018 period with the relevant parties and significant progress on working towards a service charter agreed upon.

- The agreement covers over 270 000 employees in 278 municipalities.
- Effective legal intervention by SALGA resulted in the long standing wage curve dispute being finalized in favor of municipalities – saving municipalities from retrospective wage curve back-payment.

3. On building the leadership and technical capacity of the sector to play our developmental role

SALGA continues to provide dedicated support to municipalities with adverse audit outcomes. The support provided so far ranges from financial management, risk management, internal audit matters, governance and ICT control. In the 2014/15 municipal audit outcomes presented by the Auditor General, municipalities in the red zone has decreased from 69 to 40.

Councillor training continues to be rolled out to municipalities such as the Councillor Development Programme (CDP) and Councillor Induction Programme (CIP). So far at 3 500 councillors were trained on CDP and over 8800 councillors were trained on CIP.

4. On our support and advisory role

Hands on support continues to be provided to municipalities on governance, human resource, labour relations and performance related issues. In the year under review, SALGA in partnership with SASCOC successfully held an inaugural conference in Mangaung. The purpose of the conference was to clarify roles and responsibilities and forge common programmes on Sports & Recreation. Provincial dialogues on Anti-fraud and Anti-corruption were held to enforce the issue of discipline and good governance.

SALGA identified eighteen (18) towns for the roll out of the Small Town Regeneration (STR) programme on a pilot basis. A standard baseline report for STR inception was developed focusing on the four towns. An assessment of the “state of economy” of each town was conducted & baseline report was developed which would guide the implementation plans for each town. The inaugural SALGA Small Towns Conference was successfully hosted on 22 and 23 October 2015 in Mangaung, to create a platform for key stakeholders to shape the agenda of revitalising small towns as well as share lessons and good practice in STR. SALGA is now rolling out the STR programme by focusing on four key areas, chief among which is to assist municipalities to mainstream regeneration in their IDPs and ensure that key stakeholders across small towns typologies play a meaningful role in the revitalization

5. On our international relations role of profiling south african local government and strengthening decentralisation in the continent and abroad

The pursuit of democratic Local Government in our neighbouring countries and abroad, and the profiling of our Local Government is a key mandate of the 2011 National Conference. SALGA played crucial role in re-unifying the United Cities and Local Governments of Africa (UCLGA) and are currently leading the Southern African chapter (UCLGA-SARO). United Cities and Local Governments (UCLG) held the World Summit of Local and Regional Leaders and 4th UCLG Congress convened from 1 – 4 October 2013. A key outcome of the Congress was the election of SALGA as a member of the UCLG World Council and UCLG Executive Bureau. Emerging strength of SALGA's participation and standing in the global arena is evident in the City of Johannesburg's bid for the UCLG Presidency. SALGA co-hosted the 2015 Africities Summit in the City of Johannesburg to profile our local government system to the continent and world, in particular in taking forward the localisation of the post 2015 sustainable development agenda.

6. On our role as the centre for local government's excellence, knowledge and intelligence

Over 120 municipalities have taken part in knowledge sharing and peer learning platforms on energy efficiency and renewable energy over the last few years, including a web platform. SALGA's Municipal Barometer and Knowledge Hub over the last three years, as a centre of intelligence for LG data and information, will increasingly form the basis of informed decision making, accurate data & access to information.

FINACIAL PERFORMANCE

- Surplus for the year up 45 percent to R27.1 million;
- The total revenue has increased by 4.0 percent to R 522.9 million (2015: R 502.7 million);
- Surplus margin 5.8 percent (2015: 4.1 percent);
- The current ratio has improved by 33 percent from R1.80 to R2.38 for every R1 of current liabilities. This indicates that the organisation is able to pay its debts as they become due in the ordinary course of business;
- Total assets have remained steady at R224 million year-on-year;
- The non-current assets have increased by 11 percent mainly due to investments in operating capital;
- Non-current liabilities have remained relatively steady over the two years at R5.8 million this comprises operating and finance lease obligation;
- Total liabilities decreased by 25 percent to R84.7 million (2015: R113.1 million);
- Cash and cash equivalents have decreased by 22 percent year on year due to settling most of the liabilities prior to year end;
- Membership levy payment levels rate remained above 80 percent for both years; being 88 percent for March 2015 and 85 percent for March 2016; and
- The asset coverage rate has improved slightly by 25 percent to 25 times from 20 times due to an increase in residual net assests as a result of adequate financial performance.

Chapter One

Introduction



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

CHAPTER ONE: Introduction

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SALGA AT A GLANCE

1. Strategic Overview

SALGA is an autonomous association of all 257 South African local governments, comprising of a national association, with one national office and nine provincial offices. Membership of the association is voluntary. SALGA accounts to its members in terms of the SALGA Constitution (as amended in 2012) and its Governance Framework regulating its structures and mandating processes. The organisation has a National Executive Committee comprised of elected councillors (primarily mayors and offices bearers in municipalities) that is responsible for the affairs of the organisation between National Conferences and Members' Assemblies, which are the highest and second highest decision making bodies of the association respectively. Its administration is headed by a Chief Executive Officer.

SALGA is listed as a Schedule 3A public entity and is therefore accountable for its revenue and expenditure in terms of the Public Finance Management Act of 1999. It is called to account to Parliament annually on its performance and expenditure as a consequence of its listing in terms of this Act.

SALGA has set out its role to represent, promote and protect the interests of local governments and to raise the profile of local government, amongst other objectives. SALGA is funded through a combination of sources, including primarily membership fees (83%), donations from the donor community for specific projects (10%) and a small annual allocation from the national fiscus (7%). One of SALGA's main advocacy topics concerns the necessary increase of the percentage of national revenue that is allocated to local governments, based on the service delivery and transformative role local government is expected to play in the constitutional state.

1.1. SALGA's Strategic Plan 2012-2017

The five-year (2012 to 2017 period) strategic plan was developed against the backdrop of South Africa's third successful democratic local government elections. The high voter turnout (which increased from 49% in 2000 to 57% in 2011) is testament to the importance of local government to South Africans. But while significant gains have already been made in building a democratic local government, consolidation is still required. This annual report is the forth report in the implementation of this strategic plan. However, it represents the last annual report of the `SALGA's current political leadership.

In 2009, government adopted the Local Government Turnaround Strategy (LGTAS). Cabinet also adopted a Medium Term Strategic Framework (MTSF) with twelve outcomes, one of which focuses specifically on ensuring a responsive, accountable, effective and efficient local government. Furthermore, government assessed the state of local government in the period preceding the elections in 2011. This resulted in several challenges being identified, including:

- Leadership and governance challenges relating to responsiveness and accountability;
- Financial and fiscal management including the inter-governmental fiscal regime;
- Co-operative governance especially intergovernmental relations;
- Varied performance across municipalities in delivering basic services;
- Varied performance across municipalities in growing local economies;
- The continuation of apartheid spatial development patterns and inequity;
- A lack of human resource capital to ensure professional administrations and positive relations between labour, management and councils; and
- The absence of a differentiated approach to support and govern municipalities that recognises the differences in the nature and character of municipalities and how this is critical in the challenges that municipalities face.

Given the expectations around the 2011 local elections, SALGA reviewed, from a strategic perspective, what it could do to build on this. This review gave the association the impetus to achieve the following:

- Build on what has already been developed in terms of the LGTAS;
- Identify key challenges that continue to impact on local government;
- Assert the importance of this sphere of government and intensify the need to clarify and strengthen the powers and functions of the sphere;
- Emphasise the need for local government to fulfil its developmental mandate as articulated in the Constitution of the Republic of South Africa and the White Paper on Local Government;
- Sharpen the focus and priorities of local government as a basis for harnessing and coordinating efforts aimed at strengthening the sector;
- Engage with its members to develop a programme of action that is responsive and relevant to the differentiated needs of its members; and
- Strengthen the position of SALGA as a unitary structure that is aligned in terms of its strategy and structure and is capacitated as a structure of organised local government that is geared to deliver on its mandate.

The strategic plan asserts the notion that local government must be empowered, resourced and capacitated to assume its role of service delivery and development to the people of South Africa. It also commits SALGA to adopting a member-centric approach. The plan is built on the underlying assumption that the association will work closely with its partners and stakeholders to develop the local government sector.

1.2. Key Policy and Strategic Frameworks Impacting on Local Government

The strategic plan of SALGA is aligned to legislation and policy mandates. In this context it commits the organisation to be member-centric, engage in meaningful partnerships, position the organisation for high performance and ultimately demonstrate seriousness and commitment to growing and developing the sector.

The strategy of SALGA is also informed by national policy and strategic frameworks:

1.2.1. The Medium Term Strategic Framework (MTSF)

On 22 December 2009, Cabinet approved the local government turnaround strategy of the Department of Cooperative Governance and Traditional Affairs (CoGTA). This resulted in Cabinet prioritising 12 outcomes for the remaining years of the MTSF:

CHAPTER ONE: Introduction

MTSF	OUTCOMES	
	1	Quality basic education.
	2	A long and healthy life for all South Africans.
	3	All people in South Africa are and feel safe.
	4	Decent employment through inclusive economic growth.
	5	A skilled and capable workforce to support an inclusive growth path.
	6	An efficient, competitive and responsive economic infrastructure network.
	7	Vibrant, equitable and sustainable rural communities contributing towards food security for all.
	8	Sustainable human settlements and improved quality of life for all households.
	9	Responsive, accountable, effective and efficient local government.
	10	Protect and enhance the environmental assets and natural resources of the country.
	11	Create a better South Africa, a better Africa and a better world.
	12	An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship.

1.2.2. The Local Government Turn-Around Strategy (LGTAS)

Outcome nine specifically addresses local government. It is underpinned by the 'Ten point plan for local government'. This seeks to reinforce and support the implementation of the LGTAS. It comprises ten local government outcomes and 44 corresponding performance indicators:

CoGTA 10-POINT PLAN / LGTAS	OUTCOMES	
	1	Improve the quantity and quality of municipal basic services to people. This is specifically related to the areas of access to water, sanitation, electricity, waste management, roads and disaster management.
	2	Enhance the municipal contribution to job creation and sustainable livelihoods through local economic development (LED).
	3	Ensure the development and adoption of reliable and credible integrated development plans (IDPs).
	4	Deepen democracy through a refined ward committee model.
	5	Build and strengthen the administrative, institutional and financial capabilities of municipalities.
	6	Create a single window of coordination for support, monitoring and intervention in municipalities.
	7	Uproot fraud, corruption, nepotism and all forms of maladministration affecting local government.
	8	Develop a coherent and cohesive system of governance and a more equitable intergovernmental fiscal system.
	9	Develop and strengthen a politically and administratively stable system of municipalities.
	10	Restore the institutional integrity of municipalities.

1.2.3. The Millennium Development Goals (MDGs)

MDGs	GOALS			
	1	Eradicate extreme poverty and hunger.	5	Improve maternal health.
	2	Achieve universal primary education.	6	Combat HIV/Aids, malaria and other diseases.
	3	Promote gender equality and empower women.	7	Ensure environmental sustainability.
	4	Reduce child mortality.	8	Develop a global partnership for development.

1.2.4. The New Growth Path

The new growth path is a broad framework that sets out a vision and identifies key areas where jobs can be created. It is intended to address unemployment, inequality and poverty in a strategy of creating a significant increase in new jobs in the economy, mainly in the private sector.

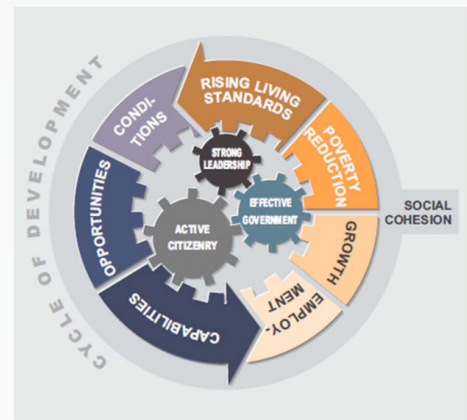
It sets a target of creating five million new jobs in the next 10 years. This target is projected to reduce unemployment from 25% to 15%. To accomplish this, the plan identifies specific 'job drivers'. These drivers include:

- **Investing in infrastructure for employment and development:** Substantial investment in infrastructure, both to create employment directly through construction, operation, maintenance and the production of inputs, as well as indirectly, by improving efficiency across the economy;
- **Identifying and supporting key economic sectors:** Targeting more labour-absorbing activities across the main economic sectors and the agricultural and mining value chains, manufacturing and related services;
- **Seizing the potential of new economies:** Taking advantage of new opportunities in the knowledge and green economies;
- **Investing in social capital and public services:** Leveraging social capital in the social economy and the public sectors;
- **Facilitating effective spatial development:** Fostering rural development and regional integration.

The new growth path stresses the need to align macro-economic measures, micro-economic interventions and social partner commitments. This is done to achieve the shared goals that the framework aims to achieve. It concludes with setting out the priorities, sequencing and implementation plans.

1.2.5. The National Development Plan

The national planning commission produced a national development plan (Vision 2030) (NDP) outlining a long-term vision and strategy for South Africa. Cabinet has endorsed the NDP, a blueprint for eliminating poverty and reducing inequality in the country by 2030. This is the strategic framework for detailed government planning going forward. The commission believes that the problem of uneven capacity and varied performance is particularly acute at the local government level. The current local government system has only been in place for just over a decade. This means that there are significant challenges that still need to be addressed. However, despite major obstacles relating to finance, human resources and a limited autonomy, municipalities are making progress.



There are many positive stories in the local government sector. These range from municipalities that generally perform well to those that just manage to fulfil their responsibilities in specific areas, such as basic service delivery, poverty alleviation and infrastructure development.

It is clear from the various municipal performance reviews that greater attention needs to be given to the obstacles that prevent the worst performing local and district municipalities from fulfilling their core functions. In particular, the following elements are suggested:

- Closer consideration of the varied capacity of municipalities and the need to achieve a better fit between the capacities and responsibilities of municipalities;
- Addressing the issue of mandates that have no funding;
- Addressing the issue of the adequacy of the powers and functions of municipalities, particularly where a lack of these powers and functions hampers development. The focus is on transfer functions such as housing, public transport and land use management to local government; and
- Addressing the inefficient two-tier system of local government.

1.2.6. Emerging Issues and Strategic Realignment

The SALGA strategic plan does not exist in a void. As such, it is inevitable that it will be impacted by events that have occurred after its development. These include State of the Nation addresses, Cabinet makgotla, national and provincial elections and the SALGA leadership makgotla. Given the significance of these events, SALGA has to create flexibility at a strategic level, to ensure that it is aligned to local government and intergovernmental matters. To do this, SALGA undertakes the following:

- Reviews key performance indicators (KPIs) and priority programmes as a basis of assessing how issues may be included; and
- Incorporates the information into the annual performance plans of SALGA.

This approach ensures that SALGA will manage unforeseen issues in its strategy on an ad hoc basis. This will have implications in terms of regulatory compliance, resource utilisation and budgetary allocations.

1.3. SALGA Membership and Stakeholders

1.3.1. SALGA Members

Since its establishment in 1996, SALGA has focused on fulfilling its mandate of supporting local government transformation. This has taken place in a complex environment, characterised by the highly diverse and diffuse membership base of the country's 278 municipalities, which collectively constitute an independent, interdependent and inter-related sphere of government. These members range from deep rural municipalities, which struggle with severe service delivery backlogs and institutional challenges, to sophisticated cities that have significant institutional capacity. Municipalities are therefore classified in accordance with the criteria in the Municipal Structures Act, 1998 (Act No. 117 of 1998):

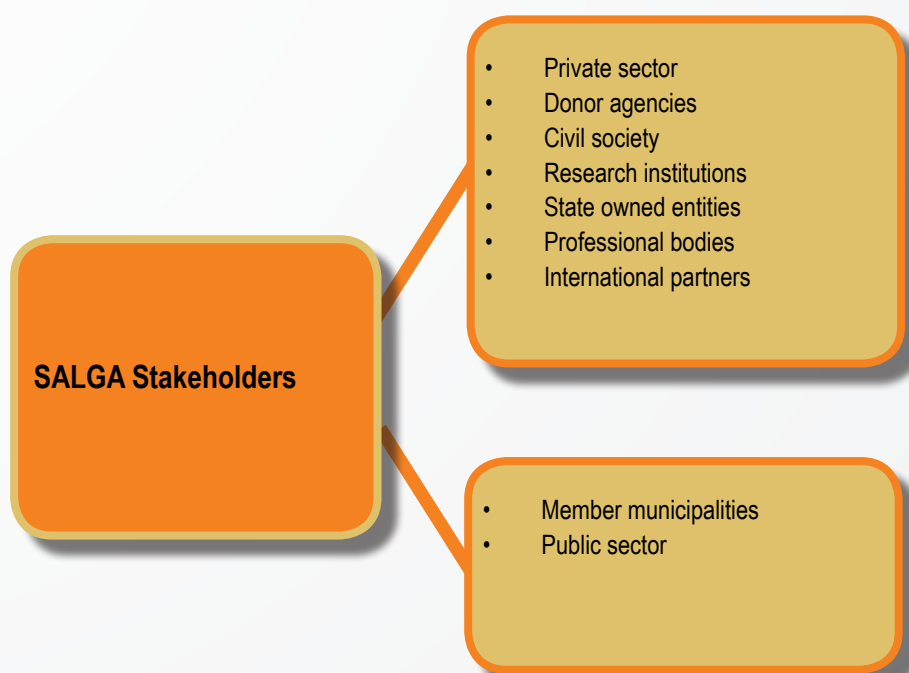
- Metropolitan (Category A);
- Local (Category B); and District municipalities (Category C).

The SALGA strategic plan must therefore respond to the differentiated needs of the various municipalities. In addition, the SALGA Constitution makes provision for associate member organisations that are strongly concerned with or involved in local government matters, and which comply with criteria determined by SALGA's national executive committee (NEC).

1.3.2. Key Stakeholders

The efficient management of stakeholders has become a core element of business strategies in many successful organisations. In line with the SALGA mandate to represent, promote and protect the interest of local government, the association recognises the important role that stakeholders play within the local government sphere. Stakeholders are integral in shaping and supporting the implementation of the SALGA mandate and programme of action. The diagram below outlines the manner in which SALGA engages with stakeholders as part of a broader process of representing, supporting and servicing its members.

Stakeholders also play a vital role in bolstering the resource capacity of SALGA. The three categories of SALGA stakeholders are briefly discussed below:



1.3.2.1. Government

SALGA has to maintain and develop multi-level relationships with different government spheres. It also has to develop and maintain these relationships to ensure that it effectively fulfils its mandate. Of particular importance are the relationships with CoGTA and national and provincial departments that impact on service delivery and municipal functioning and the institutions within which SALGA represents local government. These institutions include the Financial and Fiscal Commission; National Council of Provinces and MINMECs (including their political and administrative officials and staff).

1.3.2.2. Non-governmental Entities

SALGA interacts with a range of entities that have a role in the local government sector. These non-governmental entities include the private sector, research and training institutions, professional bodies, international donors and development partners.

1.3.2.3. Internal

As a national organisation, SALGA must have functional and political integration between its constituent members and the municipalities they represent. This is necessary if it is to be effective in any appreciable manner. It is required that integration be actively fostered and developed. These relationships should be multi-level networks of relationships between the SALGA national office, the SALGA provincial structures and individual municipalities (local, district and metros).

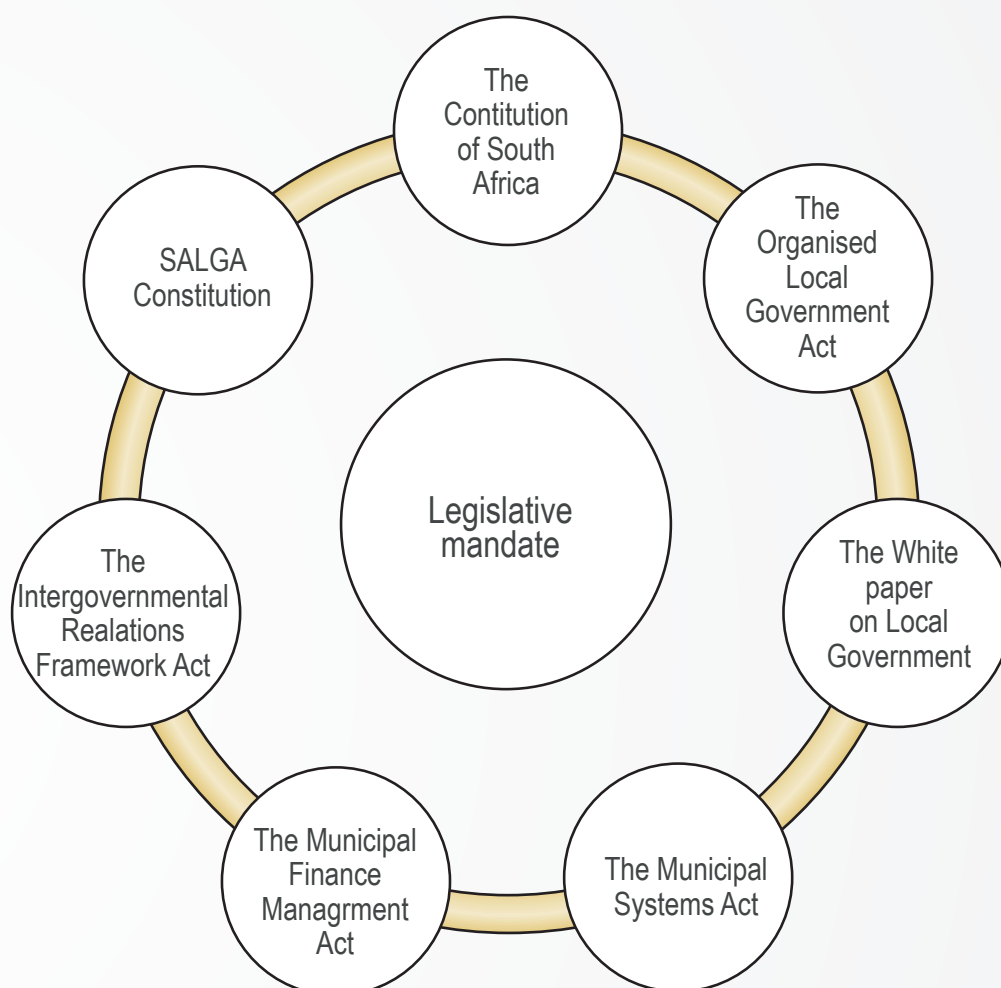
2. Vision, Mission and Values

Vision	Mission	Values
To be an association of municipalities that is at the cutting-edge of quality and sustainable services	To be consultative, informed, mandated, credible and accountable to our membership and to provide value for money	Responsive Innovative Dynamic Excellence

3. Legislative and other Mandates

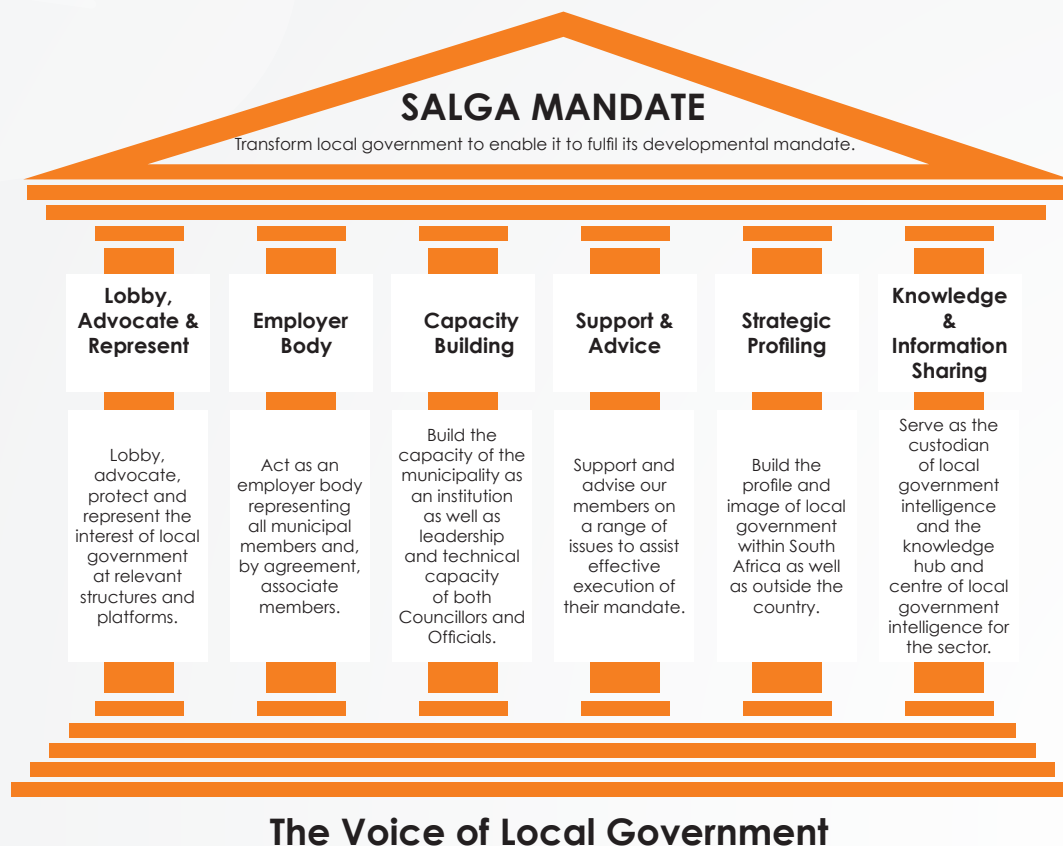
SALGA is managed by various key legislative, policy and regulatory frameworks. These are:

3.1. Legislative Mandate



3.2. SALGA Mandate

A developmental local government is an essential part of the public sector. National growth and development imperatives are dependent on the ability of local government to deliver on its mandate. SALGA has to utilise the resources and partnerships at its disposal to build a local government sector that has the required capacity to facilitate poverty alleviation, economic development and creation of jobs, and harness the socio-economic opportunities that the state has geared itself to provide for its people. SALGA serves as the representative voice of all 278 municipalities. Since its establishment, the association has endeavoured to bring focus to its mandate of supporting local government transformation in a complex environment. This has been characterised by a highly diverse membership base of municipalities. Its mandate rests on six pillars:



3.3. Strategic Goals

The development of the SALGA strategic plan involved extensive engagement throughout 2011. This included assessing, debating and harnessing the gains made in the local government sector over the past decade and crafting a future state for the sector. Following the approval of the Strategic Plan Framework and the 276 conference resolutions by the National Conference, a series of further engagements were facilitated to translate conference resolutions into a five-year plan. This also entailed an Annual Performance Plan (APP) for the five year period that is covered by the Strategic Plan 2012-2017. The engagements included the hosting of nine PEC Makgotla and an NEC Lekgotla. Ultimately, the processes delivered a strategic plan with three apex priorities and seven strategic goals. The APP 2015/16 covered the forth implementation year of the strategic plan that is aligned to legislation and policy mandates.

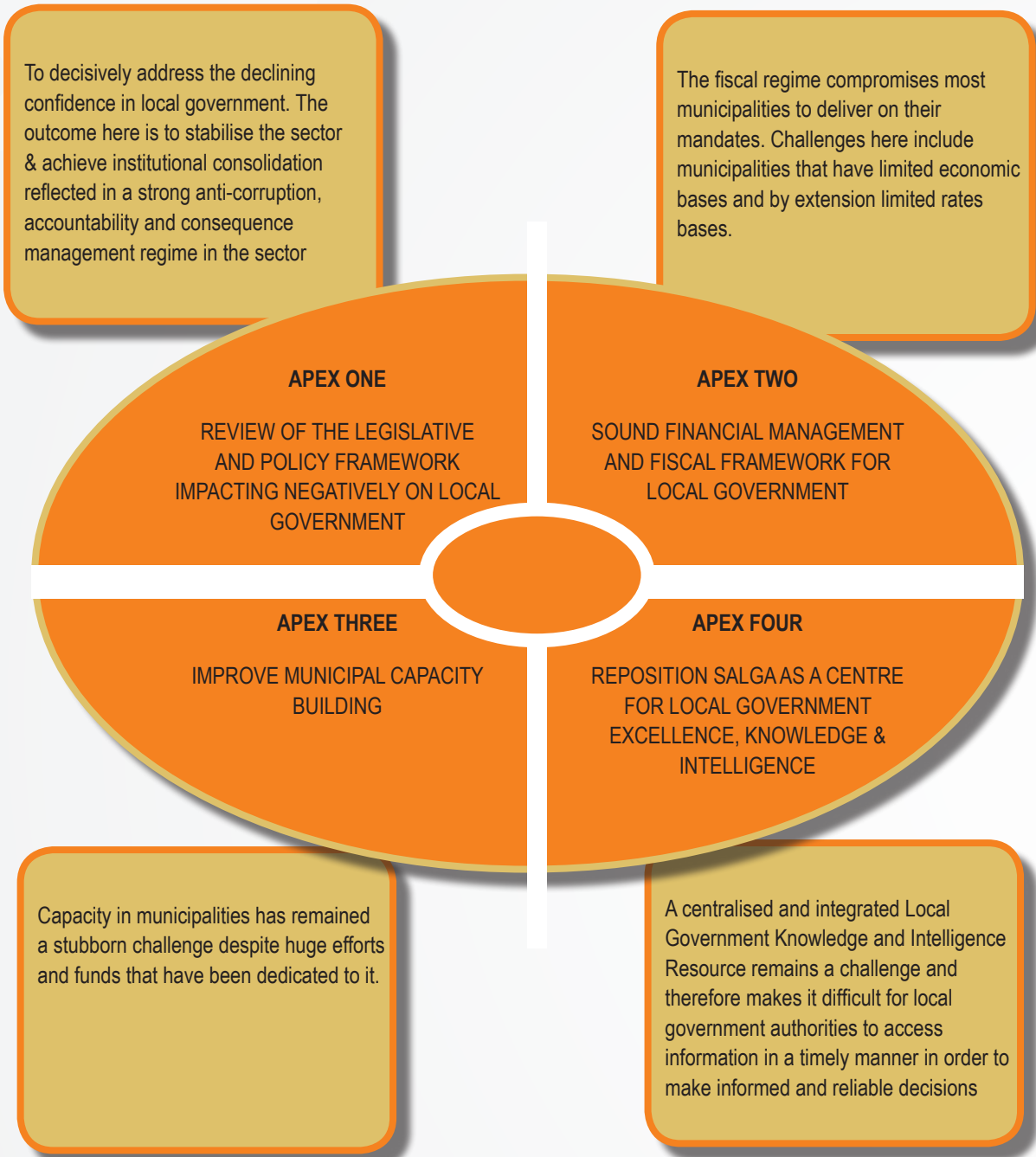
In this context, the plan commits the organisation to be member-centric, engage in meaningful partnerships, position itself for high performance and ultimately demonstrate the seriousness and commitment it has towards growing and developing the sector. The strategic goals represented the long-term results (outcomes and impacts) that the association has championed as the basis for driving service delivery, transformation, growth and development in the sector as a whole. These goals also serve as the basis for measuring success in the long-term. They represent the strategic focus that harnesses and galvanises the resources and efforts of the organisation towards a common purpose. Importantly, the goals also serve as a focal point for partners and stakeholders to lead and participate in interventions that are geared towards growing and developing the sector.

The seven goals are:

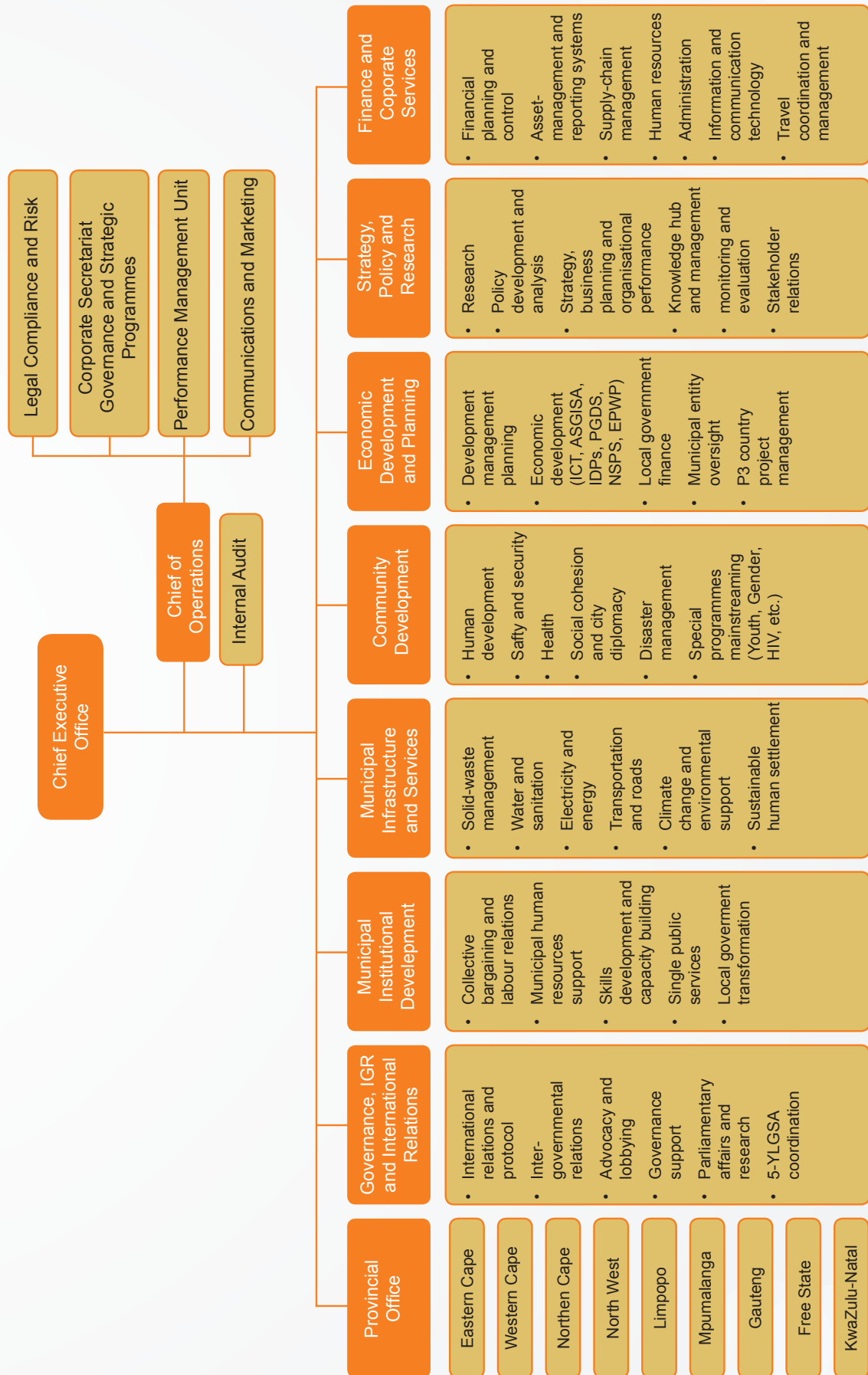


3.4. SALGA APEX Priorities

SALGA has identified cross-cutting priority areas that focus on critical impediments that have impacted negatively on the ability of local government to perform optimally. These are an integral part of the overall goals, objectives activities within the strategy but have been isolated due to the potential impact they could have towards the realisation of developmental local government. Addressing these could fundamentally overhaul the local government system in South Africa and place it on a path that would enable it to perform across a wide range of its mandates.



4. Organisational Structure



5. Corporate Governance

5.1. Funding Model

SALGA is mainly funded from the levies from member municipalities. With municipalities generally cash-strapped and with the voluntary nature of SALGA membership, this funding stream is neither predictable nor sufficient. The White Paper on Local Government rightfully argues that “for organised local government to be effective, additional sources of funding will need to be accessed”. The attempts of SALGA to source additional funding have been difficult, particularly as a direct result of the limitations of its listing as a public entity under Schedule 3 of the PFMA.

For SALGA to perform the role outlined in the White Paper, namely, “to make a strong contribution to the development of municipalities throughout the country through the provision of specialised services to supplement and strengthen the capacity of municipalities”, it is critically important that the current funding model be reviewed to empower the organisation to respond effectively to its mandate and stakeholder expectations. There is also an acknowledgement that SALGA may have had challenges undertaking its mandate, due to a lack of capacity and in-house skills, and this has prevented it from being effective in undertaking its responsibilities. Additional financing is therefore required to enable SALGA to overcome these difficulties. A formidable challenge is that the budget of SALGA is not only inadequate to fulfil its mandate, but it is also uncertain because membership and payment of levies by municipalities are entirely voluntary. Its response has been to initiate a comprehensive investigation into the organisation’s funding model, alongside a concerted effort to lobby national government to support a larger and more sustainable funding model.

The purpose of this assignment 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 the organisation in future years. In analysing the activities undertaken, cost drivers were identified. The report was considered and adopted by the SALGA National Members Assembly held in May 2010. The funding model has determined scientifically the following cost components that must be funded from the national fiscus. These are:

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

5.2. Risk Management

Utilising the Wide Enterprise Risk Management process in managing and mitigating business risks, SALGA has deployed a risk management strategy, supported by a risk management policy, anti-fraud and corruption policy and a fraud hotline. To facilitate and coordinate the implementation of the strategy and policy, a Risk Management Committee has been established comprising of two executive directors and two provincial executives. The Risk Management Committee meets on a quarterly basis. Reporting to the Audit Committee, the responsibility of the Risk Management Committee is to oversee the risk management activities, which include anti-fraud and corruption and also to advise on the effectiveness of the system and process of risk management.

A strategic organisational risk register was developed and major risks were identified that affect the entire organisation, furthermore business unit’s risk registers were also developed. The risks were analysed and suitable action plans were implemented to ensure the risks are mitigated to a suitably tolerant level that the organisation can sustain.

5.3. Internal Controls

The Internal Audit Function of SALGA was established in terms of PFMA and the Treasury Regulations. The Head of the Internal Audit Function reports administratively to the Chief Executive Officer and functionally to the Audit Committee, to ensure its independence. The purpose, authority and responsibilities of the Internal Audit Function are formally defined in the Internal Audit Charter, which is adopted by the Audit Committee and the National Executive Committee. The Charter grants the Internal Audit Function access to the records, personnel and physical properties relevant to the operations of the organisation, as appropriate and as required.

In terms of the Charter, Internal Audit is responsible for developing and executing the internal audit plans, in order to provide assurance to management and the Audit Committee on the system of internal control, risk management and governance. The purpose is to assist management to identify weaknesses in aforementioned systems within SALGA, and to provide recommendations on how to deal with those weaknesses. This is done primarily by auditing systems and processes, as per the internal audit plan, and furthermore by issuing reports detailing the results of the audits to management and the Audit Committee. The approach and the methodology are based on the International Standards of the Professional Practice of Internal Auditing (ISPPIA) and are in accordance with the Treasury Regulation 27.2.6.

The Annual Audit Plan for the period ending 31 March 2016 was fully executed and the Auditor-General put reliance on the work of the Internal Audit.

5.4. Legal and Compliance

The legal and compliance office of SALGA has been established and functions optimally. Amongst other core functions of the unit include:

- Review, implement and monitor processes for SALGA, aimed at ensuring governance in legal disputes;
- Minimise, mitigate and manage legal disputes and related costs;
- Provide guidance and co-ordination in respect of initiation or defence of litigation;
- Ensure effective corporate governance and, a compliant and ethical internal environment; and
- Ensure compliance with the Public Finance Management Act (PFMA), Treasury Regulations, King III on Corporate Practices, National Treasury Risk Management Framework (NTRMF) and any other relevant legislation.

5.5. Governance Framework

SALGA Governance Structures consist of the National Conference, Provincial Conferences, National Members Assembly, Provincial Members Assemblies, National Executive Committee, Provincial Executive Committees, National Working Groups as well as Provincial Working Groups. Its point of departure is to strengthen the local sphere of government in delivering a developmental agenda that is aligned to national strategic priorities and reinforces the work of the national and provincial spheres of government. The eradication of poverty and unemployment, alongside the stimulation of growth, lies at the heart of local government's mandate and found expression in the government-wide programme. As the front-line of service delivery, local government also plays a pivotal role in consolidating and deepening democracy at grassroots level.

The SALGA Constitution outlines and defines the roles and responsibilities of its political governing bodies. In an effort to improve the coordination and alignment of the SALGA governance structures at a provincial and national level, the SALGA National Members Assembly (NMA) of March 2008 adopted the SALGA governance framework. The framework allows for the effective consultation, mandating and reporting between structures and further allows for effective decision making by SALGA. The schedule of meetings allows for the National Executive Committee (NEC) to convene every three months and for Provincial Executive Committees (PECs) and national and provincial working groups to convene in-between meetings of the NEC. The following are our strategic governance structures that convened during the period under review.

5.5.1. National Executive Committee and Office Bearer

The NEC consists of:

- The Chairperson of SALGA;
- Three Deputy Chairpersons;
- Six additional members who are elected separately by the National Conference;
- Nine Provincial Chairpersons of SALGA who are ex-officio members of the NEC;
- The head of the administration; and
- The NEC may co-opt no more than three additional members.



Cllr Thabo Manyoni
Chairperson



Cllr Flora Maboa-Boltman
Deputy Chairperson



Cllr Nombulelo Hermans
Deputy Chairperson



Cllr Mpho Nawa
Deputy Chairperson



Cllr Abe Bekeer
NEC Member



Cllr Subesh Pillay
NEC Member



Cllr Zibonele Dumzela
NEC Member



Cllr Boitumelo Moloi
NEC Member



Cllr Chris Neethling
NEC Member



Cllr L-Ntshalintshali
NEC Member



Cllr Dudu Mazibuko
NEC Member



Cllr Francis Ratlhaga
NEC Member



Cllr Baldwin Mathibe
NEC Member



Cllr Nomakhosazana Meth
Chairperson: Eastern Cape



Cllr Sebenzile Ngangelizwe
Chairperson: Free State



Cllr Parks Tau
Chairperson: Gauteng



Cllr Welcome Mdabe
Chairperson: Kwa-Zulu Natal



Cllr David Magabe
Chairperson: Limpopo



Cllr Mafika Nkosi
Chairperson: Mpumalanga



Cllr Willie Johnson
Chairperson: Northern Cape



Cllr Kaone Lobelo
Chairperson: North West



Cllr Demetri Qually
Chairperson: Western Cape

CHAPTER ONE: Introduction

The National Executive Committee exercises the authority of SALGA between National Conferences and National Members Assemblies while the National Office Bearers oversees the implementation of decisions of the National Conference, National Members Assembly and the National Executive Committee by all SALGA governance structures and functionaries. During the 2015/16 financial year the National Executive Committee and the National Office Bearers held meetings as follows:

National Executive Committee Meetings	National Office Bearers Meetings
Dates	Dates
25/05/2015	08/07/2015
23/07/2015	25/01/2016
20/11/2015	
03/03/2016	

5.5.2. National Working Groups

The Working Groups facilitate coordination, consultation and inclusive decision-making between SALGA and its members and also serve as a forum through which organised local government members can consult with one another, at a political level, to contribute in so far as providing ideas, advice, political insight and support on the assigned areas of focus to SALGA's political governance structures, namely the National Executive Committee. SALGA has nine working groups which deals with various matters affecting municipalities. These workings groups

Councillor Support, Welfare and International Relations Working Group	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
23/06/2015	24/06/2015	25/05/2015
18/11/2015	17/11/2015	10/11/2015
10/03/2016	09/03/2016	08/03/2016
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
22/05/2015	19/06/2015	28/06/2015
08/09/2015	13/11/2015	12/11/2015
15/03/2016	18/03/2016	18/03/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
28/06/2015	25/06/2015	26/06/2015
12/11/2015	13/11/2015	13/11/2015
18/03/2016	17/03/2016	15/03/2016

5.5.3. Provincial Governance Structures

At the provincial level, the governance structures are a duplicate of the national governance structures

Eastern Cape

PEC Meetings	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
11-12/06/2015	29/05/2015	03/06/2015
03-04/09/2015	01/09/2015	18/08/2015
08-09/03/2016	25/02/2016	23/02/2016
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
20/05/2015	11/06/2015	21/05/2015
01/09/2015	06/08/2015	28/08/2015
26/02/2016	18/11/2015	02/03/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
21/05/2015	15/05/2015	04/06/2015
28/08/2015	05/08/2015	20/08/2015
02/03/2016	19/02/2016	04/03/2016

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Free State

PEC Meetings	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
01/04/2015	20/05/2015	12/05/2015
02/07/2015	12/08/2015	18/08/2015
06/11/2015	24/02/2016	23/02/2016
17/03/2016		
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
15/05/2015	13/05/2015	15/05/2015
12/08/2015	12/08/2015	13/08/2015
23/02/2016	24/02/2016	25/02/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
15/05/2015	15/05/2015	14/05/2015
13/08/2015	13/08/2015	19/08/2015
25/02/2016	25/02/2016	23/02/2016

Gauteng

PEC Meetings	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
05/06/2015	14/05/2015	14/05/2015
11/09/2015	14/08/2015	14/08/2015
23/11/2015	30/10/2015	30/10/2015
11/03/2016	19/02/2016	16/02/2016
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
14/05/2015	14/05/2015	14/05/2015
28/08/2015	21/08/2015	28/08/2015
06/11/2015	06/11/2015	13/11/2015
26/02/2016	26/02/2016	12/02/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
14/05/2015	14/05/2015	14/05/2015
07/08/2015	14/08/2015	28/08/2015
16/10/2015	06/11/2015	05/11/2015
26/02/2016	19/02/2016	04/03/2016

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KwaZulu-Natal

PEC Meetings	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
03/06/2015	10/06/2015	22/05/2015
28/08/2015	16/09/2015	27/08/2015
12/02/2016	02/12/2015	17/09/2015
	02/03/2016	
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
25/06/2015	14/05/2015	09/05/2015
02/09/2015	30/09/2015	23/09/2015
04/12/2015	24/02/2016	04/12/2015
12/03/2016		26/02/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
09/05/2015	07/05/2015	09/05/2015
23/09/2015	23/09/2015	21/08/2015
04/12/2015	04/12/2015	24/11/2015
26/02/2016	26/02/2016	29/02/2016

Limpopo

PEC Meetings	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
02/06/2015	15/05/2015	03/05/2015
04/09/2015	14/08/2015	12/08/2015
16/10/2015 special meeting	11/02/2016	12/02/2016
15/12/2015 special meeting		
03/03/2016		
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
14/05/2015	19/05/2015	14-15/05/2015
16/08/2015	14/08/2015	06-07/08/2015
10/02/2016	11/11/2015	12/02/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
14-15/05/2015	14-15/05/2015	15/05/2015
06-07/08/2015	06-07/08/2015	14/08/2015
12/02/2016	12/02/2016	12/02/2016

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Mpumalanga

PEC Meetings	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
11/06/2015	13/08/2015	14/05/2015
10/09/2015	12/11/2015	12/08/2015
04/12/2015	09/02/2016	12/11/2015
10/03/2016		11/02/2016
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
12/05/2015	18/08/2015	26/05/2015
13/08/2015	11/11/2015	11/08/2015
11/11/2015	11/02/2016	10/11/2015
10/02/2016		09/02/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
26/05/2015	26/05/2015	12/05/2015
11/08/2015	11/08/2015	12/08/2015
10/11/2015	10/11/2015	10/11/2015
09/02/2016	09/02/2016	09/02/2016

Northern Cape

PEC Meetings	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
29/06/2015	10/06/2015	10/06/2015
18/09/2015	05/08/2015	05/08/2015
14/12/2015	17/11/2015	05/11/2015
15/03/2016	08/02/2016	10/02/2016
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
20/05/2015	11/06/2015	11/06/2015
05/08/2015	06/08/2015	06/08/2015
17/11/2015	18/11/2015	18/11/2015
11/02/2016	10/02/2016	11/02/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
11/06/2015	11/06/2015	11/06/2015
06/08/2015	06/08/2015	06/08/2015
18/11/2015	18/11/2015	18/11/2015
11/02/2016	11/02/2016	11/02/2016

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North West

PEC Meetings	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
18/06/2015	13/05/2015	03/06/2015
10/09/2015	05/08/2015	18/08/2015
16/03/2016	10/02/2016	23/02/2016
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
11/05/2015	12/05/2015	14/05/2015
03/08/2015	06/08/2015	05/08/2015
09/02/2016	12/02/2016	10/02/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
15/05/2015	13/05/2015	14/05/2015
05/08/2015	06/08/2015	07/08/2015
10/02/2016	11/02/2016	11/02/2016

Western Cape

PEC Meetings	Governance and IGR Working Group	Community Development Working Group
Dates	Dates	Dates
05/06/2015	15/05/2015	13/05/2015
21/08/2015	14/08/2015	12/08/2015
16 & 18/09/2015 special meeting	12/02/2016	10/02/2016
30/10/2015 special meeting		
19/11/2015 special meeting		
03/12/2015 special meeting		
18/02/2016		
Municipal Finance Working Group	Economic Development and Planning Working Group	Municipal Infrastructure Planning Working Group
Dates	Dates	Dates
13/05/2015	15/05/2016	14/05/2015
12/08/2015	14/08/2015	13/08/2015
10/02/2016	12/02/2016	11/02/2016
Municipal Trading Services Working Group	Climate Change, Environmental Affairs and Sustainability Working Group	Municipal Institutional Development Working Group
Dates	Dates	Dates
14/05/2015	14/05/2015	14/05/2015
13/08/2015	13/08/2015	13/08/2015
11/02/2016	11/02/2016	11/02/2016

5.5.4. SALGA Management

As with all public sector institutions, the political governance structures are supported by an administration. In the case of SALGA, there are both the established national administration as well as nine provincial administrations. Support is not only provided on logistics and the convening of meetings, but also at a technical level. Support is provided to the governance structures to ensure that information and data is collected and consolidated and that proper reports are tabled for consideration at meetings. Technical support is provided to add value to the quality of reports tabled for consideration, by ensuring that the information and data generated by the various governance structures is properly packaged and analysed. In addition, the administration is to ensure that reports and recommendations are appropriately placed in context by considering all legal, financial, human resources and other implications. Recommendations are required to be clearly outlined for informed decision-making. The administration is also a generator of reports and recommendations for consideration by SALGA's governance structures. Therefore, it must facilitate the processing of reports through all SALGA structures, to ensure full and broad participation by the organisation in the decision-making process.

CHAPTER ONE: Introduction

Below is SALGA management both at national and provincial level

Senior Management



Xolile George
Chief Executive Officer



Seana Nkhahle
Executive Manager:
Office of the Chief Executive
Officer



Nceba Mqoqi
Chief Financial
Officer



Marx Mapuriwa
Acting Executive Director:
Economic
Development and Planning



Lorette Tredoux
Executive Director:
Governance and
Intergovernmental
Relations



Rio Nolutshungu
Executive Director: Municipal
Institutional Development



Mirriam Lehlokoa
Executive Director:
Community Development



Jean de la Harpe
Executive Director:
Municipal Infrastructure
Services



Simphiwe Dzengwa
Executive Director:
Municipal Finance

Provincial Heads



Seana Nkhahle
Executive Manager:
Office of the Chief Executive Officer



Gcinikhaya Mpumza
Provincial Executive Officer
SALGA Eastern Cape



Sabelo Gwala
Provincial Executive Officer
SALGA KwaZulu Natal



Modibedi Mongwe
Provincial Executive Officer
SALGA Northern Cape



Zanoxolo Futwa
Provincial Executive Officer
SALGA Free State



Thapelo Matlala
Provincial Executive Officer
SALGA Limpopo



Sam Makhubu
Provincial Executive Officer
SALGA North West



Lucky Leseane
Provincial Executive Officer
SALGA Gauteng



Gugu Langa
Provincial Executive Officer
SALGA Mpumalanga



Khalil Mullagie
Provincial Executive Officer
SALGA Western Cape

5.5.5 Oversight Committees

5.5.5.1 Audit and Risk Committee

The organisation's audit and risk committee is constituted in terms of section 77(a) of the Public Finance Management Act (PFMA); as well as per regulation 27.1.1; and 27.1.4 of the PFMA Treasury Regulations (2005).

The NEC constituted the Audit and Risk Committee to ensure its independence. All members are outside the public service arena.

The chairperson of the Audit Committee reports on its activities to the national executive committee on a regular basis. All members give a declaration at each audit committee meeting of any personal or financial interests that may conflict with their duties in this regard.

The audit committee convenes regularly and is attended by external auditors, the Chief Executive Officer, Chief Financial Officer, the Head of Internal Audit and relevant corporate officials. For the period under review, the audit committee has fulfilled all the requirements in terms of its responsibilities and functions, as per the audit committee charter, the PFMA and Treasury regulations.

The audit and risk committee was constituted as follows for the year under review:

Name of member	Role
Mr Temba Zakuza	Chairperson
Ms Octavia Matloa	Member
Ms Phumelele Ndumo	Member
Mr Nala Mhlongo	Member
Adv M Ralefatane	Member

5.5.5.2 Performance and Remuneration Committee

The organisation has a performance management and remuneration committee that supports the implementation and institutionalisation of performance management within the organization. The committee is an advisory body to the NEC authorised to review, guide and support SALGA in the proper implementation and strategic alignment of the organizational performance management policy and procedures, remuneration philosophy and strategy.

The Performance Management and Remuneration committee was constituted as follows for the year under review:

Name of member	Role
Mr. Chose Choeu	Chairperson
Ms. Elizabeth Dlamini-Khumalo	Member
Dr. Faizel Randera	Member
Mr. William Huma	Member
Cllr. Thabo Manyoni	Ex officio member
Cllr. Nombulelo Hermans	Ex officio member
Cllr. Nomakhosazana Meth	Ex officio member

6. Social Responsibility

Social responsibility is an ethical framework which suggests that an entity, be it an organisation or individual, has an obligation to act for the benefit of society at large. Social responsibility is a duty every individual has to perform so as to maintain a balance between the economy and its eco-systems. Organisational sustainability addresses the dynamic interactions among the economic, environmental and social impacts and interactions in the short, medium and long-term. SALGA strives to achieve this through the incorporation of ethical, transparent, responsible and accountable business practices into its operations, the institutional framework and strategies, decision-making, voluntary practices and organisation culture.

In 2009 the international Nelson Mandela day was officially launched by the United Nations (UN) General Assembly in recognition of Nelson Mandela's birthday on 18 July. This was inspired by a call Nelson Mandela made a year earlier, for the next generation to take on the burden of leadership in addressing the world's social injustices. SALGA has been inspired to take up this challenge and it has become a tradition for SALGANS to participant in local projects to honour the call to improve our communities.

For the year 2015/16 SALGA partnered with the Road Accident Fund (RAF) to honour this event. A Memorandum of Understanding (MOU) was signed between SALGA and Road Accident Fund to form partnerships and to collaborate on issues of public safety. The first implementation of the MOU was the commemoration of the Nelson Mandela day by rolling out the road safety campaign.

The purpose of the event on Mandela day was to support RAF with a mini-RAF campaign. This involved sharing information with the public on road safety and the services provided by RAF, handing out car seats to community members, donating baby blankets in hospitals, providing food parcels and maintenance on some of the ECD centres. These commemoration events were held in partnership with different municipalities in all the nine SALGA provincial offices.



Gauteng office staff handing blankets at Helen Joseph Hospital



SALGA Mpumalanga team at Mbalenhle Secondary School



Free state office providing maintenance to the ECD centre



SALGA Northern Cape visiting Steynville Secondary School in Hopetown

Chapter Two

Organisational Performance



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

CHAPTER TWO: Organisational Performance

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CHAPTER TWO: Organisational Performance

Introduction

Performance information is key to effective management planning, budgeting, implementation, monitoring and evaluation and reporting. Performance information indicates how well SALGA is meeting its goals and objectives, and which policies and processes are working.

Public Finance Management Act (PFMA) stipulates that an annual report is a critical tool for public entities to report against the performance targets and budget outlined in the annual performance plan.

In 2014, SALGA agreed that significant strides have unquestionably been made in improving local government. It further resolved that the organisation should start working on bringing greater focus to SALGA's programme of action, by having fewer and more impactful and outcomes based indicators, as well as institutionalising the multi-disciplinary planning and delivery approach within SALGA and its partners.

Key to this shift in direction was to reduce and focus the number of Key Performance Indicators in the SALGA Annual Performance Plan, from 86 to 28 indicators and 36 targets. A key aspect of positioning SALGA for the attainment of improved outcomes and impact is the process of identifying the major macro-strategic drivers that impinge on organisational and sectoral functioning. The creation of a conducive space for institutional consolidation remains a key strategic challenge, and whilst gains have been made in the local government arena, many challenges require urgent redress.

This annual report looks at SALGA's performance in relation to the targets as set in the SALGA 2015/16 Annual Performance Plan, thereby ensuring that SALGA is aligned to this directive and provide sits stakeholders with an accurate report on the performance of the 2015/16 financial year. These 36 targets were spread amongst the SALGA programmes.

The SALGA annual performance information as audited by the Auditor-General represent the organisational performance that can be categorised per the organisation's mandate; strategic goals and apex priorities. The organisation has attained 100% of its performance targets for the year under review. Further the Auditor-General has pronounced on the usefulness and reliability of reported performance information as disclosed on his report on chapter 3 of the annual report. This indicates the effectiveness of SALGA's controls with regard to performance planning and management.

Tabulated below is the summary of achievement per Mandate:

SALGA 2015-16 Annual Performance in terms of the Mandate					
MANDATE	KPI's	Achieved	Percent (%)	Not Achieved	Percent (%)
Capacity Building	3	3	100	0	0
Employer Body	3	3	100	0	0
Knowledge and Information Sharing	5	5	100	0	0
Lobby, Advocate and Represent	10	10	100	0	0
Organisational Excellence	1	1	100	0	0
Strategic Profiling	1	1	100	0	0
Support and Advice	13	13	100	0	0
Total KPI's	36	36	100	0	0

Tabulated below is the summary of achievement per Strategic Goal:

SALGA 2015/16 Annual Performance Report in terms of the Seven Goals						
GOALS	Total KPI's	Achieved	Percent (%)	Not Achieved	Percent (%)	
1. Local Government Delivering Equitable and Sustainable Services	5	5	100	0	0	
2. Safe and Healthy Environment and Communities	3	3	100	0	0	
3. Planning and Socio-Economic Development at Local Government Level	7	7	100	0	0	
4. Effective, Responsive and Accountable Local Governance to Communities	5	5	100	0	0	
5. Human Capital Development in Local Government	5	5	100	0	0	
6. Financially and Organisationally Capacitated Municipalities	6	6	100	0	0	
7. Effective and Efficient Administration	5	5	100	0	0	
Total KPI's	36	36	100	0	0	

Tabulated below is the summary of achievement per Apex Priority:

SALGA 2015-16 Annual Performance in terms of the Apex priorities					
APEX PRIORITY	KPI's	Achieved	Percent (%)	Not Achieved	Percent (%)
Apex 1: Review of the Legislative and Policy Framework	7	7	100	0	0
Apex 2: Review of the Fiscal and Financial Management Framework	9	9	100	0	0
Apex 3: Improved Municipal Capacity	14	14	100	0	0
Apex 4: Reposition SALGA as a Centre of LG Excellence, Knowledge and Intelligence	6	6	100	0	0
Total	36	36	100	0	0

1. Performance per Programme

SALGA's programmes are implemented through the SALGA directorates. Below are the highlights of performance per goal.





Executive Director

Municipal Infrastructure Services

Jean de la Harpe

1.1. Goal 1: Accessible, Equitable and Sustainable Municipal Services Delivered by Local Government

The mandate of the SALGA's Municipal Infrastructure Services (MIS) Directorate falls mainly within **SALGA Strategic Goal 1: “Accessible, Equitable and Sustainable Municipal Services”**. The directorate plays an integral role in:

- finding solutions to service delivery challenges that are common to municipalities;
- mobilising appropriate support from partners; and
- facilitating knowledge sharing from lessons learned through innovations within municipalities.

The directorate identifies funding and training opportunities to support municipalities on service delivery. Furthermore it undertakes lobbying and advocacy on policy and legislation to create a more conducive environment for municipal infrastructure service delivery.

The directorate has high ambitions to support municipalities to dramatically improve municipal infrastructure services. These ambitions cut across policy, legislative, institutional, financial and capacity support areas. The work of the directorate is therefore multi-dimensional in nature, requiring not only an excellent understanding of each of the sectors, but also an ability to influence and bring about change in policy, legislation, the institutional landscape, financial and fiscal set up, and within the real life context of municipalities on the ground. Our work requires strong linkages with other directorates within SALGA, especially Municipal Finance, Governance and Intergovernmental Relations, and Economic Development and Planning, as well as strong partnerships with various government departments, research institutions, development agencies, utilities, training institutions and the private sector.

1.1.1. Highlights of Performance for the Financial Year 2015/16

Local government needs levers to improve service delivery and drive economic growth. One such lever that the directorate has focused on is devolution of powers and responsibilities and the necessary capacity and fiscal instruments to support this devolution. Thus the directorate has worked hard to maximize opportunities from devolution by working with departments and leadership at a national level to ensure that local government has not only powers and function for infrastructure services, but also the resources to deliver sustainably.

Utilising devolution as one of the drivers of our work within the directorate, many of our targets for the 2015-16 financial year aimed to strengthen the service authority role of municipalities for infrastructure services, as well as the fiscal and financial instruments to ensure sustainability of services. For example, the directorate has undertaken extensive work in supporting municipalities to be accredited and assigned the human settlements function, as well as undertaking a major baseline study to determine the service authority status quo and support needs for water, sanitation, electricity, waste management, roads and transport. This work is complimented by a focus on the cost of providing services as well as influencing the grant framework to ensure that fiscal instruments such as infrastructure grants are properly designed to facilitate improved municipal infrastructure.

The directorate's primary focus during the 2015/16 financial year has been in four areas: legislation and policy development; financial and fiscal issues; knowledge sharing; and capacity development. In each of these areas, MIS has taken bold steps to address challenges and find solutions, which are summarised below:

Municipal Service Authority Function

Good governance is about accountability, transparency, responsiveness, equity, efficiency and effectiveness, inclusiveness and participation and following the rule of the law. The service authority role of local government provides the mechanisms through which good governance can be achieved, in terms of bylaws, local policies, integrated development planning, infrastructure development and infrastructure provision decision making and regulation. The directorate identified the service authority role as a key area within which to address both good governance and an improved local environment for sustainable service provision. A survey was conducted to determine the status quo for the service authority function for each of the following sectors: Electricity, Roads and Transport, Waste Management and Water Services. The survey clearly illustrates the maturity of municipalities' authority function across the different sector areas, for example in the water and sanitation sector, all municipalities that are water services authorities have the necessary bylaws, policies, plans, and institutional arrangements in place. However in other sectors such as roads and transport (which is a newly devolved function), considerable support is required to reach the same level of maturity as water services.

The outcome of the survey and analysis thereof also provides an indication of the extent to which municipalities are complying with legislative requirements in terms of the authority function. This provides the directorate with an overall picture of where improvement is required.

The organisation also undertook research into the legal mandate of municipalities to perform environmental management functions. This research has provided clarity on the role and responsibility of municipalities for environmental management and also identified appropriate performance measures (to be introduced to the municipal system) to assess progress on the implementation of environmental management. The research also provided the basis upon which the costs of providing the environmental function of local government can be calculated.

Cost of Services

Government needs to improve the way it both recognises and funds local government mandates. Within municipal infrastructure services, equitable share funding is insufficient to cover both free basic services and the many functions that local government is responsible for. Unfunded costs escalate year on year where many municipalities are now facing challenges to meet their bulk water and electricity debts. These debts are being funded from equitable share, when the expectation is that trading services (water and electricity) should be subsidising non-trading services such as parks, street lighting, storm water drainage, etc. A major question facing local government is whether the equitable share allocation is indeed sufficient to cover the costs of free basic services.

The directorate together with the Financial and Fiscal Commission (FFC) have conducted a major study into the costs of municipal services. Apart from the findings being utilised to influence equitable share allocations, they will be used to support municipalities to improve their budgeting, tariff setting and strategic planning for infrastructure and levels of service.

The findings of the research are particularly significant since they address costs across different categories of municipalities, from metros to rural as well as identifying all the cost components of each service. The FFC and SALGA has consulted various stakeholders and will be presenting the finding to Parliament in the next financial year. The implications of the findings will also be used to lobby for more sustainable financing of service provision.

In addition to the research on cost of municipal services, research was also conducted into the cost of performing local government environmental management functions. The outcomes of the research will enable SALGA to lobby for a revised fiscal framework that enables the proper resourcing of the environmental management function at municipal level.

Local Government Infrastructure Grant Review

During 2015/16, SALGA continued its partnership with the FFC, COGTA and National Treasury in the review of the local government infrastructure grants and the implementation of recommendations emerging from the review. The review has revealed a range of weaknesses within the grant system, and prompted new debates about long-standing issues with grants. The review also found many examples where the system itself is performing well but service delivery is constrained by other factors such as a lack of capacity, systems or planning. The review's key themes and areas for work established in the first phase are summarised as follows:

- a) Despite agreement on the need for differentiation, the grant system still largely treats non-metro municipalities the same regardless of their context, challenges or performance. Establishing greater differentiation in the structure of grants is therefore the first key theme. Linked to this is the need to consolidate grants where possible to reduce the number of grants each municipality receives;
- b) Asset management practices are weak and this undermines the sustainability of grant-funded infrastructure. Though largely an operational issue, the grant system does little to encourage improved asset management practices and is unduly focused on the creation of new infrastructure; and
- c) National government's administration, support and oversight of the municipal grant system is weak in many respects. For example the proliferation of grants (especially indirect grants) speaks to a lack of holistic oversight of the system by coordinating departments, whereas insufficient performance data (particularly non-financial data) highlights the lack of accountability in the system and weak monitoring and evaluation.

Through participation of SALGA in the grant review process, the following changes were realised and became effective for 2015:

- a) Two separate public transport grants to cities were merged into a consolidated grant named the Public Transport Network Grant (one for capital and one for operational expenditures). This began the process of rationalising unnecessary and duplicated administration in the grant system. It also enhanced the sustainability link between capital investment and on-going operational costs; and
- b) Changes were made to the conditions of the Municipal Infrastructure Grant (MIG) to more explicitly include provision for refurbishment projects. This responds to the concerns over asset management and the need to pivot the grant system away from exclusively investing in new infrastructure. It also expanded the role for sector departments in evaluating refurbishment proposals.

Service Delivery Agreements between Municipalities and ESKOM

One of the key priorities for SALGA in 2015/16 was to address the challenges related to the Service Delivery Agreements (SDA) between Eskom and municipalities, by documenting these issues and raising them with COGTA and NERSA, in order to gain agreement on requirements for SDAs. After extended engagements with stakeholders, in March 2016 SALGA submitted to NERSA a set of draft license conditions proposed to be in the Eskom license to facilitate the signing of SDAs between Eskom and municipalities. Amongst other things, these draft conditions ensure that ESKOM is contracted by the municipality to provide electricity reticulation services to ESKOM customers within the municipal area on behalf of the municipality, as contemplated in Section 81(1) of the Systems Act.

SALGA Participation in COP-21 Climate Change Agreements

For the first time in the history of South Africa's organised local government participation in the global climate change negotiations conferences (i.e. the UNFCCC COP processes), SALGA developed an official local government position. This position provided the reflections of local government on the climate change negotiations trajectory and the anticipated outcomes of the landmark COP21 negotiations held in Paris in December 2015. SALGA drafted a detailed discussion paper aimed at consolidating inputs towards defining an organised local government position on the climate change negotiations. SALGA convened the partner organisations, under the Local Government Partnership for Climate Change Programme (LGP4CC) which represents the technical element of the Local Government Climate Change Champions Committee, to further develop the content of the discussion paper. This position, endorsed by the SALGA NEC, was subsequently tabled in parliament and submitted to the Department of Environmental Affairs as input towards the negotiations.

Overall, SALGA coordinated the successful participation of municipalities in the 21st Conference of the Parties and successfully assisted cities such as the Cities of Cape Town, Johannesburg, EThekweni, Ekurhuleni; and municipalities such as Steve Tshwete to showcase their success stories at the exhibition in Paris.

Below is detailed performance as per the key performance indicated in the 2015/16 Annual Performance Plan

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
1	Electricity reticulation is in accordance with the Constitution and local government legislative framework	SALGA/Eskom Partnering Agreement signed on 30 October 2014; Presentation on progress on implementation of partnering agreement	Targeted industrial and operational challenges within the electricity reticulation industry are addressed by 31 March 2016	To ensure that member municipalities fulfil their mandate on electricity as per the SA Constitution. Through the implementation of the SALGA-ESKOM Working Group Plan (provided the plan has targets that we could monitor)	Targeted industry and operational challenges within the electricity reticulation industry were addressed as follows: After several engagements with stakeholders, SALGA submitted to NERSA a set of draft license conditions proposed to be in the Eskom license to facilitate the signing of SDAs between Eskom and Municipalities. The draft conditions amongst other things ensure that Eskom is to be appointed by the municipality to provide electricity reticulation services to Eskom customers within the municipal area on behalf on the municipality as contemplated in Section 81(1) of the Systems Act. This will resolve the challenges within the municipalities by enabling municipalities to levy and collect surcharges from Eskom.	N/A	N/A	Achieved
2	Service authorities fulfilling their authority function for selected municipal services	Municipalities in the 9 provinces engaged in the role they need to play in order to promote transport including roads in their organisation structure	Baselines for fulfilling water, sanitation, electricity, waste and transport service authority functions are established by 31 March 2016	SALGA is conducting research to establish a baseline for each of the basic services that municipalities need to provide. The results would be a research report presented to the national working group	Baselines for fulfilling authority function established for trade and transport services. This was achieved by developing a questionnaire which was circulated to municipalities. A report summarising baseline information from municipalities was developed and presented to the working group.	N/A	N/A	Achieved

CHAPTER TWO: Organisational Performance

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
3	Improved access to Infrastructure funding	Targeted stakeholders (municipal consultations) engaged on bulk and municipal infrastructure	Improved infrastructure grant architecture and lobby for establishment of other funding mechanisms (including for renewal) by 31 March 2016	SALGA in partnership with National Treasury conduct municipal consultation workshops for all the nine provinces (some provinces will be combined however, all nine provinces would be consulted) SALGA to present the outcomes of the consultations and LG Infrastructure Grant Review position paper to the National Working Group and Budget Forum.	SALGA lobbied for the establishment of other funding mechanisms in an effort to improve the infrastructure grant architecture. Through participation in the grant review process SALGA achieved the following result: Roads maintenance will now be funded through Municipal Infrastructure Grant (MIG). There is a new formulae to allocate the PTNG that was agreed upon. Changes were made to the conditions of the MIG to more explicitly include provision for refurbishment projects. Report with highlighted outcomes was presented to Budget Forum.	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
4	Improved coordination and access to service delivery support for municipalities	Waste Management SALGA has conducted a peer sharing session for the identified municipalities on differentiated approach for waste management support (Provinces Supported to Implement Differentiated Approach on trading services	Strategy for service delivery support (based on differentiated approach) is implemented in targeted municipalities by 31 March 2016	Support provinces on the differentiated approach. Identify relevant key institutions to assist with identified challenges in provinces	Strategy for service delivery support (based on differentiated approach) was implemented in targeted municipalities. The targeted municipalities were supported using differentiated approach and Back to Basics strategy which is led by COGTA. A consolidated report reflecting support provided by all provinces was produced and presented to national working group.	N/A	N/A	Achieved
5	The provision of municipal services becomes more sustainable and resilient	Knowledge sharing for cleaner environment facilitated in all nine provinces	Facilitate knowledge sharing on alternative energy, energy efficiency and greener service delivery mechanisms by 31 March 2016	Support provinces to conduct knowledge sharing (through workshops / any other form)	Knowledge sharing workshops were conducted on waste management, energy efficiency and renewable energy issues. Nine provincial workshops were conducted and one national workshop was conducted.	N/A	N/A	Achieved





Executive Director ***Community Development***

Mirriam Lehlokoa

1.2. Goal 2: Safe and Healthy Environment and Communities

The mandate of the SALGA's Community Development Directorate falls within **SALGA Strategic Goal 2: "Safe and Healthy Environment and Communities"**. The directorate comprised of two sub-programmes, i.e. Community Development and Human Development. The directorate aims to facilitate the transformation of local government, by assisting municipalities to:

- Mainstream transversal issues with specific focus on HIV/AIDS & TB, gender, youth, disability, older persons and children; and
- Facilitate human development through, social cohesion, sports, recreation, arts and culture, heritage, municipal health services and poverty eradication; protection of human and social capital by providing advice and support to disaster risk management and public safety initiatives at local government.

1.2.1. Highlights of Performance for the 2015/16 Financial Year

Municipal Health Services

This is an annual event hosted by SALGA and informed by the 2013 Summit Resolutions. The summit was hosted in partnership with the South African Institute for Environmental Health (SAIEH) on the 20th of August 2015 at Saint George Hotel in Irene, City of Tshwane. The Summit was convened under the theme 'towards a well-functioning and coordinated Municipal Health Services'

The Summit was attended by approximately 130 delegates and this included members of the Community Development National Working Group, National Department of Health, National Treasury, Environmental Health Managers and Practitioners from all the District and Metropolitan municipalities across the country, Portfolio Councillors, Provincial Environmental Health Managers, Civil Society Organisations, the private sector as well Institutions of Higher Learning.

CHAPTER TWO: Organisational Performance

The objectives of the 2015 Summit were to:

- Share the outcome of the 2015/16 audit on the provision of MHS in local government conducted in June 2015;
- Discuss progress on the implementation of the 2014 MHS summit resolutions;
- Facilitate discussions towards the functioning funding models for local government; and
- Discuss the scope of environmental health reporting in municipalities in the country.

The Summit was concluded with resolutions and these will be cascaded into an action/work plan to inform the way forward policy direction on the provision of the service.

MHS Status Quo Report

The second component on MHS relates to the status quo report. The delivery of MHS in Metropolitan and District Municipalities is a legal mandate for local government and it is incumbent on these Municipalities to ensure that they deliver a proper MHS to communities.

The status quo report deals in detail with the responses from the Municipalities within all nine (9) Provinces. It provides insight into the findings and recommendations reached following the analysis of the completed questionnaires received from the District and Metropolitan municipalities.

The main objective of the audit was to determine the state of MHS in the country and to identify challenges faced by Municipalities as they provide the service to communities.

This is the third assessment report compiled since 2013 and was undertaken by SALGA in partnership with South African Institute of Environmental Health (SAIEH). The report further looks into the details on the best practices in some Municipalities and their successes regarding the implementation of MHS, the devolution process as well as the obstacles and issues facing many of the Municipalities in rendering a sustainable and effective MHS to its communities.

The results of the survey will inform the local government position and enhance policy consultation and engagements towards improvement in the provision of municipal health services. The final report will be printed and circulated to provincial offices for distribution to municipalities. We also managed to get 100% response rate in the 2015 MHS audit.

SALGA Women's Commission

The fourth SALGA Women's Commission National Lekgotla took place from 29 September – 1 October 2015, in KwaZulu-Natal. The Lekgotla was convened under the theme "Women in Local Government united in moving South Africa forward - Towards 2016 and Beyond".

One of the main objectives of the Lekgotla was to revive the 50/50 campaign. The programme involved debating on the current male and female imbalances ahead of the upcoming 2016 Local Government Elections. The 50/50 campaign guards against losing capable women leaders who are making a difference in the political space. Different political parties were identified and invited to the Lekgotla as crucial stakeholders to the realization of the 50/50 campaign.

The National Lekgotla was attended by all the Provincial chapters of the SALGA Women's Commission, Chairpersons' of the Women Caucus (from all municipalities), the National Executive Committee, members of the Community Development National Working Group. The portfolios of the Councillors ranged from Executive Mayors and Mayors, Speakers, Chief Whips, Members of the Mayoral Committee etc.

Other stakeholders included Chapter 9 Institutions, Traditional Leadership, Civil Society Organisations, private sector including gender experts to engage in a constructive dialogue towards progressing women's issues across all spheres. The Lekgotla was attended by approximately 400 delegates and was concluded with the signing of the Declaration and a statement of commitment to the 50/50 campaign.

Human Development

The human development programme aims to support municipalities with human development in the following fields:

- Sports, recreation and infrastructure;
- Social Cohesion and City Diplomacy;
- Human development; and
- Public safety and security.

In this financial year, the Human Development's focus was:

- The implementation of sports, recreation and infrastructure programme including the implementation of an MoU with the South African Sports Confederation and Olympic Committee, development of MoU with Sports South Africa and follow-up on sports and recreation infrastructure;
- Implementation of the Social Cohesion and City Diplomacy programme including the implementation of arts, culture and heritage wherein development of guidelines on libraries are included, implementation of an MoU with University of Pretoria on cemeteries and finding respective implementation partners for crematoria, funeral parlour and heritage;
- Implementation of the Human Development programme including the implementation of respective MoUs with the Road Accident Fund and Moral Regeneration Movement on ethical conduct of political organizations ahead of the 2016 August Local Government Elections, a programme on migration and xenophobia, writing an article on racism and finding partners on water safety; and
- Implementation of the Public Safety and Security programme including the development of guidelines on disaster management and of the manual on disaster manual for councillors.

CHAPTER TWO: Organisational Performance

Below is detailed performance as per the key performance indicated in the 2015/16 Annual Performance Plan

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
6	Municipal environment becomes safer, cleaner and more sustainable	A framework for specific climate change support to municipalities was developed by SALGA national and distributed to provinces with the intention of establishing criteria for selecting municipalities to be supported on climate change interventions through the roll out of the Lets Respond IDP Toolkit and knowledge/awareness raising workshops.	Climate change planning is mainstreamed across selected municipal services by 31 March 2016	Selected Municipalities have climate change imperatives in their IDP's	Climate change planning was mainstreamed through the training workshops. These workshops were focusing on climate change, mainstreaming/integration, and the Lets Respond IDP Toolkit. Overall, 12 District municipalities and their local municipalities in all nine provinces were exposed to training and peer learning on climate change.	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
7	Municipal environment becomes safer, cleaner and more sustainable	A framework for specific climate change support to municipalities was developed by SALGA national and distributed to provinces with the intention of establishing criteria for selecting municipalities to be supported on climate change interventions through the roll out of the Lets Respond IDP Toolkit and knowledge/awareness raising workshops.	SALGA/DEA support strategy on environment implemented in targeted municipalities by 31 March 2016	Targeted Municipalities implementing the SALGA/DEA support Strategy on environmental management	SALGA/DEA support strategy on environment was implemented in targeted municipalities. SALGA's components of implementation plan of the LGS Strategy focused on the following: 1. SALGA co-convened the Local Government Support Task Team and Forum with DEA 2. Conducted study and developed the Legal Protocol, Proposed KPIs and the Costing of Environmental Performance reports 3. SALGA provinces have coordinated climate change and waste management support to selected municipalities.	N/A	N/A	Achieved
8	The role of women in local government is enhanced and gender issues are mainstreamed in the sector	SALGA Women's Commission Lekgotta Convened in November 2014	Integrated approach to gender mainstreaming is implemented through the SWC by 31 March 2016	Gender programmes coordinated and implemented in accordance with the operations of the SWC so that reporting of activities by provinces is aligned to the mandate of the SWC.	Integrated approach to gender mainstreaming was implemented through the SALGA Women's Commission (SWC). The SWC adopted a Programme of Action that was used to drive gender mainstreaming in all provinces and municipalities. It looked at equal representation of both men and women in political and governance structures of municipalities.	N/A	N/A	Achieved



CLOSED

OPEN

SPAZA SHOP

FUDGE

KOFFIE & KOEKSTERS

VETKOEK

NASTERCAL KONFYT

HOME-MADE JAMS

HOME-MADE JAMS

WYKIECH KOUER

BEIEM KOUER

KOETIE & KOEKSTERS

FUDGE

SPAZA SHOP



Executive Director (Acting) ***Economic Development and Planning***

Marx Mapuriwa

1.3. Goal 3: Planning and Economic Development at a Local Level

The Economic Development and Planning directorate (EDP) falls within the **SALGA Strategic Goal 3: “Planning and Economic Development in Local Government level”**. The directorate is responsible for providing support and advice to municipalities on initiatives that are aimed at building or improving municipal capacity to create conditions necessary for the development of economic and job opportunities. EDP is therefore involved with processes to foster collaboration between all spheres of government, the private sector and non-governmental organisations in order to create conditions that are necessary for local economic growth and job creation. It is within the context of striving for competitive local conditions and inclusive growth that spatial planning and land use management systems and processes are inextricably integral to creating conditions necessary for local economies to thrive including:

- Retaining and attracting new investments;
- Investing in hard and soft infrastructure;
- Leveraging on technological innovation to improve local competitiveness;
- Improving the ease of doing business for business in general and a special focus on emerging new, small and medium enterprises;
- Targeting the regeneration of small towns and specific precincts;
- Facilitating the development of informal economies;
- Developing business friendly regulatory systems and processes; and
- Formulating and implementing supply chain processes that encourage the participation of local businesses.

The EDP portfolio’s planning initiatives are geared at positioning development planning as a tool to enable sustainable economic development that creates jobs, improves income levels and reduces poverty.

1.3.1. Highlights of performance for the 2015/16 financial year

Spatial Planning and Land Use Management Act (SPLUMA)

As spatial planning and land use management are key to municipalities achieving their local economic development objectives, the EDP directorate provided support to municipalities to ensure that they meet the key readiness indicators to implement the Spatial Planning and Land Use Management Act that became operational on 1 July 2015. The support that was provided took the form of training sessions that were conducted in five priority provinces (North West, Mpumalanga, Limpopo, Eastern Cape and KwaZulu-Natal). Given the legacy of apartheid planning system and local government in particular is still struggling with a plethora of incoherent laws that regulate development planning and in most cases have negative impacts on local economic development. The EDP directorate was therefore involved in engagements with the Department of Trade and Industry for the review of the National Building Regulations and Standards Act to ensure consistency with the Spatial Planning and Land Use Management Act in order to entrench municipal planning as a competency of municipalities.

SALGA also convened the first series of dialogues on how municipalities can mainstream the objectives of the National Development Plan into their integrated development planning processes. The series of dialogues that will continue into the next financial year will culminate into a lobbying position for the review of the framework for formulating and assessing Integrated Development Plans to ensure alignment with the National Development Plan.

The Small Towns Regeneration Programme

SALGA has been at the forefront of driving the small town regeneration programme in across the country in selected municipalities. As part of galvanising stakeholders to rally behind the regeneration of small towns, SALGA hosted the inaugural small town regeneration conference on 22 - 23 October 2015 in Mangaung, Free State Province. EDP focused on small town regeneration as an approach to local economic development because small towns:

- Play an important role in both their local and regional economies despite the changes in their productivity and demographics;
- Act as intermediary centres that provide access to government services (including health and education), trade, personal and financial services to communities located in the small towns and the immediate hinterland;
- Play an important role as regional service centres for rural populations;
- Provide access for rural populations to a range of goods and services from both the private and public sector;
- Represent an important space to manage the urban-rural continuum;
- The regeneration of small towns provides an opportunity to optimise the use of existing infrastructure that is under-utilized as a result of outward migration; and
- Small towns act as pressure points when managing the tide of migration to major cities.

The conference was themed Small Towns New Futures. Small towns in the spotlight as the new frontiers of growth, given the alternative lifestyle that they offer. The conference focussed on four small towns typologies (tourism, mining, agriculture and transit towns) and attracted close to 400 delegates from various sectors including, municipalities, government departments, the academia, research institutions, financial institutions and the private sector.

The conference galvanised the sector and key stakeholders into focussing on opportunities offered by small towns and significantly influenced the narrative on small towns, from that of inevitable decline, to that of possible new frontiers of growth. The inaugural small towns conference ignited interest in small towns and the Central Karoo District Municipality is scheduled to hold a regional small towns conference on 7-8 April 2015 focussing on the small towns in the Karoo area (covering the provinces of the Western Cape, Eastern Cape, the Free State and the Northern Cape), that will see the formulation of regional framework for coordinating initiatives to revitalise the economies of small towns in the region.

CHAPTER TWO: Organisational Performance

Below is detailed performance as per the key performance indicated in the 2015/16 Annual Performance Plan

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
9	Improved ability of municipalities to shape and manage integrated development in their spaces	Circular No. 26/2014 highlighting key Municipal actions required in preparation for SPLUMA implementation was developed and disseminated to Municipal Managers and Executive Mayors	Municipalities supported to implement SPLUMA by 31 March 2016	<ul style="list-style-type: none"> Conduct an implementation assessment Identification of potential reasons/causes for non-implementation. Identification of best/leading practices. From the assessment report, propose corrective measures/interventions as well as knowledge sharing initiatives in case of leading practice/s. 	<p>SALGA provided support to municipalities on the implementation of SPLUMA.</p> <ul style="list-style-type: none"> A report on the outstanding key readiness indicators for the roll-out of SPLUMA for high priority municipalities was developed SPLUMA trainings were conducted in all high priority municipalities in order to get those municipalities ready for implementation of SPLUMA. 	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
10	Improved ability of municipalities to shape and manage integrated development in their spaces	A Libraries Project with the National Library Services was facilitated by SALGA for several provinces including Gauteng, Western Cape, and Free State for those municipalities who indicated a need to the project. A Concept document was developed and adopted by the NWG for implementation by provinces.	Lobby, advocate and engage for more effective local government roles and responsibilities on: Sport and Recreation, Libraries and Disaster Management by 31 March 2016	To lobby and advocate for Community Services of Sports and Recreation, Libraries and Disaster Management to be given more prominence by municipalities	<p>SALGA lobbied, advocated and engaged for more effective local government roles and responsibilities on: Sport and Recreation, Libraries and Disaster Management through the following:</p> <ul style="list-style-type: none"> SALGA advocacy briefs were developed to inform series of engagements in an effort to lobby and advocate for effective role of local government on the provision of community facilities with Department of Sport and Recreation, Arts and Culture, Civilian Secretariat for Police, the National Disaster Management Centre and Parliament. A framework for Municipal Sport and Recreation Programme was developed. SALGA submission on the Disaster Management Amendment Bill was presented to COGTA Portfolio Committee. The Bill was then passed by Parliament on 25 November 2015 and sent to the president for assent. Circular 2 of 2016 on the passing of the Disaster Management Bill by Parliament and proposal for the development of Guidelines for the Implementation of the Act was sent to municipalities. 	N/A	N/A	Achieved

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Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
11	Improved ability of municipalities to shape and manage integrated development in their spaces	Assessment and analysis report was developed and submitted to the National Working Group meeting	Lobby for the review of all development planning legislation and frameworks in order to ensure consistency with the provisions of the SPLUMA by 31 March 2016	To facilitate the review of existing legislation that are inconsistent with or contrary to the provisions of the SPLUMA	<ul style="list-style-type: none"> SALGA also made inputs into the draft White paper on Safety and Security. A stakeholder engagement was convened to create a platform for stakeholders to deliberate on the draft South African Public Library and Information Services Bill. SALGA lobbied the Portfolio Committee of Education, Culture, Sport and Recreation on Sport and Libraries on its position on Sports and Recreation with municipalities in a WC provincial workshop held on 18 July 2015, convened jointly by SALGA and DCAS. <p>SALGA lobbied for the review of the following development planning legislation and frameworks:</p> <ul style="list-style-type: none"> Preservation and Development of Agricultural Land Framework Bill Policy review of the National Building Regulations and Standards Act Presented on the "Role of municipalities in liquor licensing and the alignment of the National Liquor Act with the SPLUMA" at the DTI on 22/09/2015. 	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
					<p>SALGA convened a roundtable discussion with the Department of Trade and Industry regarding the consistency of the NBRSA. Also initiated a process to amend the Justice Rationalisation Act and make provision for interim measures to ensure that the NBRSA applies to the entire Republic as a component of municipal planning thereby aligning it to SPLUMA.</p> <p>Another roundtable discussion was convened with the National Regulatory of Compulsory Specifications regarding the consistency of Section 9 of the NBRSA and SPLUMA.</p> <p>SALGA facilitated the participation of politicians at the NCOP LG Week 2015 which discussed and made resolutions on the role of traditional leaders in land development in general and particularly SPLUMA.</p>			

CHAPTER TWO: Organisational Performance

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
12	Improved ability of municipalities to shape and manage integrated development in their spaces	Municipal IDP's not addressing the LG developmental role	Facilitate the adoption of a devolution strategy for local government that enables it to fulfil its developmental role by 31 March 2016	To develop a devolution strategy that addresses the developmental role of LG (Functions to be performed by local government)	<p>SALGA facilitated the adoption of a devolution strategy for local government that enables it to fulfil its developmental role. The Devolution Strategy which was approved by SALGA NEC on 30 March 2016</p> <p>A roundtable on the Devolution Strategy was held to finalise the draft strategy. The SALGA Devolution Strategy was approved by the NEC in March.</p> <p>A provincial workshop on Draft National Strategy for allocation of housing opportunities was held in October 2015. SALGA also made inputs into the Draft SALGA National Strategy for Allocation of Housing Opportunities policy.</p> <p>Legal comments on the draft policy framework on a coherent and inclusive approach to land for human settlements were also made. Held successful engaged with provincial departments of human settlements in KZN, Gauteng, NC and EC on municipal accreditation. Support was provided to new municipalities applying for accreditation in FS and NC.</p> <p>SALGA successfully lobbied National Department of Human Settlement for disbursement of Municipal Human Settlements Capacity Grant to metros.</p>	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
					A peer learning session with metros on spending on USDG was held. Further workshops were held in provinces to develop SALGA position on PIE and ESTA (Extension of Security of Tenure Amendment Bill) amendments. Submitted comments to National Department of Human Settlements on draft national allocation policy which were successfully incorporated into revised draft policy. Successfully lobbied Housing Development Agency on changes to draft national policy on land for human settlements. Successfully lobbied NDHS for changes to draft USDG policy.			
13	Small Towns are revitalized to effect greater socio economic development	The STR Programme was developed and it was rolled-out in North West in partnership with CLGF. The training sessions on Small Towns were held in North West and Gauteng.	Small Towns Regeneration Strategy is implemented in selected towns by 31 March 2016	To develop a strategy for Small Town Regeneration and implement in selected towns	Small Town Regeneration programme strategy was implemented in the four selected towns. A Steering Committees have been established for the four selected towns (Madibeng, Witzenburg, Moretele and Matlosana). The baseline assessment reports have been compiled setting the basis for the strategy and business planning process. In October 2015, SALGA hosted a Small Town Regeneration Conference under the theme Small Towns New Future! The conference focussed on four small towns typologies (tourism, mining, agriculture and transit towns) and attracted close to 400 delegates from various sectors including, municipalities, government departments, the academia, research institutions, financial institutions and the private sector	N/A	N/A	Achieved

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Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
14	The capability of municipalities and their development agencies to facilitate economic development is improved	PDP Training session were conducted in KZN, North West and EC	Implement a capacity development programme for LED and planning practitioners to be agents for change in local spaces by 31 March 2016	To extend the PDP programme to other provinces	A capacity development programme for LED and planning practitioners to be agents for change in local space was implemented through a training session held to train the trainer anchor facilitators for the implementation of the programme. An evaluation of the programme has been completed, which has resulted in options for the improved sustainable roll-out of the programme. A gap assessment of the PDP has been initiated in order to determine how and whether the programme can be accredited with SAQA.	N/A	N/A	Achieved
15	Capacity of local government on the integration of vulnerable groups and poverty eradication enhanced and mainstreamed	Workshops were held in the provinces to capacitate municipalities on the tools of integrating poverty in their programmes.	Municipalities supported to integrate issues of climate change, vulnerable groups and poverty eradication in their programmes by 31 March 2016.	Facilitate multi-stakeholder engagement with sector departments and other government agencies on dealing with climate change, vulnerable groups and poverty eradication at local government level.	Municipalities were supported to integrate issues of climate change, vulnerable groups and poverty eradication in their programmes through workshops to assist municipalities with the mainstreaming of climate change, vulnerable groups and poverty eradication.	N/A	N/A	Achieved





Executive Director

Governance and Intergovernmental Relations

Lorette Tredoux

1.4. Goal 4: Effective, Responsive and Accountable Local Government for Communities

The mandate of the Governance and Intergovernmental Relations directorate falls within **Strategic Goal 4: “Effective, Responsive and Accountable Local Government for Communities”** and it is responsible for driving the implementation of Apex Priority 1: Legislative and Policy Review.

The directorate plays a key role in providing hands-on support to municipalities on effective governance, oversight and accountability as well councillor support. The directorate is also responsible to drive the advocacy, lobbying and strategic engagement agenda of SALGA on behalf of our members in IGR fora, the NCOP and provincial legislatures. Hands-on Support to municipalities is provided in the form of legal advice, opinions, circulars and workshops.

1.4.1. Highlights of Performance for the 2015/16 Financial Year

SALGA focused on the policy and regulatory framework for local government, a more equitable remuneration and support framework for municipal councillors and senior managers, strengthening public participation on municipalities and in particular collaborating with civil society, improving oversight accountability and ethics in municipalities. Guidance was provided to municipalities affected by boundary re-determinations and a number of documents were developed that will be shared with municipalities to prepare for the transition occasioned by the 2016 Local Government Elections.

It also provides support and advice to our members on the development, impact and implementation of new policies and legislation.

Intergovernmental Relations (Lobby, Advocacy and Strategic Engagement)

The IGR portfolio’s key focus seeks to optimize local government’s participation in key national and provincial IGR structures where matters of concern and importance for municipalities are raised. IGR engagements covers both the executive and legislative arm of government, to ensure that we can input on policy and legislative development as well as make an input in the legislative process in the national and provincial legislatures.

SALGA Parliamentary Office

The Constitution allows SALGA 10 non-voting seats in the NCOP which allows local government a platform to engage with NCOP and articulate Local Government interests. The Parliamentary Office of SALGA therefore facilitates the participation of SALGA in the NCOP proceedings and its select committees, as well as participation in the Portfolio Committees of the NCOP. SALGA also engages members of the national assembly and NCOP on specific matters as part of the lobbying work. In 2015 SALGA and the NCOP co-hosted another successful Local Government Week.

The Office is also responsible for organizing a platform in parliament for SALGA to advance its agenda and keep SALGA structures informed of local government issues emanating from parliamentary discussions.

2015 Local Government Week

The 2015 LG Week was held under the theme “***Celebrating 15 years of democratic and transformative local government - entrenching cooperative government for people centered development***”.

The four main focus areas discussed included:

- 1) *A local government perspective on the achievement of the Millennium Development Goals and the Sustainable Development Goals with specific reference to Resolution 34:* The delegates considered the progress achieved against the United Nations Millennium Development Goals (MDGs) which were concluded by 2015. The LG Week informed LG practitioners of the draft Sustainable Development Goals, following on the MDGs, with were to be adopted by the United Nations in September 2015.
- 2) *Water and Sanitation:* The delegates reflected on the successes achieved in the last 15 years as well as on the challenges that are still to be overcome.
- 3) *A local government perspective on the provision of energy, particularly issues related to electricity reticulation, including municipal debt, tariff structures, alternative energy, and Free Basic Electricity:* The delegates reflected on progress made with the provisions of electricity, success achieved, institutional challenges and innovations in addressing load shedding.
- 4) *Perspectives on gender parity ahead of 2016 Local Government elections, gender violence as well as on gender mainstreaming in municipal programmes and gender focus in spatial planning and LED:*

The local government week reflected on the role of woman in local government in light of the upcoming local government elections.

One of the major outcomes of the 2015 LG Week is that SALGA obtained a commitment by the NCOP to closely look at legislation negatively impacting on service delivery in Local Government, as submitted to the NCOP earlier in the quarter. The inputs and lobbying done in this regard resulted in the establishment of a Committee under the auspices of the Speaker of the National Assembly to look at the impact of legislation passed since 1994. SALGA will during the 2016/17 financial year work with the Committee to address matters of concern to municipalities and the local government sector as a whole.

In addition, SALGA developed a regulatory impact assessment tool, which will be used to analyse new policy and legislation affecting local government. It is trusted that the application of the tool will result in a policy and regulatory framework for local government that is less onerous.

Roundtable on Public Participation and Inclusive Governance

As part of the work done on public participation, SALGA on 8 March 2016 hosted a national roundtable workshop on Public Participation and Inclusive Governance under the theme “Harnessing innovative inclusive governance initiatives within the local government sector to strengthen and enhance inclusive governance”.

Moretele LM and Tshwane Metro shared their good practices on Public Participation. The Good Governance Learning Network (GGLN) made a presentation on NGOs working with a Municipalities to strengthen Public Participation; while Afesis-Corplan discussed how best each municipality could structure relations with NGOs, NPOs and other community organisations.

The intended purpose of the roundtable was multi-fold. Firstly, it was to showcase good practices from municipalities and civil society organisations. The second and the most important aspect was to create a platform for both municipalities and members of civil society to discuss the best possible mechanisms municipalities could implement to structure formal relations between these important stakeholders. The third and final aspect focused on how best SALGA can provide responsive hands on support to all municipalities to deepen local democracy.

Roundtable on Anti-Corruption in Commemoration of International Anti-Corruption Day

For the first time ever, SALGA organised a roundtable dialogue on anti-corruption in commemoration of International Anti-Corruption day on 09 December 2015 in Pretoria. Participants included representatives from SALGA national and provinces, CoGTA national and COGTA GP & KZN, Corruption Watch, GIZ-GSP, PDG, Drakenstein Municipality, City of Johannesburg, DLG&HS, DLG (WC), DLG&HS (NW), Sol Plaatjie Municipality, City of Tshwane and Mangaung Metro.

The workshop focused on engaging key role-players on:

- The assessment framework and assessment indicators for anti-fraud and anti-corruption measures in municipalities as developed by SALGA in the 2015/16 financial year;
- The data and research gathered during the Assessment of anti-fraud and anti-corruption measures in municipalities; and
- The draft peer review mechanism for anti-corruption developed by SALGA in the 2015/16 financial year.

The outcome of the dialogue was towards completion of the National Report on the state of anti-fraud and anti-corruption measures in municipalities, the draft good governance and clean administration indicators and the proposed peer review mechanism.

It is anticipated that the peer review mechanism will be used in the 2016/17 financial year by municipalities to review its anti-corruption measures and to identify areas for improvement.

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Below is detailed performance as per the key performance indicated in the 2015/16 Annual Performance Plan

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
16	Policy and regulatory framework for local government is developmentally orientated and less onerous	SALGA attended 10 joint sitting of the National Assembly and the NCOP and contributed to the debates on the State of the Nation Address; Africa Union's Agenda 2063; Women's Day; Heritage Day and 16 Days of activism	Structured engagement with National and Provincial Legislatures and the Executive in respect of policy and legislation negatively impacting on Local Government by 31 March 2016	Attendance in Parliament and participation in legislative processes with a view of raising issues that have a direct impact on Local Government.	Structured engagement with National and Provincial Legislatures and the Executive in respect of policy and legislation negatively impacting on Local Government were held. SALGA participated in IGR structures, provincial legislature and held engagements with sector departments. SALGA submitted proposals to the NCOP on the legislation impacting on Local Government. Legislative impediments including a proposal on Organised Local Government Act. The Framework and Model for Municipal Support and Intervention was finalised and approved. SALGA Powers and Functions discussion document was finalised and approved. Developed a paper on separation of powers and strengthening the role of the Executive Mayor and submitted same to the Minister of CoGTA.	N/A	N/A	Achieved
17	Policy and regulatory framework for local government is developmentally orientated and less onerous	SALGA engaged with CoGTA on: Proposals on the Review of the OLG Bill, OLG Act 1997; and on the LG: General Laws Amendment Bill. Also engaged CoGTA in technical level to request the withdrawal of the Upper Limits for the salaries of senior managers; and participated in a Strategy session with CoGTA minister on the state and capacity of LG to deliver on its mandate.	Regulatory impact assessment tool developed and lobbied for implementation by 31 March 2016	Engage role players on legislative proposals adopted by NMA in 2013. Develop comprehensive position papers (s) on the regulatory and funding framework for OLG. Lobby key stakeholders.	The Regulatory Impact Assessment Tool was developed and approved by the NEC. A position on the most pressing legal impediments to Local Government, which includes the Municipal Property Rates Act, Councillor Remuneration and proposed amendments to the Organised Local Government Act and the funding of SALGA was developed and submitted to Minister: COGTA.	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
18	A decent, fair and equitable councillor and senior management remuneration and support framework	SALGA proposals for the 2014/15 Notice for the Upper Limits of Councillor's Salaries and Allowances were approved by the NEC of 03 July 2014 and forwarded to the Remuneration Commission on 11 August and presented to Councillor Welfare and Support NWG on 09 September.	CoGTA and the Independent Commission lobbied on policy and legislative amendments relating to councillor remuneration by 31 March 2016	Attendance at Stakeholders/ Sector Department platforms with a view of raising issues that have a direct impact on councillor welfare	<p>SALGA held engagements with CoGTA and the Independent Commission for the Remuneration of Office bearers prior to the publication of the 2015/16 Upper Limits Notice (published on 21 December 2015) to lobby them on policy and legislative amendments relating to councillor remuneration</p> <p>SALGA also held engagements with SASRIA (South Africa Special Risk Insurance Agency) with respect to the risk cover of properties and vehicles for councillors and the MCPF (Municipal Councillor Pension Fund) regarding pension benefits for councillors.</p> <p>Pursuant to the decision of the NEC held on 23 of July 2015, a Task Team was established to engage with the service provider appointed by the Independent Commission for the Remuneration of Public Office Bearers (ICROB).</p> <p>In each of its 9 provinces, SALGA conducted Councillor Support workshops to assist councillors on the interpretation of the new notice on Upper Limits and the new Tax Law Amendment Act.</p>	N/A	N/A	Achieved
19	Strengthened Public Participation approaches and processes in municipalities	SALGA developed a draft Concept Note for Provincial Roundtable on Community Involvement and Public Participation in LG and held provincial Roundtable discussions with Civil Society Organisation on Public Participation in NC, EC, GP and FS.	Promote good practices and knowledge sharing among municipalities on innovative public participation approaches through partnerships by 31 March 2016	<p>Collaborate with civil society organisations and stakeholders to initiate and introduce innovative public participation approaches and processes in municipalities through workshops/seminars.</p> <p>Facilitate peer learning or knowledge sharing on public participation in the provinces.</p>	<p>To promote good practices and knowledge sharing among municipalities on innovative public participation approaches through partnerships, SALGA developed a concept note for a National Roundtable on Public Participation to Strengthen Inclusive Governance in Local Government titled: "Harnessing innovative inclusive governance initiatives within the local government sector to strengthen and enhance inclusive governance". The National Roundtable on Public Participation which included participants from sectors departments, provincial legislatures, NGOs and various municipalities was held in March 2016. Report on Public Participation was approved.</p> <p>SALGA held engagements with a civil society and a number of stakeholders such as PwC, ECNGO, SANCO, Isandla Institute and GLZ. In Gauteng, SALGA in collaboration with Provincial CoGTA, conducted a Provincial Seminar on public participation with Civil Society Organisations and other stakeholders to initiate and introduce innovative public participation approaches and process in municipalities.</p>	N/A	N/A	Achieved

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Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
20	Oversight and Accountability in Local Government is enhanced through effective policies, systems, structures and implementation	The resolutions of the Anti-corruption Summit were disseminated to all municipalities via provincial offices during the first quarter. Municipalities were supported to implement the Anti-Corruption Summit Resolutions as and when requested.	Municipalities assisted to improve effectiveness and impact on oversight and accountability and to monitor the implementation of anti-corruption measures by 31 March 2016	Engage DCOG on the SALGA proposals on the review of the Anti-corruption strategy. Profile good anti-corruption practices in identified municipalities Develop a proposal on strengthening of institutional mechanism in municipalities to minimise corruption. Collaborate with key Anti-corruption agencies to capacitate municipalities in the fight against corruption.	To assist municipalities to improve effectiveness and impact on oversight and accountability and to monitor the implementation of anti-corruption measures, SALGA's Anti-fraud and Anti-corruption Measures Peer Review Mechanism were both finalised and approved after a number of engagements with CoGTA and anti-corruption agencies such as Ethics SA, Moral Regeneration Movement and GIZ. Ethics Charter for the Elections was also produced. In Gauteng, SALGA conducted the following workshops: <ul style="list-style-type: none"> Oversight and Accountability addressing Financial Misconduct and Consequence management for MPAC for Sedibeng Municipality. MPAC training workshop on the roles and responsibilities for MPACs, Audit Committees and Internal Audit conducted for Randfontein and Westonaria Local Municipalities. In Mpumalanga and Western Cape, SALGA assisted the following municipalities to review their Anti-corruption and fraud policies/strategies: <ul style="list-style-type: none"> Victor Khanye LM, Mbombela LM, Gert Sibande DM, Nkangala DM and Ehlanzeni DM. Beaufort West, Prince Albert, Kannaland and Central Karoo District municipality. A peer learning on Oversight and Accountability between Knysna and the City of Cape Town was facilitated while in Beaufort West and Knysna Municipalities a peer learning on anti-corruption was facilitated. Support on Oversight and Accountability was provided to all municipalities in the Central Karoo District, Stellenbosch, Kannaland, Oudshoorn and Overberg District Municipality. SALGA conducted an assessment of the identified good performing MPACs. SALGA also assisted individual municipalities on oversight and accountability as well as internal structures and functionaries as and when requested.	N/A	N/A	Achieved





Executive Director

Municipal Institutional Development

Rio Nolutshungu

1.5. Goal 5: Human Capital Development in Local Government

The mandate of the SALGA's Municipal Institutional Development (MID) Directorate falls within **SALGA Strategic Goal 5: “Human Development in Local Government”**. The role of the directorate is to ensure effective and efficient functioning of municipalities in terms of Human Capital Management and Development, Organisational Systems and through sustaining an environment of labour peace and stability. The role is discharged through the provision of advisory, support and knowledge management services on one hand and as an employer representative on the other.

1.5.1. Highlight of Performance for the 2015/16 Financial Year

Main Collective Agreements

Labour peace and stability was realised in the local government sector: through the signing of the Salary and Wage Collective Agreement and the Main Collective Agreement for 2015/16 to 2017/18.

Senior Management Induction Programme

The participation on the SMIP by senior managers contributed to enhanced understanding of legislative framework and applicable governance practices and policies. High level of professional competence (knowledge and skill), experience, behavior and ethics on the part of local government officials, both appointed and elected, especially those at the senior executive level (professionalism) is being promoted.

Professionalisation

The profiling of the human capital management function of municipalities has fostered consensus amongst municipal leadership on human capital management gaps and its impact on institutional performance. This inspired the establishment and embracing of the municipal human capital management function improvement plans that are in line with the differentiated approach envisioned for municipalities.

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Profiling of the capability maturity level of 129 municipalities in Human Capital Management function was conducted bring to date a total of 272 municipalities profiled.

To improve governance and compliance with the legislative framework, 82 municipalities were supported on Performance Management Systems (PMS). Municipalities capacitated on Performance Management Systems for improved governance and compliance with the legislative framework.

Upper Limits

A position to the draft notice on upper limits remuneration for senior managers was compiled and submitted to the Minister of COGTA on behalf of municipalities. The position papers submitted has broadened the discourse leading to amendments on the upper limits of remuneration.

SALGA Centre for Leadership and Development

SALGA embarked on the implementation of Phase 2 of the SALGA Centre for Leadership and Governance:

- a) Embarked on the SALGA Centre for Leadership and Governance (SCLG) marketing campaign through the provincial roadshows;
- b) Implemented prioritised products and services of the centre; and
- c) Secure funding for implementation of the SCLG programmes.

Through the SALGA Centre for Leadership and Development municipal leaders will drive a development agenda through active reflection and thought leadership in the sector. The medium to long term implementation of coherent learning and knowledge programmes through the SALGA Centre for Leadership and Governance should result in:

- Improved audit reports from the Auditor General;
- Enhance and evidence based decision making at a local level; and
- Improved decision making at all spheres of government as local leaders take up national and provincial leadership positions.

Councillor Development Programme

The Councillor Development Programme (CDP) is an LGSETA funded programme aimed to build a cadre of effective and efficient Councillors capable of discharging their duties in respect of providing strategic direction, policy formulation, administrative oversight, improving public participation and communication with all the stakeholders in their municipalities and other partners in the context of sound intergovernmental relations environment within which municipalities operate. Upon enrolment in the programme councillors undergo an LGSETA accredited training for 5 days which is NQF and Unit Standard aligned at which following areas of the training programmes are covered:

- Understanding of the legislative framework;
- Municipal Service Delivery Improvement;
- Leadership and Management;

- Local Economic Development;
- Municipal Finance;
- Programme and Project Management;
- Community Development;
- Supply Chain Management; and
- Public and Media Communication.

In the period under review, 123 training sessions were convened attended by 3 084 delegates (councillors) provincially and 2509 certificates issued to councillors deemed competent in programme. Below is the provincial breakdown of certificates issued.

Provinces	No. of Sessions Convened	No. in Class	No. of Portfolio of Evidence	Not Yet Confirmed	Certificates Submitted to SALGA	Certificates Ready for Submission	Results Outstanding
Eastern Cape	27	591	25	4	499	52	9
Gauteng	9	196	7	1	167	16	5
Free State	11	348	5	1	319	17	6
KwaZulu-Natal	26	654	56	7	426	125	40
Limpopo	14	374	17	0	332	19	6
Mpumalanga	12	313	20	0	262	31	0
North West	14	309	30	0	267	9	3
Northern Cape	4	195	16	0	146	32	2
Western Cape	5	101	9	0	91	1	0
Total	122	3081	185	13	2509	302	71

The impact achieved in this programme is a high level of professional competence (knowledge and skill), experience, behavior and ethics on the part elected officials of local government officials is being promoted.

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Below is detailed performance as per the key performance indicated in the 2015/16 Annual Performance Plan

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
21	A mutual gains approach to collective bargaining enhanced resulting in improved Labour Relations environment in local government	A report on the impact of the existing collective multi-year agreement was developed and presented. Subsequent to the development of the impact report, SALGA formulated its position for 2015 negotiation onwards, consultation sessions ensured with municipalities.	Lobby and represent the interest of the employer in collective bargaining and labour relations (municipalities, NEDLAC, etc.) by 31 March 2016	<ul style="list-style-type: none"> Conduct an implementation assessment. Identification of potential reasons/causes for non-implementation. Identification of best/leading practices. From the assessment report, propose corrective measures/interventions as well as knowledge sharing initiatives in case of leading practice/s. 	SALGA lobbied and represented the interest of the employer in collective bargaining and labour relations matters. SALGA concluded and signed on the following agreements in the period under review (a) Salary and Wage Agreement for 2015/16 to 2017/18 (b) The Main Collective Agreement under the auspices of the SALGBC (c) Adoption of the Service Charter for Local Government by SALGBC parties	N/A	N/A	Achieved
22	A mutual gains approach to collective bargaining enhanced resulting in improved Labour Relations environment in local government	Represented member municipalities across provinces in DC processes, conciliations, arbitrations and litigations.	Facilitate, advocate and advice municipalities on labour relations processes and policies. (dispute management, conciliation, arbitration and litigation) by 31 March 2016	Represent member municipalities in DC processes, conciliations arbitrations and litigation.	SALGA facilitated, advocated and advised municipalities on labour relations processes and policies across provinces in disputes processes, conciliations, arbitrations and litigations through cases referred and handled by SALGA. A multiyear wage agreement was concluded for 2015/16 to 2017/18.	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
23	Professionalised human resources management & development in local government	Professionalisation plan was roll-out in the following pillars of professionalism: (a) Service Orientation- Senior Managers Induction Programme (b) Leadership and Management- SALGA Capacity Building Prospectus. (c) Technical- SALGA Capacity Building Prospectus. (d) Institutional- • Developmental Municipal Human Capital profiling.	Prioritised areas of the Professionalisation Framework are implemented and monitored in selected municipalities by 31 March 2016	Roll-out of professionalisation implementation plan for target municipalities	Prioritised areas of the Professionalisation plan were implemented and monitored in the following pillar's: (a) Service Orientation- Senior Managers Induction Programme (b) Leadership and Management- SALGA Centre for Leadership and Governance and Back to Basics Leadership Development Workshops (c) Technical - Councillor Development Programme (d) Institutional - Developmental Municipal Human Capital profiling (In the period under review 129 municipalities were profiled using the human capital maturity profiling tool and 65 municipalities provided with post profiling support. 82 municipalities supported with Municipal Performance Management Support Systems (PMS).	N/A	N/A	Achieved

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Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
24	Leadership and technical capacity of municipalities is enhanced to lead and manage resilient and stable municipal institutions.	Phase 1 of the SCLG was launched together with its products and services catalogue	Phase 2 of the SALGA Centre for Leadership and Governance is implemented by 31 March 2016	Development of the Phase 2 implementation plan	<p>SALGA implemented phase 2 of the SALGA Centre for Leadership and Governance:</p> <ul style="list-style-type: none"> Embarked on the SALGA Centre for Leadership and Governance (SCLG) marketing campaign through provincial roadshows in all provinces Implemented prioritised products and services of the centre Secured funding of R 21 million for implementation of the SCLG programmes. 	N/A	N/A	Achieved
25	Leadership and technical capacity of municipalities is enhanced to lead and manage resilient and stable municipal institutions.	Councillor Development Programmes roll-out were conducted in all provinces in the period under review e.g. Portfolio Based CDP	Facilitate the implementation of training and leadership development programmes for councillors and officials (Portfolio based training) by 31 March 2016	Roll-out of Councillor Development Programmes in all provinces during the course of this year	<p>SALGA implemented training and leadership programmes for councillors and officials in the following:</p> <p>(a) Senior Manager Induction Programme: 291 Municipal Senior Officials were inducted</p> <p>(b) Back to Basics Leadership Development Workshops : 361 Councillors attended workshops</p> <p>(c) Councillor Development Programme: 3084 Councillors trained and received NQF level 4 certificates.</p>	N/A	N/A	Achieved





Executive Director

Municipal Finance

Simphiwe Dzungwa

1.6. Goal 6: Financially and Organisationally Capacitated Municipalities

The mandate of the SALGA's Municipal Finance directorate falls within **SALGA Strategic Goal 6: “Financially and Organisationally Capacitated Municipalities”**. In order to ensure operational efficiency to achieve the above objectives, and capacity to monitor; support; and lobby, the directorate is postured to align to the following three key pillars:

Fiscal review (resource mobilization), dealing with:

- LG Fiscal Framework review;
- Revenue & Financial Management; and
- Municipal viability & sustainability.

Research (research mobilisation), dealing with:

- Reform agenda;
- Data analysis; and
- Capacity building support.

Municipal Audit Support (resource allocation and accountability), dealing with:

- Institutional Capacity;
- Financial Management;
- Leadership; and
- Governance.

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The directorate's main focus during the year under review has been following were the key focus areas for the Municipal Finance directorate during the year under review:

- To support improved financial management and compliance with MFMA in local government;
- To support municipalities with revenue enhancement and debt reduction strategies;
- To participate in the review of local government fiscal framework;
- To assist municipalities with identifying and introducing alternative revenue sources; and
- To support municipalities with the implementation of the Municipal Property Rates Act and engage on the legislative and policy issues affecting local government.

1.6.1. Highlights of Performance for the 2015/16 Financial Year

Municipal Audit Support Programme (MASP)

MASP was launched in July 2014 as a programme to support municipalities with particular emphasis on those who have adverse or disclaimer audit outcomes and those municipalities whose audits are not finalized by the legislated deadline (red zone municipalities) in order to gradually improve and sustain these improvements to their audit outcomes and collectively address root causes and risk areas as identified by the Auditor General.

In 2015/16 the municipalities in the Red Zone has reduced from 60 to 40. Eight of those Red Zone municipalities who progressed were provided with hands on support from SALGA while one municipality moved from disclaimer to clean audit opinion. SALGA's intervention has ensured a decrease in the number of Red Zone Municipalities as well as improved audit outcomes.

More Equitable Local Government Fiscal Framework

In 2015, SALGA commissioned a comprehensive study on the concerning issue of high levels of debt owed to municipalities. This issue has added significance given that certain municipalities are now unable to meet their own credit obligations to their bulk suppliers due to the inability to recover such funds from their customers. The study comprehensively analysed the municipal revenue management value chain to highlight the key challenges faced by municipalities in the revenue management process and to propose solutions to such challenges. The solution(s) are contained in a best practice framework envisaged to be rolled out to selected municipalities in 2016/17 and included proposed interventions to improve internal municipal capacity and systems and recommendations to support overall municipal revenue management in the country.

It is important to reiterate that the fundamental solution to improve municipality revenue management lies with municipalities improving internal capacity and systems. However, the study also highlighted that some external interventions are required to improve the overall municipal revenue management system and offer local government additional measures to implement their debt and credit control policies. This includes:

- a realignment of capacity building grants to correct challenges in the basic facets of the revenue management process that are not in place in various municipalities. This includes the need for accurate valuation rolls, basic customer data and appropriate meter reading systems;
- the establishment of a data verification working group and a central database of defaulters to drive the development of key municipal customer data to improve data management at a municipal level and to ensure that individuals with outstanding debt in one municipality cannot interact with other municipalities in any capacity, respectively; and

- the development of a common billing system to support resource-constrained municipalities, where it is not cost effective to operate sophisticated billing systems and credit control processes in general.

Other recommendations include proposed legal amendments to certain sections of the Municipal Systems Act, the need for additional regulations to regulate key additional credit control mechanisms for municipalities, such as the seizure of property for non-payment of municipal debt, and the formation of a multi-jurisdictional municipal revenue management agency to centralise revenue management at a district level. In terms of the latter, this will assist municipalities where the cost of implementing credit control outweighs the revenue benefit. This is most apparent in smaller and rural municipalities, where they do not have the electricity and water function to use as a lever to induce payment and subsequent legal steps to recover debt are too expensive.

The study, its findings and recommendations was presented at various SALGA and other stakeholder platforms and received an overwhelming amount of positive feedback for the thought leadership shown and bold proposals made.

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Below is detailed performance as per the key performance indicated in the 2015/16 APP:

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
26	Local government fiscal framework is more equitable	SALGA's input on the review of the LG Fiscal Framework submitted to the Budget Forum	Lobby, advocate and engage for funding to ensure equitable fiscal dispensation for local government by 31 March 2016	Conduct research on current shortfalls in the equitable share and present to budget forum	To lobby, advocate and engage for funding to ensure equitable fiscal dispensation for local government a research was conducted and position developed to lobby for additional and equitable budget allocations (2015/17). The proposal was tabled at the Winter and Spring Budget Forums held in June and September 2015, respectively. SALGA's inputs on the Division of Revenue Bill (2016/17) was presented in Parliament March 2016.	N/A	N/A	Achieved
27	Local government fiscal framework is more equitable	LG Mandate on sports and recreation, libraries and Disaster management and health services presently underfunded	Lobby, advocate and engage for more effective and sufficiently funded local government mandate on: Sport and Recreation, Libraries and Disaster Management by 31 March 2016	Engage with stakeholders at National and provincial levels to discuss funding issues for community facilities	In an effort to lobby, advocate and engage for more effective and sufficiently funded local government mandate on: Sport and Recreation, Libraries and Disaster Management, SALGA convened engagements sessions with stakeholders like National Treasury, Department of Arts and Culture as well as the National Disaster Management Centre to review the funding model for local government on Sport and Recreation, Libraries and Disaster Management functions. A fiscal audit was also conducted in the financial year to identify challenges that local government is faced with in the delivery of such services.	N/A	N/A	Achieved
28	Financial and Regulatory Reform	A position paper on the funding needs of the municipalities who are struggling to implement Accounting Standards and SCOA was developed	Support municipalities on implementation of financial reforms (SCOA) by 31 March 2016	Implement remedies as recommended in the position paper in the struggling municipalities	To support municipalities on implementation of financial reforms a training of councillors on mSCOA implementation was conducted. A monitoring and evaluation document to assess implementation of mSCOA was also developed.	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
29	Fiscal instruments adequately reflect life cycle costs of infrastructure services	Municipal compliance barometer developed	Indicative cost for water, electricity, waste management and transport services are defined by 31 March 2016	Conduct a research on the costs for the provision of basic services, waste management and transport services	Indicative cost for water, electricity, waste management and transport services were defined through a cost of service study conducted on the provision of services. The outcomes of the study was presented at the SALGA governance structures.	N/A	N/A	Achieved
30	Municipalities improve revenue management, credit control and outstanding debt	Provinces assisted to support municipalities in Revenue management, credit control and outstanding debtors	Model on billing and alternative revenue sources for municipalities developed by 31 March 2016	Develop a model on billing and alternative sources of income for municipalities	A model on billing and alternative revenue sources for municipalities was developed after conducting a billing study was conducted. The results of the study was shared with stakeholders. The study was also presented at various platforms, including SALGA Governance Structures.	N/A	N/A	Achieved

CHAPTER TWO: Organisational Performance

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
31	Municipalities with adverse or disclaimed audit opinions is eradicated	The internal audit unit had provided support to 26 municipalities	Municipal Audit Support Programme to selected municipalities is implemented by 31 March 2016	Selection of municipalities assisted to improve functioning of the Internal audit function, Risk Management and Audit Committees through onsite visits and advice	<p>In implementation of the Municipal Audit Support Programme (MASP), hands-on support on various issues was provided to municipalities during the year under review. SALGA also provided support to municipalities on Back 2 Basics.</p> <p>PARI Research was completed and outcomes shared with Municipalities. Research also provided a key source of information for the development of support plans for Municipalities. Support plans were developed for all 60 Red Zone municipalities based on latest available audit report and PARI Research report.</p> <ul style="list-style-type: none"> 43 Municipalities received hands-on support Number of Red Zone Municipalities reduced from 60 to 40. 8 Red Zone municipalities who progressed were provided with hands on support by SALGA. MASP Provincial Workshops with Provincial Treasuries, Provincial COGTAs and Office of Premiers held in 7 provinces and this assisted in fostering stronger collaboration with these Departments in the provision of support to Municipalities. Initiated the development of an online support portal for SALGA. 	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
					<p>SALGA signed a Memorandum of Understanding (MOU) with the Institute of Internal Auditors (IIA) that will assist with the MASP program.</p> <p>A total of 38 municipalities were assisted during the 2015/16 financial year with the roles of Internal Audit and Audit Committee at the Risk and Audit Committee forum in different Municipalities:</p> <ul style="list-style-type: none"> • Free State - 15 municipalities assisted • Western Cape - 4 municipalities assisted • Limpopo - 8 municipalities assisted • North West - 9 municipalities assisted 			





Executive Manager

Office of the CEO

Seana Nkhahle

1.7. Strategic Goal 7: Effective and Efficient Administration

The mandate of the SALGA's Office of the CEO falls within **SALGA Strategic Goal 7: “Effective and Efficient Administration”**. The Office of the CEO is the engine of the organisation. Its main responsibilities are to ensure effective administration thereby ensuring that the organisation is complying with the relevant legislative framework. It also ensures that the SALGA governance structures are convened as per the Governance Framework of SALGA. The office of the CEO ensures that municipalities are equipped with the relevant knowledge to execute their mandates through the SALGA Barometer and Knowledge Hub.

1.7.1. Highlights of Performance for the 2015/16 Financial Year

Knowledge Management

In this financial year, the development of the Local Government Knowledge Hub is an important milestone for SALGA and the sector. The Knowledge Hub will enable easy access to the sector's data, knowledge and intelligence resources; share and profile best practices that are relevant for the sector and overtime, the Knowledge Hub will enable SALGA to build a body of knowledge (institutional memory) of LG sector that will serve as the reference for the future.

The 2nd edition of the In.KNOW.vation a SALGA innovation publication that profiles municipal knowledge, innovation and excellence was published with a theme “Why is Innovation critical for municipalities?” The publication explores the subject of innovation in municipalities.

The 9th National Municipal Managers Forum was co-hosted with Frances Baard District and Sol Plaatje Local Municipalities in Kimberly, Northern Cape from 04 – 05 June 2015. This platform provided an opportunity for Municipal Managers to contribute to the strengthening of the sector by informing improvements in Local Government performance collaborates in addressing common concerns and facilitates inter-municipal peer-learning.

Municipal Barometer

The Municipal Barometer (MB), a web based portal containing raw data (statistic), disaggregated to ward level was augmented. Additional functionalities were added on the tool to enhance easy access, user friendliness and robustness. The updated version include the following features: Performance Matrix Model (PMM), Municipal Rating Tool (MRT), Municipal Transversal Issues Report (MTIR) and Scoring and Ranking. The following broad thematic areas, Access to Basic Services, Integrated Development Planning, Human Resources, and Municipal Finances were uploaded with additional municipal level data for the years 2011 to 2014.

The PMM is a database which exhibits the performance of all municipalities according to a comprehensive range of indicators. Currently, there is almost 840 indicators populated with data under the PMM. This tool allows for the analysis of a number of performance indicators for a particular region or for the comparison of a number of regions' performances in selected indicators.

The MB Rating Tool scores and ranks municipalities' performance over time on selected indicators as well as illustrating assent of individual municipalities to the NDP. Whereas, the MTIR feature capacitate the automatic generating of reports for individual municipal performance. The findings in these reports are unique in line with conditions prevalent in individual municipalities.

The Municipal Barometer demonstrates factual performance information about municipalities over time, areas that municipalities are struggling with as well as successes areas. Municipalities and other users of the MB can use the information to identify areas for intervention, peer learning and to improving planning processes.

Research

Given SALGA's mandate in supporting local government in the intergovernmental relations system, the need for high quality and methodologically sound research is key in enabling SALGA to provide informed support and advice to municipalities, while also ensuring evidence based recommendations to actively influence the policy arena and debate on behalf of local government. High quality research is key in strengthening all aspects of SALGA's role to municipalities and in this regard, the research unit was revived.

A sound and implementable research strategy was required to not only provide strategic direction for the unit but to also assist the various portfolios to achieve SALGA's strategic goals. One of the key milestones for this unit was the development of the SALGA 2016-2021 Research Strategy

SALGA entered into a MoU with the University of Johannesburg as one of the means within which SALGA will generate cutting edge, evidence based credible knowledge and information that will strengthen SALGA's ability to influence the policy agenda. It is envisaged that more collaborations of this nature shall foster cooperation and development of joint initiatives that will assist SALGA to achieve its mandate while building and strengthening SALGA's research capacity.

During 2015/2016 the following research reports were developed:

- 15 Years Review on Local Government;
- Community protest study; and
- The study on the state of turnover & retention in critical municipal positions.

Two research papers were published and disseminated at various platforms including the AfriCities Conference as well as at the seminar co-hosted by SALGA and the Human Science Research Council (HSRC).

Municipal ICT

The Municipal ICT unit is a newly established unit in SALGA and its vision is “To create distinctive value for municipalities by ensuring that the use of ICTs within Local Government is leveraged for improved organisational performance and service delivery, and connected citizenry.” The positioning of ICTs within Local Government finds itself within the Transformational Agenda that SALGA is charged with as a representative voice. SALGA promised to deliver ensuring that, “Engaging with national policy, industry and ICT agencies to enhance ICT in Local Government”.

During the 2015/2016 SALGA built partnerships with private and public entities within the ICT sector, through the signing of Memorandums of Agreement, with the view to build ICT capacity in Local Government. The envisaged outcomes to the partnerships are:

- Development of Smart solutions for better management of municipal utility functions;
- Development of a shared ICT Infrastructure services model;
- Building of Business Cases for Broadband Connectivity and an Integrated Financial Management System for Local Government; and
- Developing solutions that lower the cost of using ICTs within Local Government by leveraging bulk buying options and better software licensing options.

Marketing, Communications, Stakeholder Management

In line with SALGA's mandate to raise the profile of local government the organisation has consolidated its approach to marketing, communication and stakeholder relations through the development of an integrated strategy. This will ensure that the overall communication and image of the organisation is credible and consistent. To this end for the period 2015/2016 the organisation developed a branding and positioning strategy that will see a rebranded organisation with a new strategic vision. The development of this brand and positioning strategy brought its benefits for SALGA in that the organisation now has a brand positioning which informs the overall purpose and vision of the organisation. A key highlight in the rebranding of SALGA is the newly developed pay off line and brand identity which is aligned to the overall strategic framework of the organisation.

In line with the organisation's mandate to profile local government success stories, a profiling campaign marking the fifteen years of democratic local government was implemented. An integrated campaign on radio was implemented highlighting the highlights in service delivery for the sector. The Africities Summit was used as a platform to kick start this campaign and on the 03 December 2015 the 15 years of local government was celebrated.

External communication has gained ground in the period 2015/2016 with the organisation's social media activities gaining traction. The number of followers on both twitter and facebook has increased significantly and as such SALGA has been afforded significant presence in the social media space. Media analysis reports indicate that SALGA's coverage in the media has gained traction as opposed to previous years. The consistent activity which SALGA has invested in developing ties with the media has seen the media approaching SALGA for comments on the local government sector. This has increased the coverage on SALGA and media analysis reports from media monitoring companies bear testament.

SALGA has partnered with strategic stakeholders in the private and public sector and entered into MOU's to enable SALGA to fulfil its objectives as set out in the organisation's strategic agenda. SALGA hosted the inaugural Chairperson's golf day which was well attended by stakeholders.

Strategy and International Relations

The Image and Functioning of South African Local Governance Regionally and Internationally was strengthened through the following three strategic pillars:

a) Strengthen South African Municipal International Relations and Profiling

SALGA facilitated 3 municipal bids (Johannesburg, Tshwane and eThekweni) for the UCLG Culture 21 Mexico City International Award, which is the only global Award that explicitly connects culture to the sustainable development of cities.

SALGA supported the Presidency bid and campaign of the City of Johannesburg Mayor for UCLG World President in March 2016, developing the overall strategy and manifesto for the campaign, as well as through the NEC resolution on 30 March 2016 to support the bid.

A discussion paper on the localisation of the post 2015 development agenda (African Union Agenda 2063 and the Sustainable Development Goals) was developed and disseminated for the consideration of the 2015 Provincial Members' Assemblies.

SALGA participated in the Annual Consultative Forum for International Relations, hosted by the Department of International Relations and Cooperation (DIRCO), which was held on 25 November 2015. It considered key policy issues in the municipal twinning policy and in coordinating the international development cooperation agenda of South Africa, and local government's role therein.

b) Promote Regional and Continental Integration and Partnerships

The 2015 AfriCities 7th Summit was successfully hosted by the City of Johannesburg, in partnership with SALGA, from 29 November 2015 to 03 December 2015. The outcomes included an agreement on governance and institutional reforms to the continental mother body (UCLGA), with SALGA to lead those reforms in the pursuit of building unity and effectiveness to the work of local government on the continent and its governing body. In preparation for the AfriCities General Assembly, SALGA also successfully hosted the Southern African Regional Organisation (SARO-UCLGA) regional congress in Menlyn, Pretoria in October 2015, which nominated the region's leadership to serve on the continental structures of the UCLGA.

SALGA developed and published opinion pieces on AfriCities and participated in a number of media engagements in September to November to profile AfriCities 7 and build awareness of the significance of the event for South Africa and in localising the AU Agenda 2063.

SALGA hosted the Southern African Regional Seminar entitled African local governments today, contributing towards African Unity from 17-20 August 2015, which was aimed at concretising the local level implementation of Agenda 2063 as a comprehensive strategy to optimize the use of Africa's resources for the benefit of all Africans.

SALGA actively participated and contributed to the final position adopted in the Habitat III Abuja Regional Conference, held in Abuja, Nigeria from 24-26 February 2016 and in the Mexico City regional conference from 9-11 March 2016.

SALGA, in partnership with the Commonwealth Local Government Forum (CLGF), supported the Malawi Local Government Association (MALGA) with its strategic planning for the medium term, from 13-16 July 2015. SALGA developed the final report for the use of MALGA, a key emerging partner in the Southern African region, to shape its prospective strategic plan.

c) Strengthen International Partnerships and our Cooperation Agenda

SALGA, in partnership with the CLGF, participated in an expert mission to support the CLGF Asia Region advocate for local economic development (LED) as an approach to actualising the Indian National Urban Livelihoods Mission Policy by sharing expertise and experiences from South Africa with Indian Counterparts, from 27 September – 3 October 2015. Specifically, SALGA is provided expert support with a pilot project focused on local economic development with the state of Madhya Pradesh in India (which has also signed a MoU with the Gauteng Province) on the role of LED and City Strategic Planning.

SALGA participated in the Global Taskforce Financing for Development Conference in Addis Ababa, from 13-16 July 2015, aimed at finding innovative mechanisms and approaches to financing the implementation of the post 2015 development agenda.

SALGA participated in the UCLG-MEWA (Middle East and Western Asia) Smart Cities meeting, in cooperation with the World Academy for Local Government and Democracy, which was held on 11-13 August 2015 in Konya, Turkey and officially hosted by the Konya Metropolitan Municipality. The focus of the meeting was to present smart city applications and to build on the network of technologies and smart solutions to the knowledge base of local government.

A SALGA delegation was part of the historic occasion of the adoption of the 17 Sustainable Development Goals (SDGs) at the United Nations from 25-28 September 2015.

SALGA played a critical role in shaping the post 2015 learning agenda of the United Cities and Local Governments (UCLG), the global body of local governments, on 29-30 September 2015 in Barcelona, Spain, which would inform the capacity building approach of local governments around the world to the implementation of the post 2015 development agenda.

The SALGA Centre for Leadership and Governance was submitted and profiled in the September edition of the UCLG Capacity Building Working Group newsletter, informing municipalities and local government associations around the world of the launch and programmes of the Centre, and inviting partnership collaboration from interested international stakeholders.

Internal Audit

The key highlights for the Internal Audit unit was that the unit successfully completed the Internal Audit coverage plan, assisted Auditor General to carry out audits for some processes and also performed two ad-hoc audits. The unit facilitated the signing of the Memorandum of Understanding (MoU) between SALGA and the Institute of Internal Auditors (IIA). There has been changes leading to improvement of the SALGA organisational governance, risk management and control processes. This has assisted the audit Committee in delivering their key activities and responsibilities which aids in achieving their objectives as set out in the SALGA Audit Committee Charter.

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Below is detailed performance as per the key performance indicated in the 2015/16 Annual Performance Plan

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
32	SALGA is the hub of local government data, knowledge and intelligence to improve local government functioning	LG data and knowledge products sourced, centrally stored and disseminated in the sector	Knowledge generation and sharing within the sector is facilitated by 31 March 2016	Data collection, data processing, data uploading, writing up and dissemination of reports, briefs and conducting knowledge sharing workshops	<p>Knowledge generation and sharing within the sector is facilitated through the development of Local Government Knowledge Hub. The Hub is a repository of the sector's knowledge and intelligence resources to enable easy access, collaborations and building of the sector's intuitional memory.</p> <p>Twenty (20) learning events in the form of roundtables, dialogues and internal meetings were hosted. Internal meetings in the form of SALGA Information and Knowledge Exchange (SIKE)</p> <p>External events were hosted with COGTA and Presidency on the alignment of the National Development Plan and Integrated Development Plans and with Human Sciences Research Council on the Community Protests Study.</p> <p>The activities that promoted knowledge generation and sharing in the sector on the importance and use of data were primarily achieved through four mechanisms with quarterly implementation plans:</p>	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
					<ul style="list-style-type: none"> • Presentations of the Municipal Barometer (MB) and outputs derived from the MB informal platforms of local government structures in each quarter; • The convening of quarterly steering committee meetings in which partners were informed of progress in the collection of data, the outreach activities, and the additions to the Municipal Barometer interface and functions, • The hosting of reference group meetings in which representatives from municipalities, called Municipal Barometer champions, participate. • The presentation of research project findings in which data derived from MB data was used. <p>21 awareness raising events for the MB were presented in forums ranging from Working Groups, Policy Dialogues, Municipal Managers Fora, IDP Managers Fora, and Provincial Members Assemblies in four provinces and Provincial Roadshows in all provinces.</p> <p>Research projects which utilized the data from the MB included the 15 Year Review of Local Government and the Community Protest: Local Government Perceptions Study. The former study was launched at Africities in November 2015 and has been subsequently presented in platforms in which the Community Protest Study was presented in various structures.</p>			

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Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
					<p>During 2015/2016 three research reports were developed: -</p> <p>a) 15 Years Review on Local Government,</p> <p>b) Community Protest study and</p> <p>c) The study on the state of turnover & retention in critical municipal positions were developed.</p> <p>Two research were published and disseminated at various platforms including the Africities Conference as well as at the seminar co-hosted by SALGA and the Human Science Research Council (HSRC).</p>			
33	Long term sustainability and relevance of SALGA is assured	New indicator	Strategy on sustainable services for SALGA is developed by 31 March 2016	To develop a Quality Management Strategy	<p>Strategy on sustainable services for SALGA was developed. Also conducted road shows in all provinces to present the concept of quality management programmes and solicit inputs. The Quality Management Programme concepts was also presented during the following provincial members assemblies held from October to November 2015; Eastern Cape, Free State and Limpopo. Draft Quality Management Strategy developed after consultations with provinces</p>	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
34	The image and credibility of local government is strengthened	A selection of best and good practices published and uploaded to the Knowledge Hub	Successes, innovation and excellence in the local government sector is documented, promoted and communicated by 31 March 2016	<p>The publication of regular briefs on good and best practice within the LG environment</p> <p>The rebranding of SALGA</p>	<p>Successes, innovation and excellence in the local government sector was documented, promoted and communicated through the following:</p> <p>A rebranding and positioning strategy for SALGA was developed and approved by NEC.</p> <p>A comprehensive research was conducted with both internal (employees) and external stakeholders in the development of the strategy.</p> <p>This enabled the organisation to consolidate the organisation's purpose which will contribute to the strategic vision of the organisation. The strategy has also assisted the organisation to identify gaps and develop brand objectives in ensuring that the future reputation of the organisation is protected. An Integrated profiling plan was also developed to mark the celebration of 15 years of democratic local government.</p> <p>SALGA has enlarged its presence significantly in the social media space by maintaining consistent activity notably on Facebook and Twitter. This has enabled SALGA to connect with citizens which has not always been possible. SALGA has also seen increased presence in the media space and the number of media queries directed to SALGA on local government issues.</p>	N/A	N/A	Achieved

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Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
					<p>The media relations activity has also been robust around SALGA flagship events such as the Local Government Week, Africities Summit, and Small Town Regeneration Summit, SASCOC/SALGA Sports Conference as well as the launch of the annual Municipal Benchmarking Report.</p> <p>SALGA convened its very first Chairperson's Golf Day which was supported and sponsored by Old Mutual. SALGA signed MOU's with key strategic stakeholders to ensure that partnerships are in place to enable SALGA to fulfil its mandate.</p>			
					<p>The 2nd edition of the In.KNOW vation publication was developed. The publication explores the subject of innovation in municipalities. The Innovations of the City of Tshwane were profiled, and the Executive Mayor, Cllr Kgositsho Ramokgopa interviewed on the importance of innovations for municipalities. Other articles includes innovations for low-resourced municipalities, innovations from international cities with lessons for local municipalities and the profiling of the SAB Foundation Social Innovations Awards and the Govan Mbeki Human Settlements Awards.</p>			

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
35	SALGA is efficient, effective and sustainable organisation	<p>The SALGA 2013-14 Annual Report developed.</p> <p>SALGA unqualified audit 2013-14</p> <p>The SALGA 2015-16 APP Approved.</p>	Governance and operational excellence is achieved by 31 March 2016	<p>The development of the SALGA 2014-15 Annual Report.</p> <p>An unqualified report for 2014-15</p> <p>The development and approval of the SALGA 2016-17 APP</p>	<p>SALGA governance and operational excellence were achieved through the following:</p> <p>SALGA achieved operational excellence yet again. The Annual Report 2014/15 financial year was a clean audit. This is a sign of maturity in SALGA's planning, implementation and reporting phases.</p> <p>The 2016/17 Annual Performance Plan was also presented to the Portfolio Committee of COGTA and was received with great appreciation to the good work that SALGA is doing in the transformation of the local government sector. All the quarterly report were submitted to Minister: COGTA within a stipulated time.</p> <p>The Legal Department has rolled out online Legal Content support for municipalities which sits on the SALGA Knowledge Hub. Municipalities that are utilizing the product has access to the following: online legislative solution covers all National, Provincial and Local Government Legislation Gazettes Online allows member municipalities to stay abreast of amendments and proposed amendments to Legislation, current Awareness Alert which is a daily e-mail alert service that updates on three major areas: News, Legislation and Case Law.</p>	N/A	N/A	Achieved

CHAPTER TWO: Organisational Performance

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
36	SALGA is globally acknowledged as a leading local government association	During 2014-2015 SALGA participated in many international platforms: For further information see the AR 2014-15	The image and functioning of local governance regionally and internationally is strengthened by 31 March 2016	SALGA to participate in regional and international LG Forums.	<p>Risk Management training was conducted in all SALGA Provincial offices and directorates. Support was provided to all SALGA Provincial offices and directorates in the development of the operational Risk Register for 2016/2017.</p> <p>A total of 13 Audits were performed during the 2015/16 financial year. The Internal Audit Charter, Audit Committee Charter and Internal Audit Methodologies were revised and approved by Audit Committee for the new financial year 2016/17.</p> <p>All SALGA governance structures were convened as per the year calendar.</p> <p>The image and functioning of South African local governance regionally and internationally was strengthened through enhancing municipal international relations and profiling, promoting regional and continental integration and partnerships, and building a strategic international partnership and cooperation agenda.</p> <p>The successes included:</p> <p>Hosting the momentous 7th Africities Summit in partnership with the City of Johannesburg and the continental local government body, contributing towards African Unity aimed at concretising the local level implementation of Agenda 2063;</p>	N/A	N/A	Achieved

Target Number	Outcome (KPI)	Baseline	2015/16 Target	Target Description	Annual Result 2015/16 (Overall achievement including provinces)	Variance (both over and under achieved)	Reason for variance	Performance Status
					<p>The substantive participation in Habitat III regional conferences in Abuja, Nigeria and Mexico City, Mexico, as well as the SALGA delegation being part of historic occasion of the adoption of the 17 Sustainable Development Goals (SDGs) at the United Nations from 25-28 September.</p> <p>SALGA participated in several expert missions, in partnership with CLGF, to support the emergent Malawian Association of Local Government and the CLGF Asia Region by sharing expertise and experiences from South Africa with our counterparts on pilot programmes.</p> <p>SALGA also played a critical role in shaping the post 2015 learning agenda of the United Cities and Local Governments (UCLG), the global body of local governments, and profiled the work of the SALGA Centre for Leadership and Governance in the September UCLG Capacity Building Working Group newsletter, informing municipalities and local government associations around the world of the programmes of the Centre, and inviting partnership collaboration from interested international stakeholders and partners.</p>			

The Report of the Performance Management and Remuneration Committee



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery



Chairperson

Performance Management and Remuneration Committee

Chose Choeu

Report of the Performance Management and Remuneration Committee

The performance management and remuneration committee is pleased to present its report for the year ended 31 March 2016.

1. Performance management and remuneration committee

The Performance management and remuneration committee (REMCO) is a sub-committee of the National Executive Committee (NEC) and it supports implementation and institutionalisation of performance management within the organisation. The Committee is an advisory body to the NEC, authorised to review, guide and support SALGA in the proper implementation and strategic alignment of the organisational performance management policy and procedures, remuneration philosophy and strategy.

2. Responsibilities of the committee

The National Executive Committee of SALGA established the Performance Management and remuneration committee as its advisory body that has an oversight over the implementation of the Performance Management System policy and procedures, as well as the remuneration policies and practices of SALGA.

- a) The main purpose of the performance management and remuneration committee is to ensure the adoption of remuneration policies which:
- b) aim to attract and retain top talent;
- c) are aligned with the organisation's strategy; and drive performance in the long-and short-term.

The Performance management and remuneration committee was established to assist SALGA in: maintaining the integrity of the performance management system; exercise oversight over the implementation of the performance management system and policy, as well as the remuneration policies and practices within SALGA; confirm the appropriateness of the institutional goals of SALGA in pursuing its strategy; ensuring objective performance reviews; considering and making recommendations on all

Report of the Performance Management and Remuneration Committee

matters relating to performance management and remuneration to the National Executive Committee. The committee has oversight over the following:

- a) review and ensure the proper application of organisational performance management policy and procedures, remuneration philosophies, strategies and other policies aligned to the approved organisational strategy and objectives of SALGA.
- b) the Committee is empowered to consider and make recommendations to the National Executive Committee on all matters relating to the performance management and remuneration of SALGA.
- c) policy frameworks and policy decisions taken by the REMCO shall be binding to all administrative structures of SALGA.
- d) the Committee presents reports to and receives feedback from SALGA's National Office Bearers and National Executive Committees on all matters relating to their work.

The Committee's terms of reference, *inter alia*, include the following responsibilities:

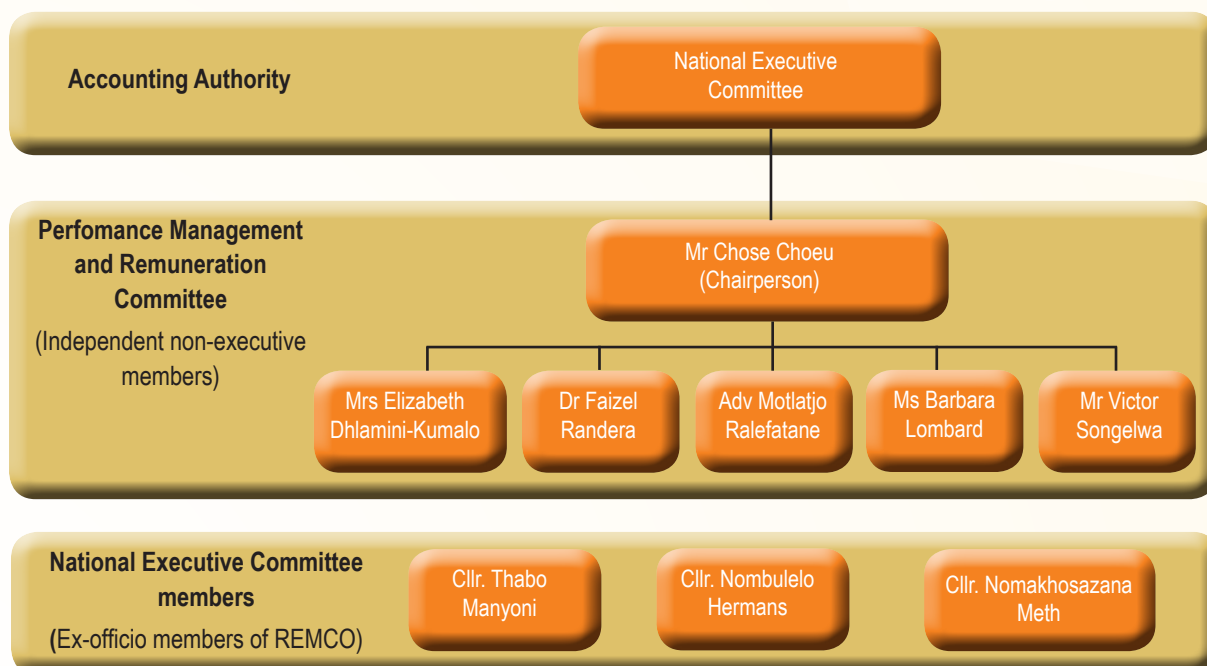
- promoting the consistent attraction and retention of staff; the improvement and assessment of performance; and the motivation and reward of SALGA staff.
- approving the remuneration policy to be adopted by the organisation;
- ensuring that the remuneration strategy is market-related and competitive;
- determining specific remuneration packages for executive management team of the organisation;
- ensuring remuneration for executive management team, including their short and long-term incentives, is based on performance;
- considering the relationship between executive management team's remuneration and the remuneration of SALGA's other employees;
- approving the design of short-term incentive schemes, including determining targets and participation thresholds;
- approving the design of the long-term incentive schemes, including determining the allocation criteria and performance conditions;
- reviewing and monitoring progress in people management; and
- to provide oversight of targets, ensuring that these remain challenging and reflect SALGA's strategic objectives;
- shall provide recommendations and suggestions on actions that must be taken to achieve agreed targets or to assist where deviations from targets are probable.

3. Composition of the committee

The Committee comprises members who are external professionals from the private sector and members of the National Executive Committee of SALGA as *ex-officio* members. It functions independently of the management structures within SALGA and endeavours to remain and preserve its objectivity at all times.

The performance management and remuneration committee consists of the following non-executive independent members:

Report of the Performance Management and Remuneration Committee



4. Qualifications and other roles; board membership (past and present)

#	Member	Profession	Qualifications / Expertise
1.	Mr. Chose Choeu	<ul style="list-style-type: none"> Director Holds several board membership (past and present) and professional affiliations 	<ul style="list-style-type: none"> Bachelor of Arts (cum laude), [University of the North] Honours Bachelor of Arts (cum laude), [University of the North] Masters degree in International relations, [University of Denver] Company direction diploma, [Graduate institute of Management and Technology] Finance for non-financial managers certificate, [Wits graduate school of business administration] Executive Development Program, [University of the Witwatersrand] Master of Philosophy, [University of Port Elizabeth] Accelerated directorship programme certificate, [Institute of Directors] Holds several other qualifications that range from Primary Teachers certificate; Parliamentary administration and procedure; Telecommunications network fundamentals; Telecommunications policy & management; Telecommunications regulatory master class; Diploma in public relations; Diploma in business management

Report of the Performance Management and Remuneration Committee

#	Member	Profession	Qualifications / Expertise
2.	Mrs. Elizabeth Dhlamini-Kumalo	<ul style="list-style-type: none"> Human Resources Director (retired) Holds several board membership (past and present) and professional affiliations 	<ul style="list-style-type: none"> Masters in Management – Human Resources, [Wits Business School] Post Graduate Diploma in Management – Human Resources, [Wits Business School] Senior Executive Programme, [London Business School] Diploma in Personnel Management, [Institute of Personnel Management] General Management course, [Industrial Society, United Kingdom] Secretarial course, [Anglo American Corporation] Holds various other in-house training courses at supervisory and managerial level
3.	Dr. Faizel Randera	<ul style="list-style-type: none"> Director Health Advisor Holds various other directorships (past and present) such as board member of the World Medical Association; member of the Advisory Committee on Occupational Health and Safety. 	<ul style="list-style-type: none"> Undergraduate Medical degree; [Guy's Hospital, London] Diploma in Obstetrics and Gynaecology; [Royal College of Obstetrics and Gynaecology] Postgraduate Vocational Training in General Practice; [Guy's Hospital, London] Diploma course in Occupational Health; [National Institute for Occupational Health, Wits University] Master course in Family Practice; [Wits Medical School] Mini MBA; [South African Medical Association and Manchester Business School]
4.	Adv. Motlatjo Ralefatane	<ul style="list-style-type: none"> Advocate of the Supreme Court of South Africa. Holds several board membership (past and present) and professional affiliations 	<ul style="list-style-type: none"> B. Proc; [University of the North] Bachelor of Laws (LLB); [University of the North] Certificate in Labour Relations; [University of Pretoria] Certificate in Human Rights; [University of Pretoria] Certificate in Corporate Governance; [Institute of Directors of South Africa] Certificate in Directorship; [University of the Witwatersrand] Holds various other qualifications from several institutions

Report of the Performance Management and Remuneration Committee

#	Member	Profession	Qualifications / Expertise
5.	Ms. Barbara Lombard	<ul style="list-style-type: none"> Executive: Corporate Services Holds various other non-executive directors positions in boards and board sub-committees. She has been nominated by CEO Communications Company as <i>"Most influential Women in Business and Government 2014"</i> 	<ul style="list-style-type: none"> Diploma in General Nursing and Midwifery; [Baragwanath Hospital] Industrial Relations; [Wits Business School] Executive development programme –CTS, [New School of Social Research New York, USA] International Registry of Organisation Design [Louw Du Toit & Associates, UK] Telecommunications Network Engineering – [Matthew Bolton, UK]
6.	Mr. Victor Songelwa	<ul style="list-style-type: none"> Chartered Accountant (SA) Holds several board membership (past and present) and professional affiliations 	<ul style="list-style-type: none"> B Com [Unisa] Hons B Compt [Unisa] MBL [Unisa] Post Graduate Diploma in Auditing [Unisa]

5. Record of attendance of meetings

The committee meets per its approved terms of reference, with the NEC members and Chief executive officer attending by invitation.

The committee Chairperson reports back to the National executive committee (NEC) on the activities of the committee.

Name of member	Record of attendance		
	8 July 2015	24 November 2015	12 March 2016
Mr. Chose Choeu	P	P	P
Ms. Elizabeth Dlamini-Khumalo	P	P	P
Dr. Faizel Randera	P	P	P
Mr. William Huma (resigned)	P	P	N/A

* P = Present

** A = Absent with apology

6. Remuneration philosophy

SALGA's remuneration philosophy is designed to attract, develop and retain passionate, committed and talented people who are required to effectively implement the overall SALGA strategy to the benefit of SALGA's membership.

Report of the Performance Management and Remuneration Committee

The remuneration strategy for the Executive management team is based on principles of retention of key and critical skills and to drive performance in alignment with SALGA's strategy, through guaranteed pay, short- and long-term incentives. A significant portion of Executive management team's total potential remuneration is performance-related in order to drive the right behaviour to optimise the organisation's performance taking into account the prevailing economic environment.

The Performance Management and Remuneration Committee and the National Executive Committee approved the SALGA Remuneration and Benefits Policy that espouses the organisation's remuneration philosophy. Amongst, the SALGA remuneration philosophy or principles is the following:

- All positions are evaluated for their relative size, scope and impact using the HAY job evaluation methodology.

7. Remuneration and Benefits

7.1 Executive management team (EMT) remuneration

Executive management team (EMT) total remuneration package consists of the following:

- Total guaranteed pay which includes benefits, is subject to an annual review by the performance management and remuneration committee.
- Variable pay short-term incentive scheme is designed to focus the Executive management team on the achievement of the short-term strategic, financial and operational objectives in the annual performance plan (APP). The incentive is payable on achieving certain pre-defined stretch targets, in line with our strategy. The scheme rewards performance when targets are met, with higher rewards for exceptional performance.
- Variable long-term incentive share schemes are designed to align the objectives of senior management with those of SALGA five-year strategic plan (2012 to 2017) and therefore ensure sustainable long-term performance.

7.2 Other employees remuneration

Other employee total remuneration package consists of the following:

- Total guaranteed pay which includes benefits, is subject to an annual review by the performance management and remuneration committee.
- Variable pay short-term incentive scheme is designed to focus employees on the achievement of the short-term strategic, financial and operational objectives in the annual performance plan (APP). The incentive is payable on achieving certain pre-defined stretch targets, in line with our strategy. The scheme rewards performance when targets are met, with higher rewards for exceptional performance.

7.3 Retention scheme – variable long-term incentive (LTI) scheme

The performance management and remuneration committee on 14 March 2015 approved a retention scheme in the year under review for all employees on Fixed-term contracts (FTC) that are performance based.

Report of the Performance Management and Remuneration Committee

The retention scheme is a performance based Long-term incentive (LTI) scheme designed to retain Fixed-term contract (FTC) employees that are talented; perform at an acceptable level and are critical in driving SALGA's long-term strategy.

The Long-term incentive scheme (LTI) grants conditional awards which vest after a three-year performance period, subject to the extent to which agreed performance conditions have been met. The performance conditions are determined by the Performance management and remuneration committee and are based on an acceptable performance rating per SALGA's performance rating matrix applicable for all employees.

7.4 Performance rewards - variable short-term incentive (STI) scheme

The organisation has a short-term incentive (STI) scheme that has been cascaded to all employee levels.

It is a variable pay short-term incentive scheme designed to focus all employees on the achievement of the short-term strategic, financial and operational objectives in the annual performance plan (APP). The incentive is payable on achieving certain pre-defined stretch targets, in line with SALGA's strategy.

7.5 Behaviour charter – variable short-term incentive (STI) scheme

The organisation has implemented the Behaviours Charter as part of its performance management system for the first time in 2014/2015 financial year. The Behaviours Charter is a framework that reflects key behaviours that will support the values and culture desired by the organisation.

Its objective is to shape operational excellence, support management and organisational development, develop capacity and core leadership within the organization and to identify areas of individual and team development.

The behaviours charter component has a total weight of 15 in the performance scorecards of SALGA employees.

The behaviours charter is premised on two types of behaviour components:

- (1) Enabling behaviour (supported by the organisation); and
- (2) Constraining behaviours (frowned upon by the organisation).

The organisation's individual performance management system (iPMS) focuses on the enabling behaviour

The enabling behaviour that is supported by the organisation espouses the following values:

- (i) We will uphold the highest level of organisational ethics and adhere to policies and procedures
- (ii) We will be responsive and member centric
- (iii) We will strive for and recognise excellence
- (iv) We will work collectively in co-operative teams
- (v) We will communicate timeously, accurately and appropriately
- (vi) We will promote mutual respect

Report of the Performance Management and Remuneration Committee

All of the above mentioned behaviours have their sub-behavioural statements which will help as measures when deciding on the rating:

The performance measurements of the behaviour's charter is conducted through the application of a 360 degree assessment which include feedback from an employee's subordinates, peers and supervisor, as well as a self-evaluation

7.6 Remuneration packages that are on "Personal to Holder" basis

SALGA has as part of its remuneration escalation management efforts, sought to provide very tight salary grading and remuneration curve for all positions per Hay grading system and with this remuneration modelling exercise it has identified employees which are remunerated within the range at the time of adopting the hay grading system and also identified employees that are outside the approved grading scales.

The organisation's remuneration and benefits policy recognises that there are a few instances where individual employees might be receiving salary packages which exceed the maximum of the relevant salary band within the organisation's salary framework. Examples of such instances include:

- Individual salaries inherited during the amalgamation of some of its provincial offices into the organisation
- Where the need for a certain skill requires SALGA's salary offer to exceed the maximum of the salary band in order to attract this specific skill (note this will only be in instances where the successful candidate's existing salary package is equal to or higher than the maximum of the SALGA salary band within the framework)
- Where an employee has, due to higher annual salary increases as a result of continuous excelling performance, moved outside of the band irrespective of the fact that the bands may have been adjusted with the base cost of living increase on an annual basis
- Where certain employees' salary packages exceed the maximum of the respective salary bands within the framework.

These employees who are outside this range, are ring-fenced as employees whose remuneration is being managed on a "*personal to holder basis*" until their contract employment term expires.

SALGA employs its executive management team on a fixed term contract. This applies to the incumbent Chief Executive and his direct reports. The Chief executive officer's current remuneration has been identified to be one of these category of employees who are on a "*personal to holder basis*" till the expiry of the contract or through natural attrition or earlier?

This means that when SALGA recruits a replacement candidate, it shall remunerate that new employee on the basis of the approved remuneration scale that will be substantially less than the current "*personal to holder*" legacy packages that is disclosed in the annual report.

Notwithstanding, the efforts to manage the escalation of remuneration at SALGA, particularly those of Executives, it is important to note that SALGA had to review its remuneration policies as it pertains to its Executives and benchmark these with municipalities particularly Metro's since metropolitan municipalities pose the greatest direct remuneration competitor to SALGA. The review exercise was necessitated by the recent recruitment and poaching of top SALGA Executives over the past three years by the Gauteng Metropolitan municipalities that have recruited and poached SALGA executives in droves. SALGA is alive to this labour market competitiveness.

Report of the Performance Management and Remuneration Committee

SALGA is committed to rectifying and normalizing the remuneration to be in harmony with the sector imperative of managing down the salary packages payable to Executive Management. This will also take into the account the upper limit guidelines that the Minister of Cooperative Governance and Traditional Affairs (CoGTA) set for the sector which compels municipalities to recruit new Executive Managers at salary packages that will be in line with prescribed salary limits, and SALGA will use this as basis when reviewing its salary packages for new recruits .

8. Organisational performance

As the Performance Management and Remuneration Committee we monitor and review organisational performance on a quarterly basis per the committee's terms of reference.

In view of the organisation having attained **100 percent** of its targets against pre-determined objectives and **four consecutive clean audits**, our oversight over organisational performance has been consistent and we are accordingly pleased with the achievement.

9. Individual performance management

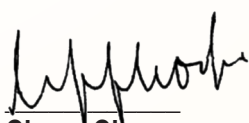
In regard to performance management of executives the committee provides oversight over formulation of targets, and ensures that these remain challenging and reflect SALGA's strategic objectives. Through our oversight function we have determined that organisations' performance curve which is formulated based on individual performance outcomes, is comparable with a standard performance curve for high performance organisations.

10. Evaluation of performance against pre-determined objectives

The Performance Management and Remuneration Committee has:

- Evaluated SALGA's performance against pre-determined objectives for the period ended 31 March 2016.
- Reviewed the Auditor General's report to management and management response thereto.

The Performance Management and Remuneration Committee concurs and accepts the Auditor-General's conclusion on the performance against pre-determined objectives. It is of the opinion that the performance against pre-determined objectives be accepted and read in conjunction with the report of the Auditor-General.



Chose Choeu

Chairperson: Performance Management and Remuneration Committee

Pretoria
31 July 2016

Chapter Three



CHAPTER THREE: Financial Statements

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Financial Overview



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

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Chief Financial Officer's Financial Review

Nceba Mqoqi

Results of operations for the year ended 31st March 2016 reflect a surplus of R27.1 million (2015: R18.7 million).

Statement of Financial Performance

R million	2016	2015	% change
Operating revenue	504,8	489,6	3,0
Operating expenditure	(494,7)	(482,9)	2,0
Operating surplus	10,1	6,7	51,0
Net non-operating revenue	17,1	12,0	43,0
Surplus for the period	27,1	18,7	45,0

Operating revenue increased by 3.0 percent to R504.8 million, largely due to improved non-exchange revenue leveraged from the Local Government Sector Education and Training Authority (LGSETA) for capacity building programmes targeting municipal councillors and senior management. The growth in operating revenue has been realised despite a reduction in 'Transfers and subsidies' from the Executive Authority viz. Department of Cooperative Governance & Traditional Affairs (CoGTA), 'Transfers and subsidies' from CoGTA decreased by 66.0 percent to R 9.2 million (2015: R 26.9 million) as a result of general government austerity measures.

Operating results for the year ended 31st March 2016 reflect a surplus of R 27.1 million (2015: R 18.7 million).

The year under review is characterised by a solid financial performance with a surplus margin of 5.8 percent (2015: 4.1 percent).

Operating expenditure increased by 2.0 percent to R494.7 million, the growth rate for expenditure is below the revenue growth rate of 3.0 percent. The below inflation growth rate is achieved through the introduction of efficiencies geared towards cost containment and overall reduction of operating expenditure. SALGA's financial performance is adequate and the reported performance against pre-determined objectives demonstrates that the organisation is able to execute its mandate in an economic, efficient and effective manner.

CHAPTER THREE: Financial Statements

Chief Financial Officer's Review

Net non-operating revenue increased by 43.0 percent to R17.1 million, largely due to an improvement in investment revenue that is underpinned by a 3.5 percent increase in average 'cash and cash equivalents' held throughout the year.

Surplus for the year increased by 45.0 percent to R27.1 million (2015: R18.7 million). The growth rate in surplus for the year is largely due to a significant growth in investment revenue.

KEY FINANCIAL INDICATORS

<i>R million</i>	2016	2015
Financial indicators		
- Membership levy revenue	R460.1	R429.1
- Government grant - Executive Authority	R9.2	R26.9
- Direct programme costs as a percentage of employee related costs	78%	78%
- Administrative employee costs as a percentage of employee related costs	22%	22%
- Direct programme implementation costs as a percentage of operating expenses ¹	16%	19%
- Gross programme costs as a percentage of operating expenses ¹	64%	63%
- Total employee related costs as a percentage of operating expenses ¹	60%	57%
Profitability ratio		
- Net surplus margin	5.9%	4.4%
Liquidity ratio		
- Current ratio	238%	180%
Solvency ratio		
- Solvency ratio	2.64	1.99
- Debt/Equity ratio	4.2%	5.3%
- Asset coverage rate (times)	25	20
Activity ratio		
- Debtor-collection period - after impairment (days)	45	28
- Debtor-collection period - before impairment (days)	89	62
- Creditor-payment period (days)	24	40
- Membership levy payment levels rate (%)	85%	88%

¹ Excludes depreciation and amortisation

Relative to total operating expenditure **gross programme costs** comprise **64 percent** (2015: 63 percent) of total operating expenditure.

Chief Financial Officer's Review

Operating expenditure split between programme and other expenditure				Distribution %	
R million	2016	2015	% change	2016	2015
Gross programme costs (direct salary and direct expenses)	310,1	298,9	3,7	64	63
Other operating expenses	184,6	183,9	0,4	36	37
Total operating expenditure	494,7	482,9	2,5	100,0	100,0

Gross programme costs comprise of the following:

- direct programme costs (i.e. direct salary cost for programme specific expertise/skill); and
- direct programme implementation costs (i.e. costs associated with the implementation of programmes).

Gross programme costs increased by 4.0 percent to R310.1 million (2015: R298.9 million).

Programme costs are incurred in pursuance of the organisations mandate, namely:

- lobbying; advocacy and representation;
- employer role;
- capacity building;
- providing support and advice;
- strategic profiling of the local government sector; and
- knowledge and information sharing.

MEMBERSHIP LEVY PAYMENT LEVEL RATE

The applicable membership levy formula for the year under review and ensuing financial years is as follows:

Membership Levy Formula	
Metropolitan Municipalities	Flat rate plus CPI and 1 percentage point
Local and District Municipalities	1% of annual salary budget with a minimum of R500 000

Membership levy revenue comprises a majority of SALGA's revenue streams, the payment levels rate for membership levies remains the key performance indicator for the organisation as it determines the tempo for programme roll-out and the organisations operational sustainability.

As at 31 March 2016 the overall payment levels for membership levies stood at 85 percent (2015: 88 percent). The collection rate for the current year remained within budget at 89 percent (2015: 90 percent).

CHAPTER THREE: Financial Statements

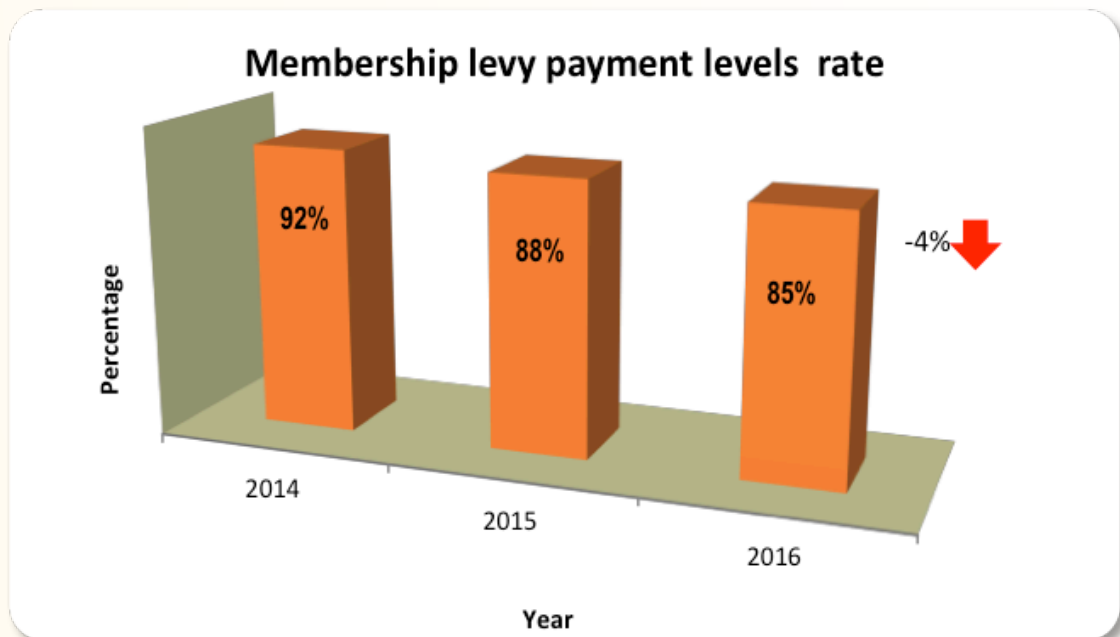
Chief Financial Officer's Review

The provincial split for payment levels rates as at 31 March 2016 and the prior year is tabulated below:

Payment levels rate provincial distribution				
	2016		2015	
Percentage	Current year	Overall	Current year	Overall
Eastern Cape	89	81	88	85
Free State	82	81	83	82
Gauteng	94	94	96	96
KwaZulu-Natal	92	85	90	86
Limpopo	92	92	94	96
Mpumalanga	88	89	91	92
Northern Cape	68	54	74	67
North West	74	72	87	85
Western Cape	98	97	97	96
Organisational payment levels rate	89	85	90	88

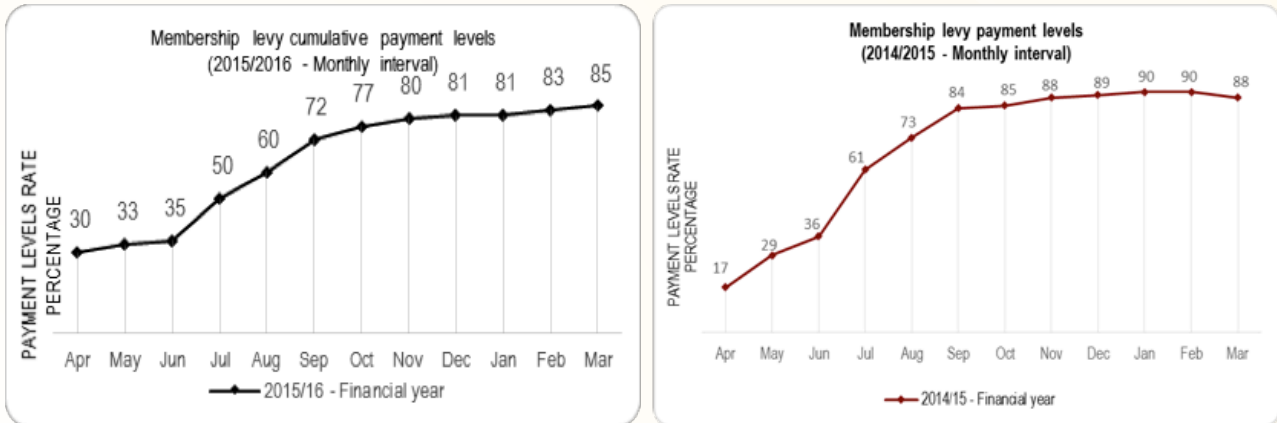
The slight reduction in overall payment levels rate is mainly attributable to the fact that the organisation did not convene the National Members Assembly (NMA) during the year under review. Ordinarily, improvement in the payment levels rate is linked to the organisation convening its major governance structures such as the NMA which compels SALGA's membership to be in good standing to enable participation at the event.

Membership levy payment level rate comparison:



Chief Financial Officer's Review

A comparison of the cumulative monthly interval of payment levels for the 2015/2016 as well as 2014/2015 financial years is illustrated below.



The key feature of the payment level curve for the 2015/16 financial year is that a cumulative payment levels rate of 50 percent (2015: 61 percent) was achieved at the constitutional due date of 31 July i.e. half of members had settled their membership levies.

In terms of the SALGA's constitution (2012), membership levies are billed on 1 April and payable on 31 July each year, meaning that ideally by 31 July the payment levels should be 100 percent. However, this is not always possible because of some cash-strapped members that are dependent on equitable share for their financial viability.

CHAPTER THREE: Financial Statements

Chief Financial Officer's Review

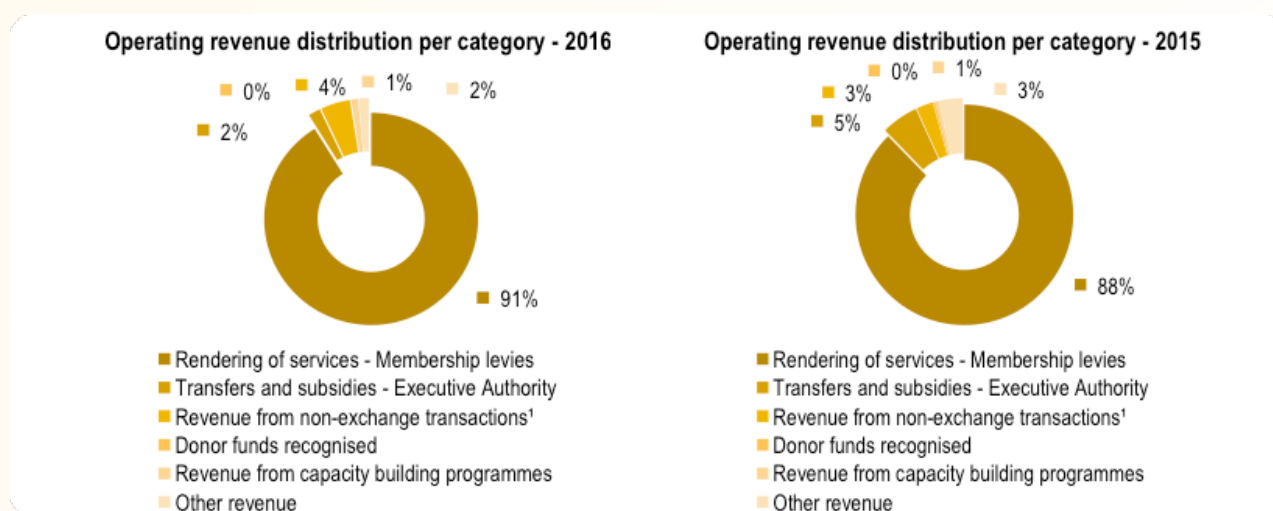
REVENUE

Revenue for the year amounts to R504.8 million (2015: R489.6 million).

Operating revenue

The organisation is primarily funded by membership levies that are levied to member municipalities. For the year under review, membership levy revenue remained the main source of revenue for SALGA with membership levies comprising 91 percent (2015: 88 percent) of total revenue.

Operating revenue distribution is as follows:



Operating revenue composition:

Operating revenue

R million	2016	2015	% change
Rendering of services - Membership levies	460,1	429,1	7,0
Transfers and subsidies - Executive Authority	9,2	26,9	(66,0)
Revenue from non-exchange transactions	22,6	12,3	84,0
Donor funds recognised from exchange transactions	-	1,8	(100,0)
Revenue from capacity building programmes - exchange transactions	5,3	2,4	121,0
Delegate registration fee revenue - exchange transactions	5,4	15,1	(64,0)
Other revenue from exchange transactions	2,2	2,0	10,0
Total operating revenue	504,8	489,6	3,0

Membership levy revenue increased by 7.0 percent to R460.1 million, largely due to inflationary adjustment as well as the organic growth in the number of budgeted municipal headcount.

The operating grant from the Executive Authority viz. the Department of Cooperative Governance and Traditional Affairs (CoGTA) has decreased by 66.0 percent to R9.2 million (2015: R26.9 million) as part of national government cost-cutting measures.

Chief Financial Officer's Review

The strong growth in total operating revenue is underpinned by an increase of 84.0 percent in 'revenue from non-exchange transactions' to R22.6 million (2015: R12.3 million).

'Other revenue' which includes recoveries in the form of delegate fees for attendance of SALGA's governance structures decreased by 56.0 percent to R7.6 million (2015: R17.1 million) mainly due to the organisation not convening its major governance structure such as the National Members Assembly (NMA) during the year under review.

EXPENDITURE

Total operating expenditure for the year grew by 2.5 percent to R494.7 million (2015: R 482.9 million).

Total operating expenses

R million	2016	2015	% change
Employee related costs	294,0	270,1	9,0
- Direct programme costs	230,1	210,6	9,0
- Administrative support	63,9	59,5	7,0
Direct Programme Implementation costs	80,0	88,3	(9,0)
Administrative overheads	52,8	54,4	(3,0)
Depreciation and amortisation	7,6	7,4	3,0
Other operating expenses	60,3	62,6	(4,0)
Total operating expenditure	494,7	482,9	2,0

Included in 'Employee related costs' is direct programme cost (salary cost) that is geared towards enhancing service delivery to members through direct support and advisory services to members of SALGA. The direct salary cost increased by 9.0 percent to R230.1 million (2015: R210.6 million). The portion relating to 'Administration support' to SALGA's core business increased by 7.0 percent to R63.9 million (2015: R59.5 million). The increase in employee related costs is underpinned by an increase of 12.0 percent in employee headcount to 488 employees as at 31 March 2016 (2015: 437 employees) as well as the annual inflationary adjustment.

'Direct programme implementation costs' decreased by 9.0 percent to R80.0 million (2015: R88.3.0 million), largely due to the organisation not convening its major governance structure such as the NMA.

'Administrative overheads' decreased by 3.0 percent to R52.8 million (2015: R54.4 million), as a result of implementing cost containment measures.

'Depreciation & amortisation' increased by 3.0 percent to R7.6 million (2015: R7.4 million), resulting from revising downwards the estimated remaining useful life for IT Equipment.

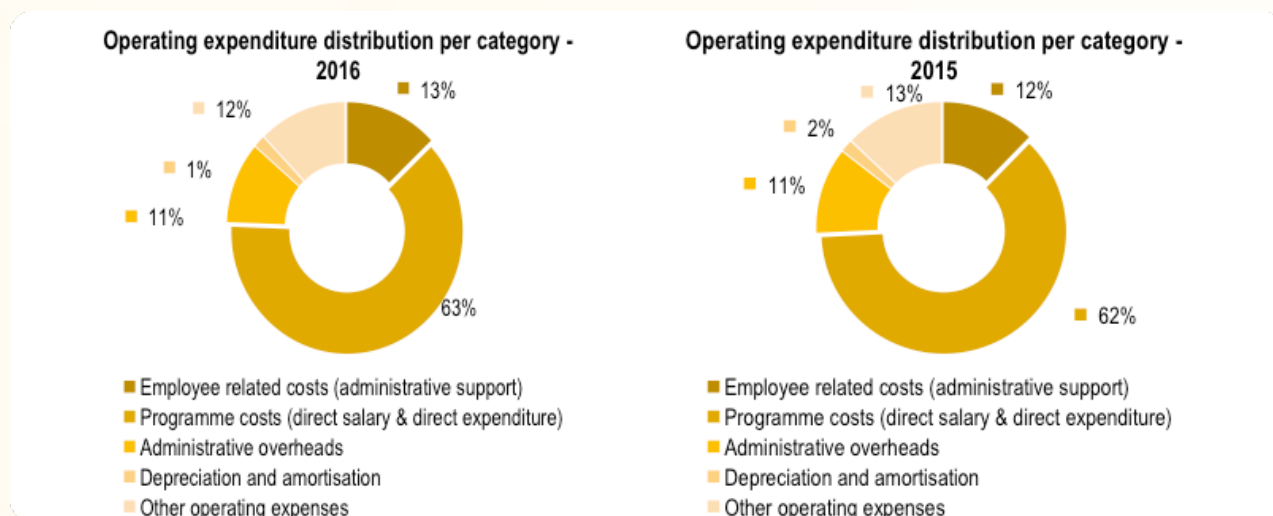
'Other operating expenses' decreased by 4.0 percent to R60.3 million (2015: R62.6 million), as a result of implementing cost containment measures.

SALGA maintains a procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective.

CHAPTER THREE: Financial Statements

Chief Financial Officer's Review

Operating expenditure distribution is as follows:



Programme related expenditure comprise the bulk of total expenditure incurred, for the year, the ratio of programme related expenditure is 63.0 percent (2015: 62.0 percent).

Operating expenditure composition by category:

Operating expenditure by category

R million	2016	2015	% change
Employee related costs (administrative support)	63,9	59,5	7,0
Programme costs (direct salary & direct expenditure)	310,1	298,9	4,0
Administrative overheads	52,8	54,4	(3,0)
Depreciation and amortisation	7,6	7,4	3,0
Other operating expenses	60,3	62,6	(4,0)
Total operating expenditure	494,7	482,9	2,0

Operating expenditure composition by economic classification:

Operating expenditure by economic classification

R million	2016	2015	% change
Personnel expenses	294,0	270,1	9,0
Direct Programme Implementation costs	80,0	88,3	(9,0)
Administrative overheads	52,8	54,4	(3,0)
Depreciation and amortisation	7,6	7,4	3,0
Other operating expenses	60,3	62,6	(4,0)
Total operating expenditure	494,7	482,9	2,0

Chief Financial Officer's Review

NON-OPERATING REVENUE AND EXPENDITURE

'Net non-operating revenue' grew by 43.0 percent to R17.1 million (2015: R12.0 million) mainly due to an average 3.5 percent increase 'cash and cash equivalents' held throughout the year.

Non-operating revenue

Investment revenue increased by 38.0 percent to R18.1 million, the strong growth has been buoyed by investment revenue earned through investment of positive cash balances due to steady payment levels rate for membership fees being maintained. Finance costs decreased by 9.0 percent to R1.0 million (2015: R1.1 million).

Non-operating revenue composition:

Net non-operating revenue

R million	2016	2015	% change
Investment revenue	18,1	13,1	38,0
Finance costs	(1,0)	(1,1)	9,0
Net non-operating income	17,1	12,0	43,0

Chief Financial Officer's Review

COMPARISON OF ACTUAL OPERATING RESULTS AGAINST ADJUSTED BUDGET

The SALGA budget is prepared on an accrual basis which is comparable with the financial statements. The original budget for the 2015/2016 financial year was approved by the Accounting Authority on 9 January 2015. The first adjusted budget for 2015/2016 financial year was approved by the Accounting Authority on 30 March 2016 and the final adjustment budget for 2015/2016 was approved with the annual financial statements on 18 May 2016.

The budgets mentioned above cover the periods 1 April 2015 to 31 March 2016. The budget is prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance.

Comparison of actual operating results against adjusted budget	2016			
	Actual	Budget	Variance	Variance %
<i>R million</i>				
Revenue	504,8	511,4	(6,6)	(1,0)
Expenses	(494,7)	(511,4)	16,7	3,0
Non-operating revenue	17,1	12,4	4,7	38,0
Operating surplus	27,1	12,4	14,7	119,0

The operating surplus for the year ended 31 March 2016 is R27.1 million versus the budgeted R12.4 million resulting in a positive variance of R14.7 million.

An explanation of salient line items contributing to variances per major category are explained below (*variances greater than or equal to 10 percent*):

Revenue

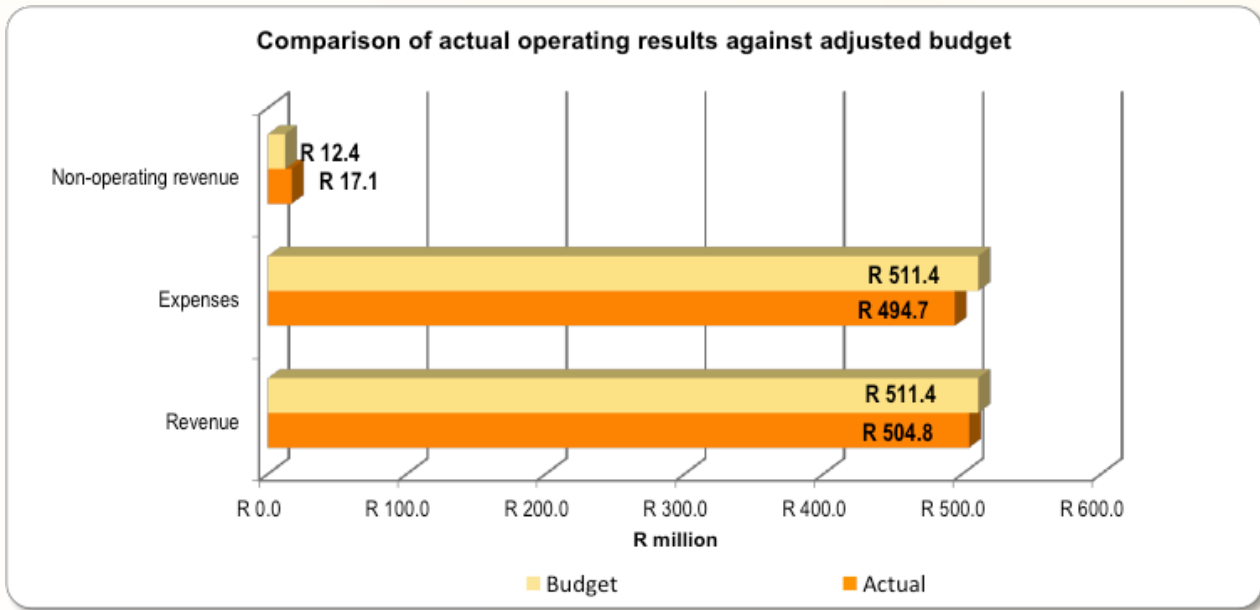
- Other revenue from exchange transactions - the negative variance is due to the organisation not realising budgeted recoveries for the NMA Registration fees, a special NMA shall be convened in the new financial year. It became impractical to convene another NMA in 2015/2016 soon after the last one was convened in March 2015.

Non-operating income and expenditure

- Investment revenue - the positive variance is as a result of improved cash holding emanating from collections of membership levies that were buoyed by the early settlement discount strategy adopted by the organisation as well as the better rates negotiated with our bankers; and
- Finance costs - the positive variance results from finance cost incurred on finance leases being lower than budget due to assumptions being higher than the average 9 percent implicit rate.

Chief Financial Officer's Review

A comparison of actual operating results against adjusted budget is illustrated below:



Capital budget

Capital additions for the year ended 31 March 2016 amount to R10.0 million versus the adjusted budget of R10.3 million resulting in 3.0 percent variance.

Comparison of capital expenditure against adjusted budget

R million	2016			
	Actual	Budget	Variance	Variance %
Capital acquisitions	10,0	10,3	0.3	3,0

CHAPTER THREE: Financial Statements

Chief Financial Officer's Review

FINANCIAL POSITION

Statement of financial position

<i>R million</i>	2016	2015	% change
Current Assets	187,8	192,4	(2,0)
Non-Current Assets	35,5	32,1	11,0
Total Assets	223,3	224,6	(1,0)
Current Liabilities	78,9	107,2	(26,0)
Non-Current Liabilities	5,8	5,9	(2,0)
Total Liabilities	84,7	113,1	(25,0)
Net Assets	138,6	111,5	24,0

Net assets

The financial position of the organisation as at 31 March 2016 reflects positive net assets of R138.6 million (2015: R111.5 million). The growth in 'net assets' is underpinned by adequate financial performance for the year under review. The accumulated surplus is used for working capital and as a property acquisition reserve to fund the future acquisition of administrative buildings.

In terms of solvency the organisation is solvent with a solvency ratio of 4.2 percent (2015: 5.3 percent) indicating an adequate asset coverage rate of 25 times (2015: 20 times).

Also refer to the accounting authority's going-concern considerations or assessment for the organisation included in the report of the accounting authority.

The organisation's financial position remains stable with an asset coverage rate of 25 times (2015: 20 times).

Statement of financial position

<i>R million</i>	2016	2015	% change
Cash and cash equivalents	120,2	154,4	(22,0)
Other current assets	67,6	38,0	78,0
Investment property	8,3	6,6	26,0
Property, plant and equipment	25,5	23,9	7,0
Other non-current assets	0,6	0,6	0
Deposits	1,0	1,0	0
Total Assets	223,3	224,6	(1,0)
Other current liabilities	66,5	96,3	(31,0)
Unspent conditional grants and receipts	1,3	1,8	(28,0)
Provisions	11,1	7,1	56,0
Deferred revenue	-	2,1	(100,0)
Current Liabilities	78,8	107,2	(26,0)
Non-Current Liabilities	5,8	5,9	(2,0)
Total Net Assets	138,6	111,5	24,0

Chief Financial Officer's Review

Current assets

Current assets decreased by 2.0 percent to R187.8 million (2015: R192.4 million) the decrease is largely due to an increase in the allowance for doubtful debt.

Current assets are comprised primarily by '*Cash and cash equivalents*' at R120.2 million (2015: R154.4 million) and followed by '*Other current assets*' at R67.6 million (2015: R38.0 million).

'*Cash and cash equivalents*' decreased by 22.0 percent to R120.2 million mainly due to a drop in the membership levy payment levels rate brought about by depressed prevailing economic conditions and by the organisation not convening its major governance structure during the year under review.

Included in '*other current assets*' is '*Trade and other receivables*' that increased by 78.0 percent to R67.6 million (2015: R33.8 million) as a result of a decrease in the membership levy payment levels rate. Outstanding receivables comprise 11.4 percent (2015: 6.9 percent) of total revenue.

In terms of liquidity, the current ratio is positive and exceeds current liabilities resulting in a ratio of 238 percent (2015: 180 percent).

The organisation is liquid with R2.38 for every R1 in current liabilities (2015: R1.80 for every R1 of current liabilities).

Non-current assets

Non-current assets grew by 11.0 percent to R35.5 million (2015: R32.1 million) as a result of investment in operating capital.

Capital expenditure

R million	2016	2015	% change
Capital acquisitions	10,0	7,5	33,0

Asset additions for the period inclusive of intangible assets amounts to R10.0 million (2015: R7.5 million) which aligns with the growth in employee headcount from 437 as at 31 March 2015 to 488 at 31 March 2016.

Current liabilities

Current liabilities are comprised primarily of '*Trade and other payables*' at R64.3 million (2015: R92.3 million). These are trade creditors and accruals that are payable in the ordinary course of business usually 30 days from statement date or fulfilment of a particular deliverable by a supplier.

Included in current liabilities are '*other current liabilities*' such as '*Deferred income*' and '*Unspent conditional grants*' that constitute R1.3 million (2015: R3.9 million) of the total current liabilities. Deferred income and unspent conditional grants do not require extinguishing through payment; rather these are extinguished by fulfilment of the conditions of the grants.

Non-current liabilities

Non-current liabilities consist of the long-term portion of the finance lease obligation; operating lease liability; provisions and post-employment medical benefit. These amount to R5.8 million as at the end of the reporting period (2015: R5.9 million).

Chief Financial Officer's Review

Outlook for the year ahead

Last year we reported that National Treasury had reduced the operating grant and was in a process of phasing it out over the 2016/17 MTEF cycle. However, through engagement between SALGA's leadership; National Treasury and CoGTA, the organisation's Parliamentary grant allocation has been reinstated to R29.5 million for the 2016/17 financial year and for the two outer years of the MTEF cycle an allocation of R31.3 million and R33.1 million for the 2017/18 and 2018/19 financial years respectively.

Further, the organisation is still seized with engagements with National Treasury to ensure the implementation of the organisation's funding model. The organisation developed a funding model that was adopted by members during the National Members Assembly (NMA) held on 11-12 May 2010 in Kimberly. The funding model was presented to the Executive Authority and National Treasury during the intervening years, in an effort to address the structural under-funding of the organisation versus its mandate *vis-à-vis* legislated and mandatory participation in inter-governmental relations (IGR) structures. Notwithstanding efforts being made to realise the implementation of the funding model, the organisation has embarked on further research with its object being to strengthen SALGA's financial independence. The research undertaken benchmarked SALGA against sister organisations internationally and the concept of '*paid services*' has been scoped together with other projects underway to position SALGA as a reservoir of innovation; knowledge and solutions for the local government sector.

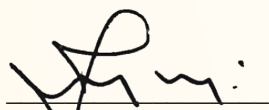
Conclusion

SALGA continues to be an institution that recognises good governance principles with resolute leadership, effective oversight structures, sound financial management and procurement system that is fair, equitable, transparent, cost effective and competitive.

Good governance ensures that SALGA remains an exemplary representative body to its member municipalities that *inspires service delivery*.

The organisation is well poised to execute the final year of its 2012-2017 Strategic Plan and beyond.

In closing I express my sincere appreciation to the Chief Executive Officer, Xolile George for his continued support; leadership; and strategic direction. I also extend my appreciation to the Finance and Corporate Services team for their immense contribution during the year.



Nceba Mqoqi

Chief Financial Officer

31 July 2016

Chief Financial Officer's Review

Statement of Gifts, Donations and Sponsorships in Cash

Gratitude is extended to various organisations and stakeholders that sponsored some of SALGA's activities during the year; these are listed below on the 'Statement of Gifts, Donations and Sponsorships'.

Name of sponsor or donor	Details of sponsored/partnered event or programme	Amount
Standard Bank of South Africa Ltd	Limpopo Provincial Members Assembly, 22 - 23 September 2015	60 000
First National Bank	SALGA & Department of Sport And Recreation KwaZulu-Natal Games 2015	100 000
Ngubane & Co.	Limpopo Finance Week 2016	25 000
Sedibeng Water	Northern Cape Provincial Members Assembly 2015	35 000
Municipal Councillors Pension Fund	Limpopo Provincial Members Assembly 2015	30 000
Stan South Financial And Investments Services	Limpopo Provincial Members Assembly 2015	50 000
Old Mutual Life Assurance Company (South Africa) Limited	Golf Day 2015	150 000
Department of Sport and Recreation KwaZulu-Natal	SALGA & Department of Sport And Recreation KwaZulu-Natal Games 2015	455 664
Gijima Holdings (Pty) Ltd	Provincial Members Assembly 2015	90 000
Grant Thornton Johannesburg	Limpopo Provincial Members Assembly, 20 - 21 October 2015	10 000
Lehlotha Management Services	Limpopo Provincial Members Assembly, 20-22 October 2015	25 000
Inyathi Environmental Technologies CC	Limpopo Provincial Members Assembly, 20 - 21 October 2015	80 000
Beten Construction (Pty) Ltd	Limpopo Provincial Members Assembly, 20 - 21 October 2015	25 000
VME Project Construction	Limpopo Provincial Members Assembly, 20 - 21 October 2015	50 000
IPES-Utility Management Services (Pty) Ltd	Limpopo Finance Week	20 000
Lepelle Northern Water	Limpopo Provincial Members Assembly, 22 - 23 October 2015	350 000
Sarah Baartman District Municipality	2015 Eastern Cape "Battle Of Municipalities"	100 000
Development Bank of Southern Africa	SALGA Small Towns Regeneration Conference	750 000
Municipal Councillors Pension Fund	Gauteng Provincial Members Assembly 2015	15 000
First National Bank	Provincial Members Assembly 3 - 4 November 2015	25 000
Small Enterprise Development Agency (SEDA)	Free State Provincial Members Assembly, 10 - 11 November 2015	150 000
Shumba Inc.	Limpopo Finance Week, 2016	25 000
Total		2 620 664

Report of the Accounting Authority



Report of the Accounting Authority

1. COMPOSITION OF THE ACCOUNTING AUTHORITY (NATIONAL EXECUTIVE COMMITTEE)

In terms of Section 49 of the PFMA and the SALGA constitution, the governing body of SALGA is the accounting authority also referred to as the National Executive Committee (NEC).

The accounting authority of SALGA is comprised by the following councillors:

Name of member	Designation	Provincial chairperson (where applicable)	Role or Working Group Chairperson
Cllr. Thabo Manyoni	Chairperson		Office Bearer
Cllr. Mpho Nawa	Deputy Chairperson		Office Bearer
Cllr. Flora Maboja-Boltman	Deputy Chairperson		Office Bearer
Cllr. Nombulelo Hermans	Deputy Chairperson		Office Bearer
Cllr. Dudu Mazibuko	Member of the NEC		Economic Development & Planning
Cllr. Lindiwe Mabona-Ntshalintshali	Member of the NEC		Community Development
Cllr. Christiaan. Neethling	Member of the NEC		Municipal Trading Services
Cllr. Baldwin Tshitereke Matibe	Member of the NEC		Governance & Intergovernmental Relations
Cllr. Boitumelo P. Moloi	Member of the NEC		Municipal Infrastructure
Cllr. Nomakhosazana Meth	Ex-officio member of the NEC	Chairperson: SALGA Eastern Cape	
Cllr. Sebenzile Ngangelizwe	Ex-officio member of the NEC	Chairperson: SALGA Free State	
Cllr. Parks Tau	Ex-officio member of the NEC	Chairperson: SALGA Gauteng	
Cllr. Sibusiso W. Mdabe	Ex-officio member of the NEC	Chairperson: SALGA KwaZulu-Natal	
Cllr. David Magabe	Ex-officio member of the NEC	Chairperson: SALGA Limpopo	
Cllr. Mafika Nkosi	Ex-officio member of the NEC	Chairperson: SALGA Mpumalanga	
Cllr. Willie Johnson	Ex-officio member of the NEC	Chairperson: SALGA Northern Cape	
Cllr. Gavin Kaone Mmusi Lobelo	Ex-officio member of the NEC	Chairperson: SALGA North West	
Cllr. Demetri Qually	Ex-officio member of the NEC	Chairperson: SALGA Western Cape	
Cllr. Francis Ratlaga	Member of the NEC (co-opted)		HR Development & Collective Bargaining
Cllr. Subesh Pillay	Member of the NEC (co-opted)		Municipal Finance
Cllr. Abraham Bekeer	Member of the NEC (co-opted)		Councillor Support & Welfare
Cllr. Zibonele Dumzela	Member of the NEC (co-opted)		Environmental Change & Sustainability
Mr. Xolile George	Ex-officio member of the NEC		Chief Executive Officer

Report of the Accounting Authority

The current NEC was elected at the last National Conference held on 29 August 2011 to 1 September 2011, in terms of clause 11.1 of the SALGA constitution, where the chairperson; three deputy-chairpersons; and six additional members were elected.

The NEC has exercised its powers as conferred by the SALGA constitution in filling any vacancies in between National Conference, in terms of clause 11.3 of the SALGA constitution. The NEC can co-opt up to four additional members as members of the NEC and as at 31 March 2016 the NEC had four co-opted members.

The term of the SALGA NEC is five years; the current term is due to end at the conclusion of the current political term of office for local government.

With the exception of Xolile George who serves as an ex officio member in his capacity as Chief Executive Officer of the organisation. All other NEC members are councillors and are deemed to be 'independent non-executive directors' of SALGA as defined for state-owned enterprises (SOE's) in the September 2002 Protocol on Corporate Governance in the Public Sector. A non-executive director is a person who has not been employed by the SOE in any executive capacity for the preceding three financial years; and is (in relation to the SOE) not a significant supplier or customer, has no significant contractual relationship and is not a professional advisor, other than in his or her capacity as a director.

2. NATIONAL EXECUTIVE COMMITTEE MEMBERS' INTEREST IN CONTRACTS

All NEC members are required to complete a register of interests. This register is updated on an annual basis. Refer to note 31 and 32 of the annual financial statements for a full disclosure of related parties.

3. REMUNERATION OF NATIONAL EXECUTIVE COMMITTEE MEMBERS AND NEC SUB-COMMITTEES

3.1 Remuneration of National Executive Committee

Disclosure of remuneration paid to members of the Accounting Authority for 2015/2016 and 2014/2015 per PFMA regulation 28.1.1(a) is reflected on note 32 to the annual financial statements.

3.2 National Executive Committee Oversight Sub-Committees

The National Executive Committee as the accounting authority or board of SALGA subscribes to good governance principles as espoused in the King code on corporate governance (King III). Accordingly, internal oversight structures have been established and these include the:

- Audit and Risk Committee; and
- The Performance Management and Remuneration Committee.

Report of the Accounting Authority

Members of NEC sub-committees not in the employ of the state such as;

- (i) the audit committee; and
- (ii) the performance and remuneration committee are reimbursed on an hourly basis according to professional fee schedules.

The above mentioned committees are comprised by independent members that are charged with oversight responsibilities on governance matters.

3.2.1 Audit and Risk Committee

The organisations audit committee is constituted in terms of section 77(a) of the Public Finance Management Act (PFMA); as well as per regulation 27.1.1; and 27.1.4 of the PFMA Treasury Regulations (2005).

The NEC reconstituted the Audit and Risk Committee with effect from 1 April 2016 following the expiry of its term on 31 March 2016.

The audit committee was constituted as follows for the year under review:

Name of member	Role
Mr. Temba Zakuza	Chairperson (retired)
Ms. Octavia Matloa	Member (retired)
Ms. Phumelele Ndumo	Member (retired)
Mr. Nala Mhlongo	Member
Adv. M Ralefatane	Member (retired)

The audit committee is currently constituted as follows:

Name of member	Role
Mr. Andrew Mashifane	Chairperson
Mr. Nala Mhlongo	Member
Ms. Nosisa Kekana	Member
Mr. Zukisani Samsam	Member
Ms. Rosetta Xaba	Member

3.2.1.1 Remuneration of Audit and Risk Committee

The disclosure of remuneration paid to members of the audit and risk committee for the year under review and prior year is disclosed under note 32 to the annual financial statements.

Report of the Accounting Authority

3.2.2 Performance Management and Remuneration Committee

The organisation has a performance management and remuneration committee that supports implementation and institutionalisation of performance management within the organisation. The Panel is an advisory body to the NEC authorised to review, guide and support SALGA in the proper implementation and strategic alignment of the organisational performance management policy and procedures, remuneration philosophy and strategy.

The NEC reconstituted the Performance Management and Remuneration Committee with effect from 1 April 2016 following the expiry of its term on 31 March 2016.

The Performance Management and Remuneration Committee was constituted as follows for the year under review:

Name of member	Role
Mr. Chose Choeu	Chairperson
Ms. Elizabeth Dlamini-Khumalo	Member
Dr. Faizel Randera	Member
Mr. William Huma	Member (resigned)
Cllr. Thabo Manyoni	Ex officio member
Cllr. Nombulelo Hermans	Ex officio member
Cllr. Nomakhosazana Meth	Ex officio member

The Performance Management and Remuneration Committee has been reconstituted as follows:

Name of member	Role
Mr. Chose Choeu	Chairperson
Ms. Elizabeth Dlamini-Khumalo	Member
Dr. Faizel Randera	Member
Adv. Motlatjo Ralefatane	Member
Mr. Victor Songelwa	Member
Ms. Barbara Lombard	Member
Cllr. Thabo Manyoni	Ex officio member
Cllr. Nombulelo Hermans	Ex officio member
Cllr. Nomakhosazana Meth	Ex officio member

3.2.2.1 Remuneration of Performance Management & Remuneration Committee

The remuneration of members of the performance management and remuneration committee for the year under review and prior year is disclosed under note 32 to the annual financial statements.

Report of the Accounting Authority

4. REMUNERATION OF SENIOR MANAGEMENT

Senior Management includes the Chief Executive Officer and Executive Directors.

Employee name	Designation
Mr. Xolile George	Chief Executive Officer
Mr. Seana Nkhahle	Executive Manager: Office of the CEO
Mr. Nceba Mqoqi	Chief Financial Officer
Ms. Antonette Richardson	Executive Head: Special Projects
Mr. Simphiwe Dzengwa	Executive Director: Municipal Finance
Ms. Lorette Tredoux	Executive Director: Governance & Inter-Governmental Relations
Mr. Rio Nolutshungu	Executive Director: Municipal Institutional Development
Ms. Jean De La Harpe	Executive Director: Municipal Infrastructure & Services
Ms. Mirriam Lehllokoa	Executive Director: Community Development
Mr. Marx Mupariwa (Acting)	Executive Director: Economic Development & Planning

4.1 Remuneration of Senior Management

The breakdown of Senior Management Remuneration forms part of the annual financial statements and is disclosed on notes 22 and 32 to the annual financial statements in terms of PFMA regulation 28.1.1

Report of the Accounting Authority

5. GOING-CONCERN CONSIDERATIONS

The SALGA NEC reviewed the annual financial statements for 2015/2016 financial year and information regarding the forthcoming financial year, to assess the going concern status of SALGA. Based on this information, the NEC has every reason to believe that SALGA will remain a going concern.

- SALGA shall continue to receive Parliamentary grant funding for the Medium Term Expenditure Framework (MTEF) period per the notification from National Treasury via SALGA's Executive Authority viz. Department of Cooperative Governance and Traditional Affairs (CoGTA). The total Parliamentary allocation for 2016/2017 period is R 29.5 million; 2017/2018 period is R31.3 million and 2018/2019 period is R33.1 million.
- In terms of other funding SALGA has succeeded in raising R2.6 million (2015: R5.5 million) in sponsorship revenue.
- Conditional donor and grant funding raised amounts to R19.9 million (2015: R6.8 million).
- Conditional donor and grant funding already secured to pursue the organisation's mandate in the coming year amounts to R1.3 million (2015: R1.8 million).
- At 31 March 2016, the statement of financial position shows that it has already secured R8.0 million (2015: R3.6 million) as 'payments received in advance'. Included in the amount are membership levies paid in advance by member municipalities of R7.97 million (2015: R3.0 million). The remaining R30 thousand (2015: R0.6 million) will be defrayed through programme implementation.
- The statement of financial position reflects total assets of the organisation at 31 March 2016 remaining steady at R223.3 million (2015: R224.6 million). This represents a negligible decrease of 0.6 percent or R1.3 million, compared to prior year where there was an increase in total assets of R45.9 million representing 25.7 percent.
- The organisation is solvent with total assets exceeding total liabilities by R138.6 million (2015: R111.5 million) representing a 21.8 percent increase (2015: 20.2 percent).
- The solvency rate is 2.64 times (2015: 2.00 times), this means that SALGA had a liability of 100 cents for each 264 cents it holds in total assets.
- Total current assets stand at R187.8 million (2015: R192.4 million) which is more than the current liabilities of R78.9 million (2015: R107.2 million).
- The current ratio is 238 percent (2015: 180 percent) which means that SALGA had R 2.38 (2015: R1.80) in current assets to cover every R1 of current liabilities.
- The organisations operations resulted in an surplus for the year of R27.1 million (2015: R18.7 million), and the 2015/16 to 2017/18 MTEF cycle budget projects operating surpluses in terms of the organisational strategy.

Report of the Accounting Authority

- Membership levy revenue projections for the 2016/2017 financial year amount to R480.5 million representing a projected growth of 4.4 percent. The projection for the two outer years of the MTEF cycle is R513.2 million and R548.1 million for the 2017/2018 and 2018/2019 periods respectively, representing a 6.8 percent increase for both financial periods. In 2017/2018 the organisation intends to disconnect the determination of membership levy revenue from the annual municipal salary budgets to a basis that is linked to CPI with 2016/2017 period being the base year.
- Total revenue projection over the MTEF cycle is R562.9 million; R591.8 million and R629.3 million for the 2016/2017; 2017/2018 and 2018/2019 periods respectively.

Other aspects considered in assessing the organisation's going-concern are the following:

The Constitution of the Republic of South Africa in section 163 envisages an important role for organised local government and provides that an Act of Parliament must cater for the recognition of national and provincial organizations representing municipalities, and determine procedures by which local government may consult the national and provincial government, designate representatives to participate in the National Council of Provinces (NCOP) and nominate persons to the Financial and Fiscal Commission (FFC).

Hence the organisations' existence is as a result of the Organised Local Government Act, 1997 (OLGA) that was enacted by Parliament. SALGA is recognised as the sole voice of organised local government in the Republic of South Africa.

There is no indication in the foreseeable future that the recognition granted by the Minister per the Government Gazette, regulation gazette no. 6087, volume 391 dated 30 January 1998, no. 18645 may be revoked, thus the NEC came to the conclusion that SALGA will be in existence for the next 12 months.

SALGA is constituted by its member municipalities that cover the entire land surface area of the Republic. In terms of the governance model of the Republic which creates the three spheres of government namely Local, Provincial and National, there is no indication in the near future of a change in the governance model.

Lastly, as indicated above the organisation has submitted the outcome of its revenue enhancement model to the Executive Authority (Department of Co-operative Governance and Traditional Affairs) as part of the MTEF submission for the 2016/17 to 2018/19 planning cycle, and made necessary representations relating to the adequacy of the SALGA funding from the national fiscus. This submission was preceded by a formal engagement between the SALGA Chairperson and the Minister of Finance on 30 September 2010; and a further engagement between the CEO of SALGA and the Deputy Minister of Finance on 25 January 2011. However, the Funding model is not fully implemented in the current MTEF cycle as the Executive Authority and National Treasury are considering the model. The NEC shall continue to engage the Executive Authority and National Treasury for the implementation of the funding model. Despite the non-implementation of the funding model the NEC is convinced that SALGA's continuation as a going-concern is assured.

Report of the Accounting Authority

6. FRUITLESS AND WASTEFUL EXPENDITURE AND IRREGULAR EXPENDITURE

6.1 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is disclosed in note 37 of the annual financial statements. Fruitless and wasteful expenditure amounting to R5 996 was incurred during the financial year. An amount of R380 was recovered from the responsible officials, resulting in a net amount of R5 616 being incurred for the year. The accounting authority subsequently condoned the residual fruitless and wasteful expenditure incurred of R5 616 as it was not recoverable.

6.2 Irregular expenditure

During the year under review, the organisation did not incur any expenditure deemed as irregular expenditure in terms of the Public Finance Management Act, 1999 (PFMA), also see note 38 to the annual financial statements.

7. LOSSES, IRREGULARITIES AND OTHER MATTERS

Losses or irregularities are referred to in Section 55(2) (b) of the PFMA. The organisations Materiality and Significance Framework was developed and agreed to in terms of PFMA Treasury Regulation 28.3.1.

In terms of Section 55, the following are specified as matters that must be reported on in the annual report and financial statements:

- (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful
- (i) expenditure that occurred during the financial year;
- (ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;
- (iii) any losses recovered or written off;
- (iv) any financial assistance received from the State and commitments made by the State on its behalf; and
- (v) any other matters that may be prescribed.

SALGA's annual financial statements comply with the requirements as stated above, where applicable.

Report of the Accounting Authority

8. MATERIALITY AND SIGNIFICANCE FRAMEWORK

The NEC approved the materiality and significance framework; developed in terms of the PFMA Treasury Regulation 28.3.1. The framework defines aspects of significance and materiality in terms of sections 54(2) and 55(2)(b) (i) of the PFMA.

The framework, has been agreed to with the Executive Authority as required by the PFMA Treasury Regulation 28.3.1.

9. LEGAL PROCEEDINGS

The organisation did not disclose any contingent liabilities because there are no litigation matters currently pending.

CHAPTER THREE: Financial Statements

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

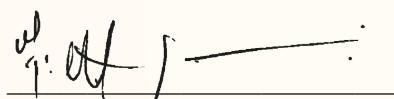
The National Executive Committee as Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the National Executive Committee to ensure that the annual financial statements fairly present the state of affairs of SALGA as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The National Executive Committee (NEC) is of the opinion, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements.

The annual financial statements set out on pages 171 to 262, which have been prepared on the going concern basis, and the performance information set out on pages 55 to 117 were approved by the NOB on 27 May 2015 and were signed on the NEC's behalf by:



Thabo Manyoni
SALGA Chairperson



Xolile George
Chief Executive Officer

Pretoria
31 May 2016

Report of the Audit & Risk Committee



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery



Chairperson

Audit and Risk Committee

Andrew Mashifane

The Audit and Risk Committee is pleased to present the report for the financial year ended 31 March 2016.

1. Audit and Risk Committee

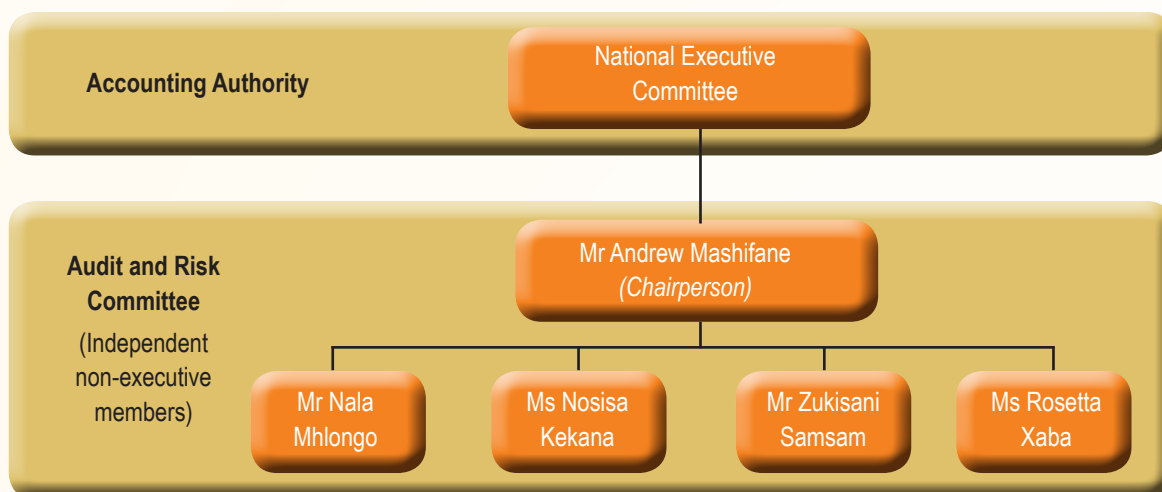
The SALGA Audit and Risk Committee is constituted in terms of section 77(a) of the Public Finance Management Act (PFMA) as well as Treasury Regulations 27.1.1; 3, and 4 and meets as per its approved terms of reference.

The Audit and Risk committee is a sub-committee of the National Executive Committee (NEC). The objectives of the audit committee are as follows:

- To review the effective, efficient and transparent systems of financial and risk management and internal control maintained by SALGA, which contribute to the efficient and effective utilisation of resources, safeguarding of assets and the accomplishment of established strategic objectives for operations or programs of SALGA.
- To promote the efficiency and effectiveness of accounting and management information systems.
- To monitor that, in accordance with SALGA's responsibility to its members, justifiable decisions pertaining to service rendering are taken as indicated in policy statements, practices and uncovering of malpractice.
- To have access to a distinct and clear communications channel between the National Executive Committee, Executive Management Team, external auditors and internal auditors.
- To inform SALGA regarding critical problems which, must be addressed, concerning the preparation and discussion of the financial statements.
- To monitor the effectiveness of the internal audit function and internal controls of SALGA.
- To monitor management, internal audit and external audit with reference to the drafting and auditing of the financial statements.
- To enhance the objectivity and credibility of reporting to stakeholders.
- In order to achieve its objectives, the audit committee is empowered to request all information necessary to assess and act on and to convene meetings, including in camera meetings, at any time.

Report of the Audit & Risk Committee

2. Audit and Risk Committee members'



The Committee comprises members who are external professionals from the private sector. It functions independently of the management structures within SALGA and endeavours to remain and preserve its objectivity at all times.

The audit and risk committee consists of the following non-executive independent members:

3. Qualifications and other roles; board membership (past and present)

#	Member	Profession	Qualifications / Expertise
1.	Mr. Andrew Mashifane	<ul style="list-style-type: none"> Chartered Accountant (CA) (SA) Registered Auditor with the Independent Regulatory Board for Auditors (IRBA) Director at Ernst & Young 	<ul style="list-style-type: none"> Bachelor of Commerce (Accounting); [Wits] Honours Bachelor of Accounting Science / (CTA); [Unisa] Certificate in Advance Taxation - 2001
2.	Mr. Nala Mhlongo	<ul style="list-style-type: none"> Chartered Global Management Accountant (CGMA) Chartered Management Accountant (ACMA) Chartered Accountant, South Africa (CA, SA) Director 	<ul style="list-style-type: none"> Bachelor of Commerce; [University of the Western Cape] Honours Bachelor of Commerce; [University of the Western Cape]
3.	Ms. Nosisa Kekana	<ul style="list-style-type: none"> Admitted as an Attorney of the High Court of South Africa (1997) Company Secretary 	<ul style="list-style-type: none"> B Juris; [Unitra] LLB; [Unitra] Higher Diploma in Company Law; [Wits]

Report of the Audit & Risk Committee

#	Member	Profession	Qualifications / Expertise
4.	Mr. Zukisani Samsam	<ul style="list-style-type: none"> Chartered Accountant (SA) Financial Management Consultant 	<ul style="list-style-type: none"> Mcom Finance; [Pret] Post-graduate Certificate in Auditing; [RAU] Postgraduate Diploma in Accounting; [Natal] B.Comm (Accounting); [Natal]
5.	Ms. Rosetta Xaba	<ul style="list-style-type: none"> Chartered Accountant (SA) Director 	<ul style="list-style-type: none"> Bsc; [Wits] Post Graduate Diploma in Education; [Swaziland] Honours Bcompt; [Unisa] Postgraduate Diploma in Accounting; [Natal] APT course – [UJ & UCT]

4. Audit and Risk Committee members' attendance

Four meetings were held during the 2015/2016 financial year. These meetings were attended by external auditors, the Chief Executive Officer, Chief Finance Officer, the Head of Internal Audit, and other relevant corporate officials. The Chairperson of the Audit Committee reports on committee activities to the National Executive Committee on a regular basis. All members give a declaration at each Audit Committee meeting of any personal or financial interests that may conflict with their duties in this regard. The table below highlights the Audit Committee members and the record of attendance of Audit Committee meetings.

Member	Record of Attendance			
	22-May-2015	17-Jul-2015	04-Dec-2015	15-Mar-2016
Mr. Temba Zakuza - Chairperson	P	P	P	P
Ms. Octavia Matshidiso Matloa - Member	P	A	P	P
Ms. Phumelele Ndumo - Member	P	A	P	P
Mr. Nala Mhlongo – Member	P	P	P	P
Advocate Motlatjo Ralefatane – Member	P	P	P	P

* P = Present

** A = Absent with apology

5. Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51(1) (a) (ii) and section 76(4) (d) of the PFMA as well as Treasury Regulations 27.1. The Audit Committee adopted appropriate formal Terms of Reference as its Audit Committee Charter and has regulated its affairs in compliance with these Terms of Reference and has discharged all its responsibilities as contained therein.

Report of the Audit & Risk Committee

6. The Effectiveness of Internal Control

The review of the effectiveness of the system of internal control by the Audit Committee is informed by the reports submitted by the Internal Audit Function and Management who are responsible for the development and maintenance of the internal control system.

No significant findings have been reported from the reports issued by the Internal Audit Function and the Auditor General.

7. Risk Management

SALGA follows an enterprise-wide risk methodology, this process of gathering risks ensures that the entire risk universe of the organisation is covered. The gathering of risk delineates between strategic and operational risks in order to assign the required level of management and focus to risks identified. The strategic risks are elevated to the Management Risk Committee and ultimately to SALGA's Audit and Risk Committee while the operational risks are managed by line management.

The risk strategies adopted by the organisation are listed below:

- Mitigate and manage – constant management of risk with the objective of reducing its negative consequences or removing its negative effects in attaining positive results; this includes the updating of controls and changing of strategies to reduce or eliminate a risk;
- Avoid – this is the strategy adopted by SALGA in order to avoid risks that are above the risk tolerance level of the organisation both qualitatively and quantitatively based on SALGA's Risk and Materiality framework that is reviewed on an annual basis;
- Insure – the strategy employs the outsourcing strategy by way of taking insurance for risks that are inherent and it is employed with various controls based strategies like internal policies e.g. SALGA has opted to insure losses of operational working tools like laptops but also has a loss control policy which augments the outsourcing strategy;
- Accept – this is the strategy adopted by the organisation on the management of risks that fall below the organisations Risk and Materiality Framework and are essentially not material and do not pose any significant operational or strategic risk to SALGA.

All significant risks are elevated to the Management Risk Committee and it is the responsibility of this committee to ensure that management strategies adopted towards various risks are commensurate with the approved organisational approach. Operational risks are constantly monitored based on their frequency and occurrence to ensure that controls are adapted based on the risk exposure of each risk.

The Internal Audit Function follows a risk-based approach and developed an appropriate Internal Audit Coverage plan in order to provide assurance on the effectiveness of risk mitigating measures.

Report of the Audit & Risk Committee

8. Evaluation of Financial Statements

The Audit Committee has:

- Evaluated the financial statements of SALGA for the period ended 31 March 2016.
- Reviewed the Auditor General's report to management and management response thereto.

The Audit Committee concurs and accepts the Auditor-General's conclusion on the annual financial statements. It is of the opinion that the audited financial statements be accepted and read in conjunction with the report of the Auditor-General.



Andrew Mashifane

Chairperson of the Audit & Risk Committee

Pretoria
31 July 2016

Report of the Auditor-General



Report of the Auditor-General to Parliament on South African Local Government Association

Report on the financial statements

Introduction

1. I have audited the financial statements of the South African Local Government Association set out on pages 171 to 262, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards on GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Report of the Auditor-General to Parliament on South African Local Government Association

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African Local Government Association as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance SA Standards on GRAP and the requirements of the PFMA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:
- Goal 1: Local Government Delivering Equitable and Sustainable Services on pages 55 to 62
 - Goal 2: Safe and Healthy Environment and Communities on pages 63 to 68
 - Goal 3: Planning and Economic Development at a Local Level on pages 69 to 80
 - Goal 4: Effective, Responsive and Accountable Local Government for Communities on pages 81 to 88
 - Goal 5: Human Capital Development in Local Government on pages 89 to 96
 - Goal 6: Financially and Organisationally Capacitated Municipalities on pages 97 to 104
 - Goal 7: Effective and Efficient Administration on pages 105 to 117

Report of the Auditor-General to Parliament on South African Local Government Association

9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
 - Goal 1: Local Government Delivering Equitable and Sustainable Services
 - Goal 2: Safe and Healthy Environment and Communities
 - Goal 3: Planning and Economic Development at a Local Level
 - Goal 4: Effective, Responsive and Accountable Local Government for Communities
 - Goal 5: Human Capital Development in Local Government
 - Goal 6: Financially and Organisationally Capacitated Municipalities
 - Goal 7: Effective and Efficient Administration

Additional matter

12. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

13. Refer to the annual performance report on pages 55 to 117 for information on the achievement of the planned targets for the year.

Compliance with legislation

14. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with

CHAPTER THREE: Financial Statements

Report of the Auditor-General to Parliament on South African Local Government Association

Internal control

15. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
30 July 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annual Financial Statements



South African Local Government Association

(Schedule 3A public entity i.t.o. the Public Finance Management Act, 1999 and recognised i.t.o. the Organised Local Government Act, 1997)

Annual Financial Statements for the year ended 31 March 2016

Statement of Financial Position as at 31 March 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Operating lease asset	6	45 192	41 305
Trade and other receivables from exchange transactions	8	67 582 629	37 949 785
Cash and cash equivalents	9	120 199 562	154 448 536
		187 827 383	192 439 626
Non-Current Assets			
Investment property	2	8 253 000	6 600 000
Property, plant and equipment	3	25 517 503	23 902 654
Intangible assets	4	643 519	610 698
Deposits	5	1 039 482	1 028 068
		35 453 504	32 141 420
Total Assets		223 280 887	224 581 046
Liabilities			
Current Liabilities			
Finance lease obligation	11	838 586	1 285 240
Operating lease liability	6	1 331 364	2 746 976
Trade and other payables from exchange transactions	15	64 304 765	92 297 948
Employee benefit obligation	7	63 541	-
Unspent conditional grants and receipts	12	1 293 401	1 790 897
Provisions	13	11 072 772	7 070 821
Deferred revenue	14	-	2 065 059
		78 904 429	107 256 941
Non-Current Liabilities			
Finance lease obligation	11	676 012	859 128
Operating lease liability	6	2 597 172	2 818 065
Employee benefit obligation	7	602 459	637 000
Provisions	13	1 877 663	1 508 785
		5 753 306	5 822 978
Total Liabilities		84 657 735	113 079 919
Net Assets			
Revaluation reserve	10	2 259 566	2 259 566
Accumulated surplus		136 363 586	109 241 561
Total Net Assets		138 623 152	111 501 127
Total Net Assets and Liabilities		223 280 887	224 581 046

CHAPTER THREE: Financial Statements

South African Local Government Association

(Schedule 3A public entity i.t.o. the Public Finance Management Act, 1999 and recognised i.t.o. the Organised Local Government Act, 1997)

Annual Financial Statements for the year ended 31 March 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Revenue from exchange transactions	17	460 069 927	429 100 083
Other revenue from exchange transactions	19	12 928 120	21 281 983
Investment revenue	23	18 078 608	13 130 438
Conditional sponsorship – LA Health	17	39 999	40 000
Grant recognised – Free State Department of Cooperative Governance and Traditional Affairs	17	-	1 120 323
Grant recognised - Eastern Cape Department of Local Government and Traditional Affairs	17	-	98 987
Grant recognised – LGSETA (CIP)	17	-	845 509
Grant recognised – LGSETA (Capacity building)	17	2 493 582	1 743 088
Grant recognised – LGSETA (PBCDP)	17	14 034 532	2 589 879
Government grants and subsidies - Executive Authority	17	9 215 000	26 904 000
Masibambane revenue recognised	17	2 065 059	-
Sponsorships and donations from non-exchange transactions	17	2 610 664	5 509 690
Grant recognised – Commonwealth Local Government Forum	17	-	41 560
Grant recognised – LGSETA (LDW)	17	848 162	-
Grant recognised – GIZ (Governance Support Programme)	17	514 860	330 811
Total Revenue		522 898 513	502 736 351
Expenses			
Personnel expenses	22	(294 042 463)	(270 140 551)
Administrative expenses	20	(52 803 457)	(54 437 100)
Depreciation and amortisation expense	3 & 4	(7 592 462)	(7 429 746)
Indirect programme costs	20	(79 997 068)	(88 348 538)
Other expenses	20	(60 313 354)	(62 572 575)
Finance costs	26	(1 027 684)	(1 105 418)
Total Expenses		(495 776 488)	(484 033 928)
Surplus for the year		27 122 025	18 702 423

South African Local Government Association

(Schedule 3A public entity i.t.o. the Public Finance Management Act, 1999 and recognised i.t.o. the Organised Local Government Act, 1997)

Annual Financial Statements for the year ended 31 March 2016

Statement of Changes in Net Assets

Figures in Rand	Revaluation surplus	Accumulated surplus	Total net assets
Balance at 1 April 2014	2 259 566	90 539 138	92 798 704
Changes in net assets			
Surplus for the year	-	18 702 423	18 702 423
Total changes	-	18 702 423	18 702 423
Balance at 1 April 2015	2 259 566	109 241 561	111 501 127
Changes in net assets			
Surplus for the year	-	27 122 025	27 122 025
Total changes	-	27 122 025	27 122 025
Balance at 31 March 2016	2 259 566	136 363 586	138 623 152
Note(s)	10		

CHAPTER THREE: Financial Statements

South African Local Government Association

(Schedule 3A public entity i.t.o. the Public Finance Management Act, 1999 and recognised i.t.o. the Organised Local Government Act, 1997)

Annual Financial Statements for the year ended 31 March 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash receipts from customers		475 187 061	481 783 871
Cash paid to suppliers and employees		(516 140 931)	(448 435 389)
Net cash flows from operating activities		(40 953 870)	33 348 482
Interest received	23	18 078 608	13 130 438
Interest paid	26	(1 027 684)	(1 105 418)
Cash (utilised in) / generated from operations	29	(23 902 946)	45 373 502
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(9 954 062)	(7 480 834)
Proceeds from sale of property, plant and equipment	3	249 219	331 574
Purchase of intangible assets	4	-	-
Movement in financial assets		(11 414)	-
Net cash flows from investing activities		(9 716 257)	(7 149 260)
Cash flows from financing activities			
Finance lease payments		(629 771)	(273 252)
Net cash flows from financing activities		(629 771)	(273 252)
Net (decrease) / increase in cash and cash equivalents		(34 248 974)	37 950 990
Cash and cash equivalents at the beginning of the year		154 448 536	116 497 546
Cash and cash equivalents at the end of the year	9	120 199 562	154 448 536

CHAPTER THREE: Financial Statements

South African Local Government Association

(Schedule 3A public entity i.t.o. the Public Finance Management Act, 1999 and recognised i.t.o. the Organised Local Government Act, 1997)

Annual Financial Statements for the year ended 31 March 2016

Statement of Comparison of Budget and Actual Amounts

Budget on comparable basis

	Note(s)	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Figures in Rand						
Revenue						
Revenue from exchange transactions						
Rendering of services – membership levies	17	424 395 068	36 952 444	461 347 512	460 069 927	(1 277 585)
Other revenue	19	18 304 499	(665 108)	17 639 391	12 928 120	(4 711 271)
Investment revenue	23	10 000 000	4 000 000	14 000 000	18 078 608	4 078 608
Total revenue from exchange transactions		452 699 567	40 287 336	492 986 903	491 076 655	(1 910 248)
Revenue from non-exchange transactions						
Conditional sponsorship – LA Health	17	30 000	-	30 000	39 999	9 999
Grant recognised – LGSETA (Capacity building)	17	-	2 340 000	2 340 000	2 493 582	153 582
Grant recognised – LGSETA (PBCDP)	17	-	14 860 000	14 860 000	14 034 532	(825 468)
Government grants and subsidies	17	9 255 000	(40 000)	9 215 000	9 215 000	-
Masibambane revenue recognised	17	-	1 880 000	1 880 000	2 065 059	185 059
Sponsorships and donations	17	4 700 000	(2 000 000)	2 700 000	2 610 664	(89 336)
Grant recognised – LGSETA (LDW)	17	-	800 000	800 000	848 162	48 162
Grant recognised – GIZ (Governance Support Programme)	17	-	600 000	600 000	514 860	(85 140)
Total revenue from non-exchange transactions		13 985 000	18 440 000	32 425 000	31 821 858	(603 142)
Total revenue		466 684 567	58 727 336	525 411 903	522 898 513	(2 513 390)
Expenditure						
Personnel expenses	23	(283 676 697)	(11 371 325)	(295 048 022)	(294 042 463)	1 005 559
Administrative expenses	20	(42 168 191)	(15 146 686)	(57 314 877)	(52 803 457)	4 511 420
Depreciation and amortisation expense	3 & 4	(5 842 210)	(1 804 797)	(7 647 007)	(7 592 462)	54 545
Finance costs	26	(1 963 960)	341 920	(1 622 040)	(1 027 684)	594 356
Indirect programme costs	20	(74 712 140)	(12 210 015)	(86 922 155)	(79 997 068)	6 925 087
Other expenses	20	(57 144 652)	(7 353 269)	(64 497 921)	(60 313 354)	4 184 567
Total expenditure		(465 507 850)	(47 544 172)	(513 052 022)	(495 776 488)	17 275 534
Surplus for the year		1 176 717	11 183 164	12 359 881	27 122 025	14 762 144

Also refer to note 39.

CHAPTER THREE: Financial Statements

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South African Local Government Association

(Schedule 3A public entity i.t.o. the Public Finance Management Act, 1999 and recognised i.t.o. the Organised Local Government Act, 1997)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1. Presentation of Financial Statements - Basis of preparation

Statement of compliance

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

Basis of measurement

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of SALGA.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that SALGA will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and other receivables

SALGA assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

South African Local Government Association

(Schedule 3A public entity i.t.o. the Public Finance Management Act, 1999 and recognised i.t.o. the Organised Local Government Act, 1997)

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The carrying value less impairment losses of trade receivables and the carrying value of trade payables are deemed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to SALGA for similar financial instruments.

Post-retirement medical benefits

The present value of the post-employment medical obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-employment medical obligations.

SALGA determines the appropriate discount rate at the end of each year. This is the interest rate that will be used to determine the present value of estimated future cash outflows expected to be required to settle the medical obligations. In determining the appropriate discount rate, SALGA considers the medical aid inflation that have terms to maturity approximating the terms of the related medical liability.

Other key assumptions for medical aid obligations are based on current market conditions. Additional information is disclosed in note 7.

Effective interest rate

SALGA uses the prime interest rate to discount future cash flows for payables and/or expenditure and the R186 government bond yield rate to discount the future cash flows in receivables and/or revenue.

Allowance for doubtful debts

For trade receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the trade receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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1.3 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and residual values

SALGA re-assesses the useful lives and residual values of property, plant and equipment on a yearly basis. These assessments require judgements and assumptions to be made by management. The assessments involve the estimation of months or years based on past experience and historical information to determine the estimated period of time over which an asset is expected to be used. Other assessments involve the determination of value where a comparison of the resale value of the specific asset taking into consideration its age and condition. This determination represents the estimated amount that SALGA would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Impairment of non-cash generating assets

Criteria developed by SALGA to distinguish non-cash-generating assets from cash-generating assets are as follows: SALGA's mandate or intention is not in pursuit of commercial return but service delivery to its members, therefore assets acquired by SALGA are solely for service delivery to facilitate service delivery to its members (i.e. administrative in nature).

There is no uncertainty as to whether SALGA assets are non-cash generating assets, as SALGA does not have an asset or class of assets that operate or generate cash flows independently from other assets, nor does its assets form part of a group of assets that generate cash flows independently from other assets.

1.4 Investment property

Recognition and measurement

Investment property is property (land or a building - or part of a building - or both) held to earn rental income or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services,
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to SALGA, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost plus any transaction costs included in initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

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1.4 Investment property (continued)

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent measurement

Subsequent to initial measurement, investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

SALGA does not amortise the revaluation surplus subsequent to transfer. The revaluation surplus is realised upon disposal or retirement of the asset. Upon transfer of the owner occupied property to investment property the revaluation surplus is treated in the following manner:

- any remaining part of the increase is credited directly to net assets in revaluation surplus.
- on subsequent disposal of the investment property, the revaluation surplus included in net assets may be transferred to accumulated surpluses or deficits. The transfer from revaluation surplus to accumulated surpluses or deficits is not made through surplus or deficit.

fair value adjustments are recognised as profit or loss through the statement of financial performance.

Re-measurements to fair value are made annually to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used for more than one period.

Initial recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

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1.5 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of an item of property, plant and equipment is recognised as an asset if and only if;

- i) it is probable that the future economic benefits or service potential associated with the item will flow to SALGA and the cost or fair value of the item can be measured reliably.
- ii) Where an asset is acquired at a cost that is less than a thousand Rand, its cost is fully depreciated in the period in which it is acquired.

Subsequent expenditure

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent expenditure of an item of property, plant and equipment is recognised as an asset if and only if;

- (a) it is probable that the future economic benefits or service potential associated with the item will flow to SALGA; and
- (b) the cost or fair value of the item can be measured reliably.

Costs of the day-to-day servicing are recognised in surplus and deficit as incurred.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Following initial recognition at cost, land and buildings classified as Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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1.5 Property, plant and equipment (continued)

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives taking into account their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite, not depreciated
Furniture and fixtures	3 to 20 years
Motor vehicles	5 years
Office equipment	2 to 20 years
IT equipment	3 to 4 years
Leasehold improvements	The shorter of useful life or lease term (36 to 60 months)
Leased assets (Equipment)	The shorter of useful life or lease term (24 to 36 months)

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1.5 Property, plant and equipment (continued)

Residual values

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciable amount of an asset is determined by deducting the residual value of an asset from its original cost (or revalued amount, where applicable).

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

No residual value is assessed for assets where the value of the residual is considered immaterial in relation to the cost of the asset. Management intends using the assets shown in the Statement of Financial Position over their entire economic life.

The residual values of motor vehicles are set as determined by market forces. When setting a residual value for a motor vehicle consideration is given to the expected useful life and expected proceeds that could be received today if the same vehicle at the end of its useful life were to be sold.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed off or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in the circumstances indicate that the carrying amount may not be recoverable.

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1.5 Property, plant and equipment (continued)

Specific categories of property, plant and equipment:

Land and buildings

Land and buildings are separable assets and are accounted for separately, even when they are acquired together. Land has an unlimited useful life and therefore is not depreciated.

Buildings have a limited useful life and therefore are depreciable assets.

The useful lives of the land and buildings are re-assessed annually.

Furniture and fittings and office equipment

Office equipment and furniture and fittings are not currently componentised as no component accounting is considered necessary due to the nature of office furniture and fittings and office equipment, namely, that the useful lives of individual components do not differ from the whole.

Estimated useful lives are based on past experience and historical information.

IT equipment

IT equipment can be separated into the following components:

- computer hardware
- computer software (integral part and embedded into hardware)

IT equipment is not currently componentised as no component accounting is considered necessary due to the nature of the computer information.

Expenditure relating to ongoing maintenance (which does not meet the recognition criteria), IT support and customisation is expensed in the Statement of Financial Performance as and when incurred.

Purchased software is recognised at cost, including all direct costs associated with the customisation and installation thereof.

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1.5 Property, plant and equipment (continued)

Motor vehicles

Where there is an indicator of impairment, the recoverable amount of the individual asset is estimated. When the residual values are re-assessed annually, the carrying amount is compared to the resale value of the specific vehicle taking into consideration its age and condition.

Gains and losses

The gains or losses arising from de-recognition or disposal of an item of property, plant and equipment is included in surplus and deficit when the item is derecognised. The gains and losses arising from de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any and the carrying amount of the item.

Leased assets

Leased assets can be separated into the following categories:

- leases for office equipment
- leasehold improvements

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that SALGA will obtain ownership by the end of the lease term.

Leasehold improvements arise when SALGA improves the premises occupied under operating leases to suit operational requirements. Capitalised leasehold improvements are depreciated over the shorter of the estimated useful life of the asset and the lease term.

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1.6 Intangible assets

An asset is identifiable if it is either:

- separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

SALGA assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Subsequent to initial recognition intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	2 to 5 years

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1.6 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

SALGA has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Operating lease receivables – exchange transactions	Financial asset measured at amortised cost

SALGA has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Membership levy received in advance (over-payment) – exchange transactions	Financial liability measured at amortised cost
Sundry payables – exchange transactions	Financial liability measured at amortised cost
Other payables (lodge cards) – exchange transactions	Financial liability measured at amortised cost

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1.7 Financial instruments (continued)

Initial recognition

SALGA recognises financial assets and liabilities in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

SALGA recognises financial assets and liabilities using trade date accounting.

Initial measurement of financial assets and financial liabilities

When a financial asset or liability is recognised initially, SALGA measures it at its fair value, plus in the case of a financial asset or financial liability initially not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

SALGA measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the entity estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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1.7 Financial instruments (continued)

Impairment and uncollectibility of financial assets

At the end of each reporting period SALGA assess whether there is any objective evidence (e.g. continuous defaults on settlement) that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly in surplus or deficit. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Interest, losses or gains

Interest relating to a financial instrument or a component that is a financial liability, is recognised as income or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as income or expense in surplus or deficit.

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1.8 Leases

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

- the lease transfers ownership of the asset to SALGA by the end of the lease term;
- SALGA has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonable certain, at the inception of the lease, that the option will be exercised;
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of such a specialised nature that only the lessee can use them without major modifications;
- if SALGA can cancel the lease, the lessor's losses associated with the cancellation are borne by SALGA;
- gains or losses from the fluctuation in the fair value of the residual accrue to SALGA (for example, in the form of a rent rebate equalling most of the sales proceeds at the end of the lease);
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent; and
- A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

An operating lease is a lease other than a finance lease.

Finance leases - where SALGA is the lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic reduction of the remaining balance of the liability.

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1.8 Leases (continued)

Subsequent to initial recognition the asset is accounted for in accordance with the accounting policy applicable to that asset.

Operating leases - where SALGA is the lessor

Operating lease income is recognised as revenue on a straight-line basis over the lease term.

Operating leases - where SALGA is the lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Any contingent rentals are expensed in the period in which they are incurred.

Assets under operating leases are not recognised in the statement of financial position.

1.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash and cash equivalents are measured at amortised cost.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

SALGA does not have an overdraft facility and is restricted in terms of section 66(3)(c) of the PFMA to borrow money, subject to the approval of the Minister (Executive Authority) in concurrence with the Minister of Finance.

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1.10 Revaluation reserve

The revaluation reserve results from the revaluation of property, plant and equipment while still owner occupied. It remains after treating the same assets as investment property since they were vacated by the entity.

Upon transfer of the owner-occupied property to investment property the revaluations surplus is treated in the following manner:

- any remaining part of the increase is credited directly to net assets in revaluation surplus. On subsequent disposal of the investment property, the revaluation surplus included in net assets may be transferred to accumulated surpluses or deficits. The transfer from revaluation surplus to accumulated surpluses or deficits is not made through surplus or deficit.

1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

- (a) Useful life is either:
- (b) the period of time over which an asset is expected to be used by SALGA; or

the number of production or similar units expected to be obtained from the asset by SALGA.

Criteria developed by SALGA to distinguish non-cash-generating assets from cash-generating assets are as follows: SALGA's mandate or intention is not in pursuit of commercial return but service delivery to its members, therefore assets acquired by SALGA are solely for service delivery or facilitate service delivery to its members (i.e. administrative in nature)

There is no uncertainty as to whether SALGA assets are non-cash generating assets, as SALGA does not have an asset or class of assets that operate or generate cash flows independently from other assets, nor does its assets form part of a group of assets that generate cash flows independently from other assets.

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1.11 Impairment of non-cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

SALGA assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, SALGA estimates the recoverable service amount of the asset.

When SALGA is assessing whether there is any indication that an asset may be impaired, at a minimum the following indications are considered:

External sources of information

- (a) Cessation, or near cessation, of the demand or need for services provided by the asset.
- (b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates.

Internal sources of information

- (a) Evidence is available of physical damage of an asset.
- (b) Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- (c) Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

Value in use

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of non-cash-generating assets is determined using the following approach:

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1.11 Impairment of non-cash-generating assets (continued)

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Reversal of an impairment loss

SALGA assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the recoverable service amount of that asset is estimated.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised.

The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the end of the reporting period in which the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as study leave), are recognised in the period in which the service is rendered and are not discounted.

The organisation remunerates employees on total cost-to-company basis, this package includes SALGA's portion of contribution in respect of retirement benefits. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the SALGA's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

SALGA's defined contribution plans are as follows:

- Pension fund - an employer contribution based on 10.5% p.a. of an employee's basic salary towards pension and/or retirement funds. Employees are required to contribute a corresponding contribution of 6.5% p.a. based on their basic salary.
- Medical aid - an employer contribution capped at R 2 292 per month per employee per calendar year (2015: R 2 152). The contribution amount is reviewed annually depending on prevailing medical insurance inflation.
- Group risk - an employer contribution that covers funeral benefit for the employee and immediate family members.
- The risk cover also includes life assurance at three times an employee's annual salary in case of death. The risk cover is based on 1.47% (2015: 1.45%) of SALGA's basic payroll costs.
- Long-term incentive scheme - the employer provides for Long-Term Incentive (LTI) scheme for Fixed Term Contract (FTC) employees. These employees make-up the top management structure of the organisation and are employed on a five (5) year fixed term contract. The incentive scheme is based on performance (merit) and the employee remaining in the employ of the organisation for a period longer than 3 years.

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1.12 Employee benefits (continued)

Defined benefit plans

A defined benefit plan is a post-employment benefit plan where the entity's obligation is to provide the agreed benefits to current and former employees; and the actuarial risks fall, in substance, on the entity.

For defined benefit plans, the cost of providing the benefits is determined using the projected credit method.

Re-measurements or actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

SALGA recognises the net total of the following amounts in surplus or deficit:

- (a) interest cost
- (b) re-measurements or actuarial gains and losses

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when SALGA is demonstrably committed to curtailment or settlement.

The amount recognised as an obligation in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets.

SALGA provides post-employment health care benefit upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. An annual charge to surplus or loss is made to cover both these liabilities.

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1.13 Provisions and contingencies

Provisions are recognised when:

- SALGA has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if SALGA settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement is limited to the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surpluses.

Contingent assets and contingent liabilities are not recognised.

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1.14 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue and a corresponding asset to the extent that SALGA has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

An exchange transaction is one in which SALGA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to SALGA;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time-frame, revenue is recognised on a straight line basis over the specified time-frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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1.15 Revenue from exchange transactions (continued)

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Stage of completion for membership levies

The membership levy entitles members to 'services' or 'benefits of association' for the financial period of SALGA. Although the formula for fees is based on annual budgeted salary, this is not relevant in terms of revenue recognition. The recognition of revenue depends, rather, on the timing, nature and value of benefits provided. On the basis of the accounting standard GRAP 9, the stage of completion needs to be determined at year end, and revenue recognised in accordance with the stage of completion of the transaction.

The guidance in GRAP 9 par A11 of the Appendix also states that the membership levies should be recognised on the basis which reflects the timing of benefits provided.

"Revenue recognition depends on the nature of the services provided. If the fee permits only membership, and all other services or products are paid for separately, or if there is a separate annual subscription, the fee is recognised as revenue when no significant uncertainty as to its collectability exists. If the fee entitles the member to services or publications to be provided during the membership period or to purchase goods or services at prices lower than those charged to non-members, it is recognised on a basis that reflects the timing, nature and value of the benefits provided".

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1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition and measurement

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As SALGA satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Transfers

Apart from services in kind, which are not recognised, SALGA recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue and a corresponding asset to the extent that SALGA has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Gifts and donations

Gifts and donations are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to SALGA and the fair value of the assets can be measured reliably.

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1.17 Investment revenue

Investment revenue is recognised on a time-proportion basis using the effective interest method.

1.18 Budget information

General purpose financial reporting by SALGA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are prepared on a comparable basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the notes to the annual financial statements.

1.19 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the ruling spot exchange rate.

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1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as income in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including-

- (a) the PFMA; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

- Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the annual financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the annual financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

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1.22 Irregular expenditure (continued)

- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the annual financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the annual financial statements and updated accordingly in the irregular expenditure register.

1.23 Related parties

SALGA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government in respect of the Executive Authority (CoGTA) and members of the NEC and their respective municipalities belonging from the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of SALGA, including those charged with the governance of SALGA in accordance with legislation and SALGA Constitution.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

A related party is considered to be related if one party has the ability to control the other party or jointly control or exercise significant influence over the other party in making financial and operating decisions or if the related party and the other entity are subject to common control.

Specific information with regards to related party transactions is included in the disclosure notes.

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1.23 Related parties (continued)

Identification of Related Parties

Controlling Entities Related Party identification

All municipalities are represented at SALGA through direct membership to SALGA, furthermore representation in SALGA structures is carried by the elected provincial representative at a Provincial Conference as well at National Conference.

The National Conference elects representatives that comprise the National Executive Committee of SALGA (Accounting Authority). Each municipality has a single vote that entitles it to vote at SALGA governance structures. A single municipality would not have control or significant influence over the running the affairs or determining the policies of SALGA. The control and significant influence over SALGA's policies and finances is jointly held by all the 278 municipalities. In terms of SALGA's constitution all the municipalities are members and would have equal rights over the residual assets of the organisation upon dissolution. The ten directly elected members at National Conference and the nine ex-officio members elected by the respective Provincial Conferences are related parties of SALGA by virtue of being part of the National Executive as well as the Chief Executive who is also an ex-officio member of the NEC due to his role. The NEC has an option to co-opt up to three members, who once co-opted become related parties by virtue of being part of the National Executive of SALGA.

SALGA does not have a sister entity that is subjected to common control by the National Conference or jointly by the 278 municipalities in South Africa.

Significant Influence Entities Related Parties identification

Legislatively SALGA reports to the Department of Corporate Governance and Traditional Affairs (CoGTA). SALGA reports on a quarterly to the Minister of CoGTA in line with Public Finance Management Act (PFMA) and its regulations. CoGTA has significant influence over SALGA's activities by virtue of CoGTA's role as the designated Executive Authority in terms of the PFMA. The department is tasked with the function of developing national policies and legislation with regard to provinces and local government. CoGTA's role has a direct impact or significant influence over the decisions of SALGA's policies and finance decisions. Although disclosed as a Related Party transaction, the fees paid by CoGTA to SALGA are part of normal funding that Government grants to its entities.

Senior management of SALGA comprises of the Chief Executive Officer; Chief Financial Officer; Executive Manager in the Office of the Chief Executive; and other senior managers including their close family members have been identified as Related Parties of SALGA due to the significant influence that senior / key management exert over SALGA's operating and finance policies.

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1.23 Related parties (continued)

The governing body members of SALGA, being the NEC; Audit Committee; and Performance and Remuneration

Committee members and their close families have been identified as Related Parties, due to the significant influence these structures exert over SALGA's operating and finance policies.

SALGA does not provide loans whether at market rates/prices or non-market related rates/prices to either Senior Management; NEC members; Audit Committee; and Performance and Remuneration Committee members.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Compensation paid to key management personnel including their family members, where relevant is included in the disclosure notes

1.24 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that SALGA will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

1.25 Segment reporting

SALGA has considered the implementation of GRAP 18 – Segment reporting, however the organisation is unable to implement the standard because it does not satisfy all the requirements of the standard. GRAP 18.05(b) requires regular review of the potential segment financial information at its management meetings for the purpose of making decisions about resources allocations.

Section 51(1)(a)(i) of the PFMA requires that public entities must ensure and maintain an effective, efficient and transparent systems of financial and risk management. In ensuring a transparent system for resource allocation, SALGA budgeting process includes "*Budget Panel Hearings*". The Budget Panel is a formal established forum where all business units are granted an equal opportunity to present their respective programmes, in detail or summary depending on the process for each year.

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1.25 Segment reporting (continued)

SALGA budget process requires all business units to populate their budget, in a prescribed format, on an annual basis based on their annual priorities in line with the approved annual plan. The respective budgets are presented to the Budget Panel which is chaired by a member of SALGA's National Executive Committee (NEC). Members of the Budget Panel also include the Chief Finance Officer (CFO), Executive Manager (EM) and the Chief Executive Officer (CEO) (alternate chairperson), who assist the panel in dealing with various inputs from the directorates and provinces. The Budget panel is a structure that decides and recommends the budget allocation after deliberations and requests presentation from all cost centres, based on the organisational strategic imperatives and advice of the CFO.

Financial management reports for business units are only presented at management meetings for budget implementation and cost monitoring purposes. There are no comprehensive segment financial reports that serve at management meetings for purposes of making decisions about resources allocations as defined in the standard. In view of the above mentioned SALGA cannot comply with all the requirements of GRAP 18 and thus the standard is not applicable to the organisation.

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1.26 New standards and interpretations

Standards and interpretations issued, but not yet effective

The entity has not adopted the following standards and interpretations, which have been published issued but not yet effective:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 20: Related parties	No effective date has been determined by the Minister of Finance	No impact expected since SALGA is already implementing IPSAS 20 in line with Directive 5 of the ASB.
GRAP 32: Service Concession Arrangements: Grantor	No effective date has been determined by the Minister of Finance	No impact expected since it is unlikely to be applicable to SALGA in view of its operations.
GRAP 108: Statutory Receivables	No effective date has been determined by the Minister of Finance	No impact since SALGA does not have any statutory receivables.
GRAP 109: Accounting by Principals and Agents	No effective date has been determined by the Minister of Finance	No impact expected since it is unlikely to be applicable to SALGA in view of its operations.

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Figures in Rand

2. Investment property

	2016		2015	
	Valuation	Carrying value	Valuation	Carrying value
Investment property	8 253 000	8 253 000	6 600 000	6 600 000

Reconciliation of investment property - 2016

	Opening balance	Fair value adjustment gain / (loss)	Total
Investment property	6 600 000	1 653 000	8 253 000-

Reconciliation of investment property - 2015

	Opening balance	Fair value adjustment gain / (loss)	Total
Investment property	5 900 000	700 000	6 600 000

Details of property

1. Stand 3278, Johannesburg, Gauteng
2. Stand 750, Kimberley, Northern Cape
3. Portion 654 of the farm Albinia no. 957, FT KwaZulu-Natal

Details of valuation

The effective date of the revaluations was 31 March 2016. Revaluations were performed by an independent valuer, Mr. William John Hewitt NDPV, C.I.E.A., F.I.V. (SA), Appraiser of Mills Fitchet (TVL) CC. Mills Fitchet (TVL) CC are not connected to SALGA and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use. For the purpose of determining the market value of the investment properties the capitalisation of the "Net Annual Income", generally considered to determine the market value of an income producing property such as shopping centres, offices and industrial or commercial properties where the building has an earning potential.

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Figures in Rand	2016	2015
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2. Investment property (continued)

Amounts recognised in surplus and deficit for the year.

The only rental income received from letting a portion of the investment property relates to the Hillcrest property in KwaZulu-Natal, where a portion of the land is let to Mobile Telephone Networks (MTN) for a cellular phone mast erected on the land. Such leasing of the property is incidental and insignificant relative to the potential of the property. There's no rental income earned on other investment property, rather they are held for capital appreciation.

There are no restrictions on the realisation of investment property or the remittance of revenue and proceeds of disposal.

There are also no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

None of the investment property has been pledged as security for any loan.

Rental revenue from investment property	(73 980)	(73 980)
Direct operating expenses from rental generating property	609 946	507 807
Direct operating expenses from non-rental generating property	1 314 254	1 209 945
Fair value (gain) or loss	1 653 000	700 000

The organisation has initiated a process to dispose of investment property. Advertisements were placed on the Government Tender Bulletin; national newspapers; e-Tender portal and SALGA's website on 17 July 2015 and 6 November 2015.

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3. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	14 871 124	(5 021 740)	9 849 384	13 122 687	(4 387 316)	8 735 371
Motor vehicles	748 745	(555 175)	193 570	592 096	(509 663)	82 433
Office equipment	6 165 424	(2 337 341)	3 828 083	5 782 177	(1 987 795)	3 794 382
IT equipment	16 022 649	(8 144 946)	7 877 703	13 444 415	(5 875 647)	7 568 768
Leased assets	10 591 606	(6 889 740)	3 701 866	10 348 839	(6 627 139)	3 721 700
Work in progress	66 897	-	66 897	-	-	-
Total	48 466 445	(22 948 942)	25 517 503	43 290 214	(19 387 560)	23 902 654

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	8 735 371	1 984 942	(85 527)	(785 402)	-	9 849 384
Motor vehicles	82 433	156 649	-	(45 512)	-	193 570
Office equipment	3 794 382	494 243	(44 265)	(416 277)	-	3 828 083
IT equipment	7 568 768	4 346 760	(296 837)	(3 391 491)	(349 497)	7 877 703
Leased assets	3 721 700	2 904 571	-	(2 924 405)	-	3 701 866
Work in progress	-	66 897	-	-	-	66 897
	23 902 654	9 954 062	(426 629)	(7 563 087)	(349 497)	25 517 503

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	8 275 865	1 392 367	(67 668)	(741 970)	(123 223)	8 735 371
Motor vehicles	338 550	-	-	(256 117)	-	82 433
Office equipment	3 699 913	547 104	(14 049)	(424 273)	(14 313)	3 794 382
IT equipment	7 891 420	3 386 343	(292 407)	(3 330 302)	(86 286)	7 568 768
Leased assets	4 206 288	2 154 920	-	(2 639 508)	-	3 721 700
	24 412 036	7 480 734	(374 124)	(7 392 170)	(223 822)	23 902 654

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Figures in Rand	2016	2015
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3. Property, plant and equipment (continued)

Compensation received for losses on property, plant and equipment – included in operating profit.

Furniture and fixtures	218 507	-
IT equipment	30 711	331 574

Assets subject to lease (Net carrying amount)

Office equipment	1 439 783	2 054 675
Leasehold improvements	2 262 083	1 667 024
	3 701 866	3 721 699

Other information

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

Furniture and fixtures	9 443	15 382
Office equipment	4 495	23 322
	13 938	38 704

Reconciliation of Work-in-progress 2016

	Included within PPE	Total
Additions/capital expenditure	66 897	66 897

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4. Intangible assets

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	738 409	(94 890)	643 519	738 409	(127 711)	610 698

Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Impairment reversal	Total
Computer software	610 698	(29 375)	62 196	643 519

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	648 274	(37 576)	610 698

Other information

Fully amortised intangible assets still in use (Gross carrying amount)	-	49 156
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5. Deposits

At amortised cost

Rental deposits held by lessors	1 039 482	1 028 068
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Terms and conditions

The deposits are refundable by the lessors only on termination of the lease agreement

Non-current assets

Rental deposits held by lessors	1 039 482	1 028 068
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6. Operating lease asset / (liability) (accrual)		
Current assets	45 192	41 305
Non-current liabilities	(2 597 172)	(2 818 065)
Current liabilities	(1 331 364)	(2 746 976)
	(3 883 344)	(5 523 736)

The operating lease asset arose as a result of straight-lining the operating lease receipts in accordance with GRAP 13.

SALGA leases a portion of its property in KwaZulu-Natal to a cellular phone operator for a cellular phone mast. The lease period on integration of SALGA KwaZulu-Natal into SALGA fold was 96 months. The annual escalation is 8% and the remaining lease period is 48 months.

The operating lease liability arose due to the straight-lining of operating lease payments in accordance with GRAP 13. Refer to note 30 for details on the non-cancellable operating lease rentals payable in future.

SALGA leases premises with a lease period ranging from 36 to 60 months. The average annual escalation is 9% and the average remaining lease term is 19 months.

All leases, except for Gauteng have extension options included in the contracts. Four of the lease contracts (National Office; KwaZulu-Natal; Northern Cape and North West) have extension options that are subject to negotiation between SALGA and the Lessors at the end of the current contracts. SALGA normally enters into negotiations to extend lease contracts at least six months before the termination of the lease.

The national office lease has an option to purchase, the purchase price shall be based on market value at the time of exercising the option.

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7. Employee benefit obligations

Defined benefit plan

The plan is a post-employment medical benefit plan.

Post-employment medical aid plan

When the then Western Cape Local Government Organisation (WECLOGO) was incorporated into SALGA, to form a unitary organisation WECLOGO had former employees for whom it contributed towards a medical aid post-employment benefit. One of the conditions of the unitary structure was that conditions of service of any employee in the employ of the provincial associations will not be affected upon amalgamation in line with section 197 of the Labour Relations Act. The WECLOGO members were incorporated into SALGA as of 1 February 2005 and SALGA inherited the post-employment medical benefit scheme of the two remaining pensioners.

SALGA contracted NMD Consultants and Actuaries (Pty) Ltd, an independent firm of actuaries not connected to SALGA to assist with the determination of the post-employment medical obligation as at 31 March 2016. The report provided by the actuaries valued the obligation at R666 000 (2015: R637 000). The increase in the post-employment medical obligation is due to a surplus of R4 000 as a result of changes in financial assumptions; deficit of R19 000 due to health care cost inflation compared to expectations and deficit of R27 000 due to actual demographic profile of the membership compared to expectations.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(666 000)	(637 000)
Non-current liabilities	(602 459)	(637 000)
Current liabilities	(63 541)	-
	(666 000)	(637 000)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	637 000	653 000
Benefits paid	(61 000)	(56 000)
Net expenses recognised in the statement of financial performance	90 000	40 000
	666 000	637 000

Net expense recognised in the statement of financial performance

Interest cost	48 000	54 000
Re-measurement or actuarial gain or loss	42 000	(14 000)
	90 000	40 000

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7. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.20%	7.93%
Medical cost trend rates	8.77%	7.55%
Consumer Price Inflation	7.27%	6.05%
Real discount rate	0.40%	0.35%
Expected increase in healthcare costs	10.72%	7.55%

The post-employment health care liabilities have been valued using the Projected Unit Credit discounted cash flow method. This method was used to determine the past-service liabilities at the valuation date and projected annual expense in the year following the valuation date.

The discounted mean term of the post-employment medical benefit liability was approximately 8.5 years as at 31 March 2015. The discount rate and CPI have therefore been based on the 8.5 year yield from the South African zero coupon government bond yield curve as at 31 March 2016, as published by the Bond Exchange of South Africa. The PA(90) female and male mortality tables were used.

Other assumptions

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	97 740	83 790
Effect on defined benefit obligation	717 948	618 714

Defined contribution plan

It is the policy of SALGA to provide retirement benefits to all its employees. A defined contribution pension or retirement fund, subject to the Pensions Fund Act exist for this purpose.

SALGA is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	20 559 192	17 818 297
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Included in defined contribution plan information above, is the following plans which are accounted for as a defined contribution plans:

- Pension fund - R20 559 192 (2015: R17 818 297)

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8. Trade and other receivables from exchange transactions		
Trade receivables	57 735 935	33 828 986
Prepayments	5 969 758	2 437 114
Sundry receivables	3 876 936	1 683 685
	67 582 629	37 949 785

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates. The credit qualities rating of each of these financial instruments are as follows:

Low credit grade - The counter party has evidenced high occurrences of defaults and / or re-negotiations of contractual terms in prior periods. Furthermore an assessment of the financial position and liquidity position of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. As such the counter parties included in the low credit grade category pose a high credit risk to the entity.

Medium credit grade - The counter party has evidenced instances of defaults and / or re-negotiations of contractual terms in prior periods on the repayment of outstanding amounts. An assessment of the financial position and liquidity positions of the party has provided evidence of financial difficulties that may impede the recoverability of the outstanding amounts. The counter parties included in this credit grade category are active in an industry that is highly sensitive to market fluctuations and volatility in the international economies.

High credit grade - The counter party has evidenced no instances of defaults and / or re-negotiations of contractual terms in prior periods.

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8. Trade and other receivables from exchange transactions (continued)

Trade receivables

Trade receivables schedule

Trade receivables schedule (gross carrying amount)	114 267 643	76 082 131
Less: Allowance for impairment	(56 531 708)	(42 253 145)
	57 735 935	33 828 986

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

Not more than 30 days	64 861	6 694 938
More than 30 days but not more than 60 days	9 402 534	13 702 768
More than 60 days but not more than 90 days	5 812 643	-
More than 90 days but not more than 120 days	454 262	-
More than 120 days	42 001 635	13 431 280
	57 735 935	33 828 986

The carrying amount of trade and other receivables that are past due and have re-negotiated settlement terms amount to R 1 095 327 (2015: R 2 380 142)

Trade and other receivables impaired

As of 31 March 2016, trade and other receivables of R 56 531 708 (2015: R 42 253 145) were impaired and provided for.

The ageing of impaired amounts is as follows:

Not more than 30 days	-	800 880
More than 30 days but not more than 60 days	-	1 483 627
More than 60 days but not more than 90 days	49 505	-
More than 90 days but not more than 120 days	-	-
More than 120 days	56 482 203	39 968 638
	56 531 708	42 253 145

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8. Trade and other receivables from exchange transactions (continued)

Reconciliation of allowance account for doubtful debt

Opening balance	42 253 145	22 257 837
Increase in allowance for impairment	56 531 708	42 253 145
Decrease in allowance for impairment	(42 253 145)	(22 257 837)
	56 531 708	42 253 145

The creation and release of allowance for impaired receivables have been included in operating expenses in surplus or deficit (note 20).

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. SALGA does not hold any collateral as security.

SALGA is exposed to credit risk as a result of transactions entered into with customers on extended payment terms, and cash and cash equivalents held with commercial banks that may not be able to produce cash on demand.

SALGA manages these risks by independent checks and only using commercial banks approved by National Treasury. No changes occurred in the management of these risks from the prior year.

9. Cash and cash equivalents

The carrying value of cash and cash equivalents is measured at amortised cost. None of the instruments included in the cash and cash equivalents were pledged as security for any financial obligation.

Cash on hand	24 722	11 788
Bank balances	120 174 840	154 436 748
	120 199 562	154 448 536

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10. Revaluation surplus reserve

The revaluation surplus is non-distributable.

Opening balance	2 259 566	2 259 566
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The revaluation reserve results from the revaluation of property, plant and equipment while still owner occupied. It remains after treating the same assets as investment property since they were vacated by the entity.

Upon transfer of the owner-occupied property to investment property the revaluation surplus is treated in the following manner:

- any remaining part of the increase is credited directly to net assets in revaluation surplus. On subsequent disposal of the investment property, the revaluation surplus included in net assets may be transferred to accumulated surpluses or deficits. The transfer from revaluation surplus to accumulated surpluses or deficits is not made through surplus or deficit.

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11. Finance lease obligation		
Minimum lease payments due		
- within one year	941 919	1 423 843
- in second to fifth year inclusive	713 441	924 769
	1 655 360	2 348 612
less: future finance charges	(140 762)	(204 244)
Present value of minimum lease payments	1 514 598	2 144 368
Present value of minimum lease payments due		
- within one year	838 586	1 285 240
- in second to fifth year inclusive	676 012	859 128
	1 514 598	2 144 368
Non-current liabilities	676 012	859 128
Current liabilities	838 586	1 285 240
	1 514 598	2 144 368

It is SALGA's standard operating practice to lease certain office equipment under finance leases. Obligations under finance leases are secured by the lessor's title to the leased assets.

SALGA ordinarily concludes these leasing arrangements for a period that ranges up to 36 months. The average lease period for the leased assets for office equipment is 29 months. The average remaining lease term is 26 months and the average effective interest rate implicit in the lease was 9% (2015: 9%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. There are purchase options entered into on these leased assets. SALGA does not renew the leases upon expiry as the useful life approximates the lease term.

SALGA's obligations under finance leases are secured by the lessor's claim over the leased assets, in an instant where SALGA defaults on the contractual lease payments. Refer note 3.

Leased assets with a carrying amount of R 1 439 783 (2015: R 2 054 675) are subject to the Lessors restrictions in terms of movement (relocation).

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12. Unspent conditional grants and receipts

Assets recognised and included in cash and cash equivalents amounting to R 1 293 401 (2015: R 1 790 897) are ring-fenced and can solely be used in terms of the conditions of the grants.

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Government grant – Department of Environmental Affairs	400 000	-
Conditional sponsorship: LA Health	-	39 998
Government grant - Eastern Cape Dept. of Local Gov. & Traditional Affairs	-	86 424
National Treasury - Councillor Induction Programme	-	429 209
Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) - LED Network	105 260	105 260
Local Government SETA – Leadership Development Workshops (LDW)	651 838	350 000
Local Government SETA - Capacity Building (CB)	23 330	256 912
Conditional grant – Commonwealth Local Government Forum (CLGF)	112 973	112 973
Local Government SETA – Portfolio Based Councillor Development Programme (PBCDP)	-	410 121
	1 293 401	1 790 897

Movement during the year

Balance at the beginning of the year	1 790 898	4 778 917
Additions during the year	4 120 791	3 523 722
Revenue recognition during the year	(4 618 288)	(6 511 742)
	1 293 401	1 790 897

The nature and extent of conditional government grants recognised in the annual financial statements and an indication of other forms of assistance from which SALGA has directly benefited are disclosed in note 18; and any unfulfilled conditions and attaching to government and other assistance has not been recognised in surplus or deficit and remain reflected as a liability (Unspent conditional grants and receipts).

See note 18 for reconciliation of grants from National / Provincial Government and other Institutions.

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13. Provisions

Reconciliation of provisions – 2016

	Opening Balance	Additions	Reversed during the year	Total
FTC employee long term incentive	8 579 606	7 623 638	(3 252 807)	12 950 435
Non-current liabilities			1 877 663	1 508 785
Current liabilities			11 072 772	7 070 821
			12 950 435	8 579 606

The Fixed Term Contract (FTC) employee long-term retention incentive represents management's best estimate of SALGA's liability under year two of the retention incentive scheme. The FTC retention incentive scheme only vests to FTC employees provided the employee's performance is acceptable in terms of SALGA's merit based rating matrix. Furthermore, should the employee remain in the employ of SALGA for a period exceeding three years whereupon the incentive shall vest to the employee.

There has been a change on the basis used to calculate the entity's obligation on the retention scheme. The effect of the change on opening provision is a reduction of R 3 252 807. The change is from a fixed percentage of 20% to a variable rate that is based on performance. The effect on future amounts is undeterminable due to impracticability.

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14. Deferred revenue

Deferred revenue arises from donor funded projects, whose funds when received in advance are classified as deferred revenue and recognised as and when the donor requirements are fulfilled. The Masibambane donor funded project was wound-up in the year under review:

Masibambane project	-	2 065 059
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Assets recognised and included in cash and cash equivalents amounting to R nil (2015: R 2 065 059) are ring-fenced and can solely be used in terms of the Masibambane project business plan.

Movement during the year – Masibambane project

Balance at the beginning of the year	2 065 059	3 868 244
Revenue recognised during the year	(2 065 059)	(1 803 185)
	-	2 065 059

Masibambane project is a European Union donor funded programme (funds are channelled through the Department of Water Affairs) aimed at capacity building, infrastructure development and ensuring viable and sustainable delivery of water and sanitation services.

Movement during the year - SDC Project

Balance at the beginning of the year	-	(549 269)
Additions during the year	-	549 269
	-	-

The Swiss Agency for Development and Co-operation (SDC) agreed to support SALGA to build capacity in the monitoring and implementation of energy efficiency. The project has two components:

- Monitoring of energy efficiency targets in the building sector with the Department of Energy; and
- Cooperation support to SALGA through implementation of the capacity building component of the project.

The project was completed on 31 December 2013 and it was wound-up in 2014 with outstanding receivables settled.

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15. Trade and other payables from exchange transactions		
Trade payables	7 526 788	14 418 396
Membership levies received in advanced	8 002 268	3 604 087
Sundry payables	861 392	602 765
Accrued leave pay	14 252 436	12 686 213
Accrued thirteenth cheque	1 800 196	1 616 781
Accrued expenses	8 196 016	34 930 180
Accrued performance rewards	18 871 909	20 079 455
Other payables (lodge cards)	4 793 761	4 360 071
	64 304 765	92 297 948

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16. Financial instruments disclosure

Categories of financial instruments

2016

Financial assets		
	At amortised cost	Total
Trade and other receivables from exchange transactions	61 612 871	61 612 871
Operating lease receivables – exchange transactions	45 192	45 192
Cash and cash equivalents	120 199 562	120 199 562
	181 857 625	181 857 625

Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	15 722 804	15 722 804
Membership levy received in advance (over-payment)	8 002 268	8 002 268
Sundry payables	861 392	861 392
Other payables (lodge cards)	4 793 761	4 793 761
	29 380 225	29 380 225

2015

Financial assets		
	At amortised cost	Total
Operating lease receivables – exchange transactions	41 305	41 305
Trade and other receivables from exchange transactions	33 828 986	33 828 986
Sundry receivables from exchange transactions	1 683 685	1 683 685
Cash and cash equivalents	154 448 536	154 448 536
	190 002 512	190 002 512

Financial liabilities		
	At amortised cost	Total
Trade and other payables from exchange transactions	49 348 576	49 348 576
Membership levy received in advance (over-payment)	3 604 087	3 604 087
Sundry payables	602 765	602 765
Other payables (lodge cards)	4 360 071	4 360 071
	57 915 499	57 915 499

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17. Revenue

Total revenue disclosed in the Statement of Financial Performance is made up as follows:

Revenue from exchange transactions	460 069 927	429 100 083
Revenue from non-exchange transactions	31 821 858	39 223 847
Other revenue (refer note 19)	12 928 120	21 281 983
Investment revenue (refer note 23)	18 078 608	13 130 438
Total revenue	522 898 513	502 736 351

The amounts included in revenue arising from exchanges of goods or services are as follows:

Rendering of services - Membership levies	460 069 927	429 100 083
Other revenue (refer note 19)	12 928 120	21 281 983
	472 998 047	450 382 066

The amount included in revenue arising from non-exchange transactions is as follows:

Conditional sponsorship – LA Health	39 999	40 000
Grant recognised – Free State Dept. of CoGTA	-	1 120 323
Grant recognised - Eastern Cape Dept. of Local Gov. & Traditional Affairs	-	98 987
Grant recognised – LGSETA (CIP)	-	845 509
Grant recognised – LGSETA (Capacity building)	2 493 582	1 743 088
Grant recognised – LGSETA (PBCDP)	14 034 532	2 589 879
Transfers – Government grant and subsidies	9 215 000	26 904 000
Masibambane revenue recognised	2 065 059	-
Sponsorship and donations	2 610 664	5 509 690
Grant recognised – Commonwealth Local Government Forum	-	41 560
Grant recognised – LGSETA (LDW)	848 162	-
Grant recognised – GIZ Governance Support Programme	514 860	330 811
	31 821 858	39 223 847

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18. Government grants and subsidies

Transfers and subsidies - Executive Authority	9 215 000	26 904 000
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Conditional grant -Free State Department of Cooperative Governance - Grant

Balance unspent at beginning of year	-	1 120 323
Conditions met - transferred to revenue (refer note17)	-	(1 120 323)
Balance unspent at end of year	-	-

Conditional grant: Department of Environmental Affairs

Current-year receipts	400 000	-
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Conditions still to be met – remaining liability (refer note 12)

SALGA has collaborated with the Department of Environmental Affairs (DEA) for the development and finalisation of a study and developing a position paper defining the role of local government in Environmental Management and establishing the costs of performing environmental management functions.

Conditional sponsorship: LA Health

Balance unspent at beginning of year	39 999	79 999
Conditions met - transferred to revenue (refer note17)	(39 999)	(40 000)
Balance unspent at end of year	-	39 999

A conditional sponsorship was obtained from LA Health to fund SALGA's website redesign and rejuvenation. The sponsorship has the condition: that SALGA's webpage must bear LA Health presence (logo on each page thereof, in a format to be agreed upon by the parties for a period of five (5) years). The amount has thus been amortised over a 5 year period.

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18. Government grants and subsidies (continued)

Conditional grant -Eastern Cape Department of Local Government & Traditional Affairs

Balance unspent at beginning of year	86 424	485 411
Current-year receipts / (refunds)	(86 424)	(300 000)
Conditions met - transferred to revenue (refer note17)	-	(98 987)
Balance unspent at end of year	-	86 824

The grant from the Eastern Cape department of local government and traditional affairs is used to fund internal capacity within SALGA for the implementation of collaborative support to municipalities specifically focusing on capacitating municipal oversight structures; provide assistance to enhance and promote oversight in the municipalities. Secondly, the grants is used to fund SALGA's Councillor Induction programme; Ward committees training; and the training of Traditional leaders.

Conditional grant -LGSETA - Councillor Induction Programme (CIP) Grant

Balance unspent at beginning of year	(222 994)	622 515
Conditions met - transferred to revenue (refer note17)	-	(845 509)
Included in trade and other receivables (sundry receivables) (refer note 8)	222 994	222 994
Balance unspent at end of year	-	-

A conditional grant was obtained from the LGSETA to assist in SALGA's programme to induct the new Councillors after the 18 May 2011 local government elections into the local government sphere.

Conditional grant -National Treasury - CIP Grant

Balance unspent at beginning of year	429 209	429 209
Current-year receipts / (refund)	(429 209)	-
Balance unspent at end of year	-	429 209

A conditional grant was obtained from National Treasury to assist with SALGA's programme to train new entrants to the local government sphere after the 18 May 2011 local government elections, heading up the financial management portfolio in their respective municipalities.

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18. Government grants and subsidies (continued)		
Conditional grant -Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) - LED Network Grant)		
Balance unspent at beginning of year	105 260	41 460
Current-year receipts	-	63 800
Conditions met - transferred to revenue (refer note17)	-	-
Balance unspent at end of year	105 260	105 260

Conditions still to be met – remaining liability (refer note 12)

The grant is funded by Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) to build capacity within SALGA for a Local Economic Development (“LED”) specialist.

Conditional grant -Local Government SETA Leadership Development Workshops (LDW)

Balance unspent at beginning of year	350 000	350 000
Current-year receipts	1 150 000	-
Conditions met - transferred to revenue (refer note17)	(848 162)	-
Balance unspent at end of year	651 838	350 000

Conditions still to be met – remaining liability (refer note 12)

The grant is from the Local Government Sector Education and Training Authority (LG SETA). Its intention is to provide support to SALGA's capacity building programmes targeted to SALGA members i.e. municipalities and its primary aim is to fund the Leadership Development Workshop (LDW).

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18. Government grants and subsidies (continued)		
Conditional grant -Local Government SETA (Capacity Building)		
Balance unspent at beginning of year	256 912	2 000 000
Current-year receipts	2 260 000	-
Conditions met - transferred to revenue (refer note 17)	(2 493 582)	(1 743 088)
Balance unspent at end of year	23 330	256 912

Conditions still to be met – remaining liability (refer note 12)

The grant is for the activation of capacity building through a Human Resources Development Indaba that will inform SALGA's programme on Human Resource Development for the sector. The grant received from the LG SETA will also fund the following projects:

- (i) capacity building;
- (ii) conducting a feasibility study for the facilitation of Local Government Leadership Academy Scoping; and
- (iii) Development of requirements specification for the HRM&D Information Systems.

Conditional grant -Conditional grant - GIZ Governance Support Programme

Balance unspent at beginning of year	(75 811)	-
Current-year receipts	590 671	255 000
Conditions met - transferred to revenue (refer note 17)	(514 860)	(330 811)
Included in trade and other receivables (sundry receivables) (refer note 8)	-	75 811
Balance unspent at end of year	-	-

The grant is from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and its primary aim is to provide financial support to SALGA for the following:

- Develop, pilot and roll out the research instrument at a sample of red zone municipalities.
- Train SALGA staff on research instrument and methodology
- Data analysis and report write up.
- LED and LGCICT marketing material for SALGA events
- Technical website development
- Training for SALGA network teams on Drupal content management system and online facilitation techniques
- LED materials (manuals & handbooks) for municipalities. Compiling and printing LED newsletter and distributing to Municipalities

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18. Government grants and subsidies (continued)

The grant is from the Local Government Sector Education and Training Authority (LG SETA). Its intention is to provide support to SALGA's capacity building programmes targeted to SALGA members i.e. municipalities and its primary aim is to fund the Leadership Development Workshop (LDW).

Conditional grant - Conditional grant - Commonwealth Local Government Forum (CLGF)

Balance unspent at beginning of year	112 973	-
Current-year receipts	-	112 973
Balance unspent at end of year	112 973	112 973

Conditions still to be met – remaining liability (refer note 12)

The grant from the Commonwealth Local Government Forum (CLGF) is to fund SALGA's partnership with CLGF to support local government in promoting local economic development. The objectives of the intervention is to address the following key actions to enable local government to play its full role in LED.

- Provide clear national framework for LED
- Create an enabling environment
- Local strategies to promote LED partnerships with the private sector.

Conditional grant - LGSETA Portfolio Based Councillor Development Programme (PBCDP)

Balance unspent at beginning of year	410 121	-
Current-year receipts	11 990 000	3 000 000
Conditions met - transferred to revenue (refer note 17)	(14 034 532)	(2 589 879)
Included in trade and other receivables (sundry receivables) (refer note 8)	1 634 411	-
Balance unspent at end of year	-	410 121

The grant is from the LGSETA and it is intended to provide financial support to SALGA to enable the roll-out of a Portfolio based Councillor Development Programme (PBCDP) programme. The programme is targeted at reaching at least 5 000 councillors to be provided with portfolio based training based on their respective roles in municipalities.

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19. Other revenue		
Revenue from capacity building programmes	5 315 500	2 423 990
Sundry revenue	840 628	1 006 781
Delegate fees - national and provincial members assembly	5 426 870	15 053 400
Management fee – LGSETA (PBCDP)	1 283 333	816 667
Commission revenue	9 597	11 337
Rent revenue	73 980	73 980
Discount received	43 799	1 710
Donor funds recognised	-	1 803 186
Debt impairment recovered	-	6 000
(Loss) or gain on foreign exchange differences	(65 587)	84 892
	12 928 120	21 281 983

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Figures in Rand	2016	2015
20. Expenses		
Disclosed expenses comprise the following:		
Administrative expenses		
Impairment loss	349 497	223 822
Impairment reversal - Intangible asset	(62 196)	-
Lease rentals	35 025 757	34 590 101
Bad debts	15 149 639	19 934 437
Repairs and maintenance	3 816 350	346 189
Loss on disposal of assets	177 410	42 550
Investment property fair value adjustments	(1 653 000)	(700 000)
	52 803 457	54 437 100
Indirect programme costs		
Remuneration of councillors	4 457 952	1 276 399
Professional and advisory services (member support)	10 505 012	29 403 861
Travel expenses	22 649 009	16 254 299
Venue hire and accommodation expenses	25 197 304	28 086 200
Capacity building expenses	7 742 261	4 453 629
Logistical support expenses	9 445 530	8 874 150
	79 997 068	88 348 538

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Figures in Rand	2016	2015
20. Expenses (continued)		
Other expenses		
Advertising	5 397 658	8 283 824
Auditors remuneration	3 819 661	4 053 408
Bank charges	174 289	154 760
Cleaning	761 536	617 444
IT consumables	88 329	370 205
Professional and advisory services	5 652 107	3 285 831
Donations	-	69 245
Entertainment	-	14 045
Gifts	249 828	83 983
Insurance	366 836	309 547
Community development initiatives	21 160	188 373
IT support and licence fees	12 946 937	14 830 001
Marketing	3 123 645	4 719 447
Magazines, books and periodicals	97 001	63 951
Motor vehicle expenses	84 801	126 955
Postage and courier	858 086	890 766
Printing and stationery	4 205 822	5 923 833
Municipal profiling	2 001 787	-
Security costs	1 967 790	1 800 301
Staff welfare	1 170 948	973 590
Subscriptions and membership fees	1 357 132	765 275
Telephone and fax	3 094 571	2 546 017
Training	4 046 847	2 621 978
Assets expensed	52 042	102 701
Municipal charges - utilities	5 096 557	4 196 024
Municipal charges - other levies	692 375	1 387 026
Uniforms	410	85 885
Legal settlements (CCMA)	-	172 670
Other office accommodation costs	294 197	267 995
Recruitment costs	2 222 808	3 302 298
Corporate Governance costs	474 900	369 097
General expenses	(6 706)	(3 900)
	60 313 354	62 572 575

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Figures in Rand	2016	2015
21. Surplus		
Surplus for the year is stated after accounting for the following amongst others:		
Operating lease charges		
Premises		
• Straight-lined amounts	34 731 718	34 222 439
Equipment		
• Lease expenses	294 039	367 662
	35 025 757	34 590 101
Loss on sale of property, plant and equipment	177 410	42 550
Legal fees	-	59 124
Impairment on property, plant and equipment	349 497	223 822
Reversal of impairment on intangible assets	(62 196)	-
Amortisation of intangible assets	29 375	37 576
Depreciation of property, plant and equipment	7 563 087	7 392 170
Employee costs	294 042 463	270 140 551
Amount expensed in respect of retirement benefit plans:	20 649 192	17 858 297
Defined contribution funds	20 559 192	17 818 297
Defined benefit funds	90 000	40 000
Litigation settlement (CCMA)	-	172 670

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Figures in Rand	2016	2015
22. Employee related costs		
Annual remuneration	221 340 486	192 330 763
Performance rewards	15 454 703	22 468 502
Employer contribution medical aid	10 688 327	8 713 839
UIF	792 705	729 700
WCA	617 280	452 629
SDL	2 465 772	2 152 494
Other payroll levies	6 825 690	5 470 820
Leave pay accrual charge	1 767 596	2 718 186
Cell phone allowance	5 081 021	4 177 139
Employer contribution group risk	3 603 862	3 083 568
Other short term costs	474 999	1 445 009
Defined contribution plan – Employer contribution pension fund	20 559 192	17 818 297
Long-term benefits – retention incentive scheme	4 370 830	8 579 605
	294 042 463	270 140 551

Remuneration of senior management

Annual remuneration	16 111 745	15 902 806
Employer contribution to retirement fund	1 488 705	1 560 173
Performance rewards	1 714 240	1 914 469
Subsistence; cell phone; and travel allowances	747 883	680 139
Employer contribution to group risk	242 163	241 592
Employer contribution to medical aid	238 754	158 184
	20 543 490	20 457 363

Also refer to note 31- Related parties for further details on remuneration of senior management.

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Figures in Rand	2016	2015
23. Investment revenue		
Interest income		
Bank	12 659 976	10 053 876
Trade and other receivables at amortised cost – interest revenue	5 418 632	3 076 562
	18 078 608	13 130 438

Total interest revenue, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 18 078 608 (2015: R 13 130 438).

24. Fair value adjustments

Investment property (Fair value model) (see note 2)	1 653 000	700 000
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Figures in Rand	2016	2015
25. Impairment of assets		
Impairments		
Property, plant and equipment	349 497	223 822
An impairment loss has been recognised on items of property, plant and equipment due to the said assets having no future service potential. Furniture and fixtures were damaged by water flooding in the SALGA Free State office resulting in these assets having no service potential R nil (2015: R 123 223).		
Whilst impairment losses were recognised for IT equipment no longer required for delivery of services to members over the longer planning period due to technological obsolescence R 349 497 (2015: R 86 286). Office equipment amounting to R nil (2015: R 14 313) were impaired due to the equipment having no service potential over the longer planning period. All these assets are not required for the delivery of services to members, either currently, or over the longer planning period and some have evidenced physical damage to the asset.		
	349 497	223 822
Reversal of impairments		
Intangible assets	(62 196)	-
Impairment previously recognised on intangible assets reversed due to the change in the intent/commitment to use compliance software to enhance the functionality of the Compliance unit, thereby significantly increasing the need for the intangible asset service potential (R 49 156). The recoverable service amount of the asset was based on its value in use.		
A software application has been assessed to have an indefinite useful life (impairment testing) that has also significantly increased the need for the asset's service potential (R 13 040). The recoverable service amount of the asset was based on its value in use.		
	(62 196)	-
Total impairment losses recognised (reversed)	287 301	223 822

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25. Impairment of assets (continued)

The main classes of assets affected by impairment losses are:

- Furniture & fixtures - R nil (2015: R 123 223)
- IT equipment - R 349 497 (2015: R 86 286)
- Office equipment - R nil (2015: R 14 313)

The main events and circumstances that led to the recognition of these impairment losses are as follows:

- Furniture & fixtures - from SALGA Free State office was damaged by water flooding resulting in these assets having no service potential.
- IT Equipment - these assets are not required for the delivery of services to members, either currently, or over the longer planning period due to technological obsolescence.
- Office equipment - these assets are not required for the delivery of services to members, either currently, or over the longer planning period and some have evidenced physical damage to the asset.

The main classes of intangible assets affected by impairment reversal are as follows:

- Computer software – R 62 196 (2015: R nil)

Value in use

In determining the recoverable amount of the assets subjected to Impairment reversals SALGA considered the following:

- Usefulness of the assets and their current state. SALGA's IT department/experts that the intangible assets have an indefinite useful life and will be assessed annually for usefulness
- The intention of management on the current use of the assets and upgrades effected on specific assets.
- The nature/classes of the assets affected, being both intangible and tangible i.e. Software, Furniture and Fittings and Office Equipment.
- The appropriateness of the carrying value of the assets prior the change in use.

In the absence an active market for the same assets due to technological advancements and change in design, management opted for the cost replacement approach to determine value in use, this was done through the application of Consumer Price Increase (CPI) on the affected assets.

SALGA determined the value in use of the assets affected by impairment reversal as follows:

A depreciated replacement cost approach was used, where the replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. In the absence of an active market for assets of a similar condition the depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

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Figures in Rand	2016	2015
26. Finance costs		
Trade and other payables	5 996	(859)
Finance leases	190 664	184 169
Trade and other payables at amortised cost – interest expense	831 024	922 108
	1 027 684	1 105 418

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to R 1 027 685 (2015: R 1 105 418).

27. Taxation

No provision is made for taxation as SALGA is exempt from Income Tax in terms of section 10(1) of the Income Tax Act.

No Value Added Tax was applicable to SALGA as it is exempt from complying with the Value Added Tax Act.

28. Auditors' remuneration

Audit fees	3 819 661	4 053 408
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Figures in Rand	2016	2015
29. Cash (utilised) / generated from operations		
Surplus	27 122 025	18 702 423
Adjustments for:		
Depreciation and amortisation	7 592 462	7 429 746
Loss on sale of assets	177 410	42 550
Loss / (gain) on foreign exchange	65 586	(84 891)
Fair value adjustment to investment property	(1 653 000)	(700 000)
Recognised Impairment loss	287 301	223 822
Increase in allowance for doubtful debt ¹	15 149 639	19 934 437
Movements in operating lease assets and accruals	(1 640 392)	(1 461 586)
Movements in retirement benefit liability	29 000	(16 000)
Movements in provisions	4 370 830	8 579 605
(Decrease) / increase in accruals relating to employee costs	(1 207 546)	7 139 019
Changes in working capital:		
Trade and other receivables from exchange transactions	(44 782 483)	(27 756 479)
Trade and other payables from exchange transactions	(26 851 223)	18 132 061
Unspent conditional grants and receipts	(497 496)	(2 988 020)
Deferred revenue from exchange transactions	(2 065 059)	(1 803 185)
	(23 902 946)	45 373 502

¹ - The increase in allowance for doubtful debt is primarily due to an increase in municipal customers categorised as low credit grade (high risk customers), the number of customers on this credit grade has increased to 26 (2015: 22).

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Figures in Rand	2016	2015
30. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	470 011	156 649
Total capital commitments		
Already contracted for but not provided for	470 011	156 649
Authorised operational expenditure		
Already contracted for but not provided for		
• Expenditure	4 243 677	14 862 103
Total operational commitments		
Already contracted for but not provided for	4 243 677	14 862 103
Total commitments		
Authorised and contracted capital expenditure	470 011	156 649
Authorised and contracted operational expenditure	4 243 677	14 862 103
	4 713 688	15 018 752

This committed operational expenditure relates to expenditure where purchase orders were issued and handed-over to suppliers as at year-end. The committed capital expenditure relates to the purchase of a motor vehicle where the purchase order was issued to the supplier but not delivered at year-end. All these commitments will be realised in the normal operating cycle of SALGA and are funded from internal resources.

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Figures in Rand	2016	2015
30. Commitments (continued)		
Operating leases - as lessee (expense)		
Minimum leases payments due		
- within one year	35 272 750	29 678 849
- in second to fifth year inclusive	93 290 761	25 369 250
	128 563 511	55 048 099

SALGA has ten operating leases for office accommodation across all provinces. Operating lease payments represent rentals payable by SALGA for its administrative office accommodation.

Leases are negotiated for an average term of five years. The average extension period is 1.5 years (2015: 1.8 years). The average escalation rate is 9%.

All leases, except for Gauteng have extension options included in the contracts. Four of the lease contracts (National Office; KwaZulu-Natal; Northern Cape and North West) have extension options that are subject to negotiation between SALGA and the Lessors at the end of the current contracts. SALGA normally enters into negotiations to extend lease contracts at least six months before the termination of the lease.

Operating leases - as lessor (income)

Minimum leases payments due		
- within one year	75 700	70 092
- in second to fifth year inclusive	265 412	341 112
- later than five years	-	-
	341 112	411 204

SALGA leases a portion of its property in KwaZulu-Natal to a cellular phone operator for a cellular phone mast. The lease period upon integration of SALGA KwaZulu-Natal into the SALGA fold was 96 months. The annual escalation is 8% and the remaining lease period is 48 months.

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31. Related parties

Relationships

Members of the National Executive Committee (“NEC”)

Chairperson (Office bearer)	Cllr Thabo Manyoni Executive Mayor: Mangaung Metropolitan Municipality
Deputy Chairperson (Office bearer)	Cllr Mpho Nawa Executive Mayor: West Rand District Municipality
Deputy Chairperson (Office bearer)	Cllr Flora Maboa-Boltman MMC: Gert Sibande District Municipality
Deputy Chairperson (Office bearer)	Cllr Nombulelo Hermans Mayor: Umsobomvu Local Municipality
Member of the NEC	Cllr. Dudu Mazibuko Executive Mayor - Uthukela District Municipality
Member of the NEC	Cllr. Lindiwe Mabona-Ntshalintshali Executive Mayor – Emalahleni Local Municipality
Member of the NEC	Cllr. Christiaan Neethling Ward Councillor - George Local Municipality
Member of the NEC	Cllr. Tshitereke Baldwin Matibe Executive Mayor – Vhembe District Municipality
Member of the NEC	Cllr. Boitumelo Pinky Molo Executive Mayor - Dr Kenneth Kaunda District Municipality
Member of the NEC (co-opted)	Cllr. Francis Ratlhaga MMC – Bojanala District Municipality
Ex-officio member of the NEC	Cllr. Willie Johnson Chief Whip - Frances Baard District Municipality
Ex-officio member of the NEC	Cllr. Parks Tau Executive Mayor - City of Johannesburg Metropolitan Municipality
Ex-officio member of the NEC	Cllr. Sebenzile Ngangelizwe Mayor – Matjhabeng Local Municipality
Ex-officio member of the NEC	Cllr. Demetri Qually City of Cape Town Metropolitan Municipality
Ex-officio member of the NEC	Cllr. Gavin K Lobelo Mayor - Greater Taung District Municipality
Ex-officio member of the NEC	Cllr. David Magabe Executive Mayor - Sekhukhune District Municipality
Ex-officio member of the NEC	Cllr. Sibusiso W Mdabe Mayor - Ilembe District Municipality

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31. Related parties (continued)

Relationships

Members of the National Executive Committee ("NEC")

Ex-officio member of the NEC	Cllr. Nomakhosazana Meth Executive Mayor OR Tambo District Municipality
Member of the NEC (co-opted)	Cllr. Subesh Pillay MMC - City of Tshwane Metropolitan Municipality
Ex-officio member of the NEC	Cllr. Mafike Nkosi Executive Mayor - Chief Albert Luthuli District Municipality
Member of the NEC (co-opted)	Cllr. Abraham Bekeer Councillor -Drakenstein Local Municipality
Member of the NEC (co-opted)	Cllr. Zibonele Dumzela Executive Mayor -Joe Gqabi Local Municipality
Ex-officio member of the NEC	Mr. Xolile George Chief Executive Officer

Executive Authority

Executive Authority	National Department of Co-operative Governance & Traditional Affairs
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Members of the Audit and Risk Committee

Chairperson of Audit Committee	Mr. Temba Zakuza
Member of Audit Committee	Ms. Octavia Matloa
Member of Audit Committee	Ms. Phumelele Ndumo
Member of Audit Committee	Mr. Nala Mhlongo
Member of Audit Committee	Adv. Motlajo Ralefatane

Members of the Performance Management and Remuneration Committee

Chairperson of Performance and Remuneration Committee	Mr. Chose Choeu
Member of Performance and Remuneration Committee	Ms. Elizabeth Dlamini-Khumalo
Member of Performance and Remuneration Committee	Dr. Faizel Randera
Member of Performance and Remuneration Committee	Mr. William Huma (resigned - January 2016)

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31. Related parties (continued)

Executive Management Team

Senior Management - Chief Finance Officer	Mr. Nceba Mqoqi
Senior Management – Executive Manager: Office of the CEO	Mr. Seana Nkhahle
Senior Management - Executive Director (Community Development)	Ms. Mirriam Lehlokoa
Senior Management - Executive Director (Municipal Finance)	Mr. Simphiwe Dzengwa
Senior Management - Executive Director (Governance, Inter-Governmental Relations)	Ms. Lorette Tredoux
Senior Management - Executive Directors (Municipal Institutional Development)	Mr. Rio Nolutshungu
Senior Management - Executive Director (Municipal Infrastructure & Services)	Ms. Jean De La Harpe
Senior Management - Executive Director (Economic Development & Planning)	Mr. Marx Mupariwa (Acting)
Senior Management - Executive Head (Special Projects)	Ms. Antonette Richardson

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31. Related parties (continued)

Related party balances

The balances disclosed hereunder are as a result of transactions at arm's length in terms of SALGA Constitution and on normal terms that SALGA undertakes with any of its customers. That is, there are no special terms and conditions that are no more or less favourable than it is the norm for SALGA to conduct its business.

Amounts included in Trade receivables (Trade Payables) regarding related parties

Mangaung Metropolitan Municipality	42 605	74 125
West Rand District Municipality	(337 901)	(48 703)
Umsobomvu Local Municipality	5 578	10 000
Gert Sibande District Municipality	69 406	40 274
Uthukela District Municipality	636 253	(30 870)
Nkangala District Municipality (not related party in current year)	237 989	(21 462)
Dr. JS Moroka Local Municipality (not related party in current year)	253 077	113 689
Mopani District Municipality (not related party in current year)	-	-
Dr Kenneth Kaunda District Municipality	(321 786)	(95 692)
City of Johannesburg Metropolitan Municipality	126 146	80 160
Bojanala District Municipality	(57 404)	-
Frances Baard District Municipality	36 612	51 000
City of Cape Town Metropolitan Municipality	40 105	74 425
Greater Taung District Municipality	8 911	17 755
Sekhukhune District Municipality	367 801	(23 161)
Ilembe District Municipality	50 020	516 083
OR Tambo District Municipality	617 641	918 210
City of Tshwane Metropolitan Municipality	52 705	81 725
Chief Albert Luthuli District Municipality	(130 544)	(172 320)
Drakenstein Local Municipality	(496 773)	180 208
Joe Gqabi Local Municipality	395 641	200 715
Buffalo City Metropolitan Municipality (not related party in current year)	166 105	1 214 125
Vhembe District Municipality (current year)	490 879	150 130
Matjhabeng Local Municipality (current year)	(235 681)	306 819
George Local Municipality	(39 944)	42 863
Emalahleni Local Municipality	4 179 369	-
Green Buildings Council of SA	222 008	-
Passenger Rail Agency of SA	1 000 000	1 000 000
Local Government Sector Education and Training Authority	6 935 097	(794 038)

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31. Related parties (continued)

Related party transactions

Transfers - Government grant and subsidies

Department of Cooperative Governance and Traditional Affairs	9 215 000	26 904 000
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Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

The fees paid by the Department of Cooperative Governance and Traditional Affairs to SALGA are part of normal funding that Government grants to public entities to further state policies.

Key management information

Class	Description	Number
Non-executive board sub-committee members	Audit and Risk Committee (5); and Performance Management and remuneration committee (3)	8
Non-executive board members	Accounting authority	22
Executive board member	Chief Executive Officer	1
Executive management	Executive Management Team (Senior Management excludes the Chief Executive Officer)	9

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32. Key Management Personnel

National Executive Committee members

In terms of the notice issued in terms of the "Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998), SALGA is required to pay sitting allowances to councillors appointed to governance structures of Organised Local Government. The said allowance is limited to R 908 per sitting of the Provincial Executive Committee or National Executive Committee or any committee of organised local government, regardless of the number of meetings that are attended by such councillor on a specific day.

No loans were advanced to NEC members and no remuneration or compensation was provided to close family members of NEC members. There were no transactions entered with entities that are owned by NEC members.

Executive Management Team

No loans were advanced to Senior Management and no remuneration or compensation was provided to close family members of Senior Management. There were no transactions entered with entities that are owned by Senior Executives of SALGA.

Audit Committee Members

No loans were advanced to Audit Committee members and no remuneration or compensation was provided to close family members of Audit Committee members. There were no transactions entered with entities that are owned by Audit Committee members.

Performance Management and Remuneration Committee Members

No loans were advanced to Audit Committee Members and no remuneration or compensation was provided to close family members of Remuneration Committee members. There were no transactions entered with entities that are owned by Remuneration Committee members.

Entities; Department and Agencies

The fees paid by the Department of Cooperative Governance and Traditional Affairs to SALGA are part of normal funding that Government grants to public entities to further the policies of government.

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32. Key Management Personnel (continued)

National Executive Committee (NEC)

2016

	Sitting allowance **	Reimbursed travel allowance *	Subsistence allowance (local) *	Subsistence allowance (foreign) *	Expense refund	Total
Cllr. Thabo Manyoni	3 632	-	-	62 705	-	66 337
Cllr. Flora Maboaboltman	4 540	5 660	545	35 518	146	46 409
Cllr. Mpho Nawa	3 632	-	436	79 676	1 134	84 878
Cllr. Nombulelo Hermans	908	-	-	-	-	908
Cllr. Christian Neethling	9 988	28 333	3 591	-	806	42 718
Cllr. Dudu Mazibuko	3 632	-	-	10 635	-	14 267
Cllr. Subesh Pillay	3 632	-	-	13 140	-	16 772
Cllr. Abraham Bekeer	7 264	4 808	436	-	1 458	13 966
Cllr. Willie Johnson	7 313	38 986	3 373	-	600	50 272
Cllr. Parks Tau	-	-	-	10 482	-	10 482
Cllr. Sebenzile Ngangelizwe	6 507	-	-	-	-	6 507
Cllr. Demetri Qually	9 988	3 514	763	-	2 546	16 811
Cllr. Gavin Lobelo	7 413	-	-	-	-	7 413
Cllr. David Magabe	4 540	-	-	-	-	4 540
Cllr. Sibusiso Mdabe	3 632	-	-	-	-	3 632
Cllr. Nomakhosazana Meth	4 591	-	-	-	-	4 591
Cllr. Mafika Nkosi	5 546	32 595	218	13 524	-	51 883
Cllr. Zukiswa Ncitha (resigned)	908	-	-	-	-	908
Cllr. Francis Ratlhaga	8 272	9 041	109	-	-	17 422
Cllr. Lindiwe Mabona-Ntshalintshali	-	-	-	-	-	-
Cllr. Tshitereke Baldwin Matibe	-	-	-	-	-	-
Cllr. Boitumelo Pinky Moloi	-	-	-	-	-	-
Cllr. Zibonele Dumzela	-	-	-	-	-	-
	95 938	122 937	9 471	225 680	6 690	460 716

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32. Key Management Personnel (continued)

2015

	Sitting allowance **	Reimbursed travel allowance *	Subsistence allowance (local) *	Subsistence allowance (foreign) *	Expense refund	Total
Cllr. Thabo Manyoni	11 141	-	-	36 667	-	47 808
Cllr. Mpho Nawa	12 857	-	-	18 423	-	31 280
Cllr. Nombulelo Hermans	12 856	28 854	-	-	-	41 710
Cllr. Flora Maboja-Boltman	17 143	9 352	309	20 176	548	47 528
Cllr. Dudu Mazibuko	1 714	-	-	-	-	1 714
Cllr. Tiny G Mthimunya	7 713	-	-	-	-	7 713
Cllr. Christian Neethling	12 855	24 910	1 454	-	203	39 422
Cllr. Boitumelo Molo	-	-	-	9 712	-	9 712
Cllr. Willie Johnson	17 998	17 305	1 133	-	-	36 436
Cllr. Sebenzile Ngangelizwe	8 570	-	-	-	-	8 570
Cllr. Demetri Qually	18 869	4 495	412	-	1 270	25 046
Cllr. Gavin Lobelo	12 855	-	-	-	-	12 855
Cllr. David Magabe	6 010	-	-	4 396	-	10 406
Cllr. Sibusiso Mdabe	10 300	-	-	-	-	10 300
Cllr. Nomakhosazana Meth	7 723	-	-	-	-	7 723
Cllr. Zibonele Dumzela	7 713	-	-	-	-	7 713
Cllr. Abraham Bekeer	10 301	858	206	-	-	11 365
Cllr. Mafika Nkosi	6 856	66 596	-	-	-	73 452
Cllr. Zukiswa Ncitha	6 007	-	-	-	-	6 007
	189 481	152 370	3 514	89 374	2 021	436 760

** On 25 March 2015 Government Notice number R 243 - Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils was issued. The sitting allowance has since been increased to R 908 per sitting of the Provincial Executive Committee or National Executive Committee or any committee of organised local government, regardless of the number of meetings that are attended by such councillor on a specific day.

* Reimbursed travel and local subsistence allowances is remitted to NEC members in terms of SALGA policy for participating in governance structures of organised local government (where applicable). The rates used for local travel and subsistence are based on SARS rates deemed as expended. International per diem is paid to NEC members who undertake SALGA's mandate of strategic profiling. For example SALGA's chairperson partakes in Governance structures of internal bodies such as the local government Pan-African body, United Cities and Local Governments of Africa (UCLGA) as Vice President; he is also President of the UCLGA Southern Africa Regional Office (UCLGA-SARO); SALGA also participates in other world-wide bodies such as United Cities and Local Government (UCLG); Commonwealth Local Government Forum (CLGF) and Metropolis. In pursuit of SALGA's mandate in these bodies the SALGA NEC mandates NEC members to participate at these bodies from time to time.

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32. Key Management Personnel (continued)

Executive Management Team

2016

	Basic salary	Bonuses and performance related payments **	Subsistence and other allowances *	Employer contribution to pension and retirement funds	Employer contribution to medical aid	Employer contribution to group risk	Total
Mr. Xolile George	3 488 292	485 811	244 985	302 019	26 616	51 386	4 599 109
Mr. Nceba Mqoqi	1 639 793	197 809	30 726	154 792	26 616	24 689	2 074 425
Mr. Seana Nkhahle	1 501 785	146 836	94 636	136 667	26 616	21 961	1 928 501
Ms. Antonette Richardson	1 338 242	161 393	30 508	126 295	26 616	20 334	1 703 388
Mr. Simphiwe Dzengwa	1 635 059	178 324	73 719	154 344	26 616	24 621	2 092 683
Ms. Lorette Tredoux	1 483 965	178 991	30 508	140 066	26 616	22 439	1 882 585
Mr. Rio Nolutshungu	1 580 560	143 993	46 397	149 194	-	23 844	1 943 988
Ms. Jean De La Harpe	1 386 923	121 204	55 530	130 896	26 198	21 047	1 741 798
Ms. Mirriam Lehlokoa	1 077 880	-	31 449	102 062	26 244	16 691	1 254 326
Mr. Marx Mupariwa (Acting)	979 247	99 880	109 423	92 370	26 616	15 150	1 322 686
	16 111 746	1 714 241	747 881	1 488 705	238 754	242 162	20 543 489

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32. Key Management Personnel (continued)

2015

	Basic salary	Bonuses and performance related payments **	Subsistence and other allowances *	Employer contribution to pension and retirement funds	Employer contribution to medical aid	Employer contribution to group risk	Total
Mr. Xolile George	3 240 528	600 880	217 880	317 338	22 308	47 914	4 446 848
Mr. Nceba Mqoqi	1 523 390	211 824	32 330	149 107	24 336	22 991	1 963 978
Mr. Seana Nkhahle	1 246 157	161 757	61 736	121 935	24 336	18 965	1 634 886
Ms. Antonette Richardson	1 243 269	159 446	30 000	121 741	24 336	18 937	1 597 729
Mr. Simphiwe Dzengwa	1 380 741	-	45 751	138 265	20 280	21 113	1 606 150
Ms. Lorette Tredoux	1 378 636	179 311	30 000	135 000	6 084	20 901	1 749 932
Mr. Rio Nolutshungu	1 471 096	180 502	58 224	144 066	-	22 244	1 876 132
Ms. Jean De La Harpe	1 291 185	109 795	35 713	126 440	24 336	19 633	1 607 102
Ms. Phila Xuza (resigned)	1 317 014	120 668	33 702	129 012	-	20 830	1 621 226
Ms. Mandu Mallane (Acting)	901 005	93 861	110 300	88 209	6 084	13 969	1 213 428
Mr. Marx Mupariwa (Acting)	909 785	96 425	25 053	89 060	6 084	14 095	1 140 502
	15 902 806	1 914 469	680 689	1 560 173	158 184	241 592	20 457 913

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32. Key Management Personnel (continued)

* Other allowances comprise travel allowance; cell phone allowance and acting allowance (where applicable). International *per diem* is paid to employees who undertake SALGA's mandate of strategic profiling. SALGA's chairperson partakes in Governance structures of internal bodies such as the local government Pan-African body, United Cities and Local Governments of Africa (UCLGA) as Vice President; he is also President of the UCLGA Southern Africa Regional Office (UCLGA-SARO); SALGA also participates in other world-wide bodies such as United Cities and Local Government (UCLG); Commonwealth Local Government Forum (CLGF) and Metropolis. In pursuit of SALGA's mandate in these bodies the chairperson is supported by the Chief Executive of the organisation.

** Performance related bonuses are per the SALGA Performance Management policy that is implemented with an oversight role of the Performance Management and Remuneration Committee comprised by independent non-executive members. The applicable performance rewards are based on merit and the applicable reward rates matrix range from 9% (minimum) to 20% (maximum).

SALGA's Performance Management and Remuneration Committee is charged with normalising of SALGA's remuneration framework, particularly in instances where salary bands of some executives are on a "personal to holder basis" till the expiry of the contract or through natural attrition or earlier. The Chief executive officer's current remuneration has been identified to be one of these category of employees. Notwithstanding, the efforts to manage the escalation of remuneration at SALGA, particularly those of Executives, it is important to note that SALGA had to review its remuneration policies as it pertains to its Executives and benchmark these with municipalities particularly Metro's since metropolitan municipalities pose the greatest direct remuneration competitor to SALGA (also see report of the chairperson of SALGA's Performance Management and Remuneration Committee in the annual report).

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32. Key Management Personnel (continued)

Audit Committee and Performance and Remuneration Committee members

2016

	Atten- dance fees *	Reim- bursed travel cost **	Expense refund **	Total
Audit and Risk Management Committee				
Mr. Temba Zakuza (chairperson)	61 206	2 767	160	64 133
Ms. Octavia Matloa	58 758	668	171	59 597
Ms. Phumelele Ndumo	44 068	-	-	44 068
Mr. Nala Mhlongo	58 758	1 844	-	60 602
Adv. Motlatjo Ralefatane	58 758	1 768	-	60 526
Performance Management and Remuneration Committee				
Mr. Chose Choeu (chairperson)	40 396	935	-	41 331
Ms. Elizabeth Dlamini-Khumalo	68 551	1 221	-	69 772
Dr. Faizel Randera	44 068	1 336	-	45 404
Mr. William Huma	29 379	89	-	29 468
	463 942	10 628	331	474 901

* Members of SALGA's NEC sub-committees are remunerated for participating in SALGA's governance structures based on SALGA's policy for remuneration of NEC sub-committees. Attendance fees are based on an hourly rate and claimable hours are capped regardless of the duration on the meeting or preparation time.

** Reimbursed travel allowance is remitted to members based on the applicable SARS rates deemed as expended.

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32. Key Management Personnel (continued)

2015

	Attendance fees *	Reimbursed travel cost **	Total
Audit and Risk Management Committee			
Mr. Temba Zakuza (chairperson)	79 568	6 378	85 946
Ms. Octavia Matloa	44 068	293	44 361
Ms. Phumelele Ndumo	64 878	-	64 878
Mr. Nala Mhlongo	13 465	495	13 960
Adv. Motlatjo Ralefatane	24 482	950	25 432
Performance Management and Remuneration Committee			
Mr. Chose Choeu (chairperson)	29 379	635	30 014
Ms. Elizabeth Dlamini-Khumalo	29 379	570	29 949
Dr. Faizel Randera	14 689	382	15 071
Ms. Laura Machaba-Abiodun	29 379	635	30 014
Mr. William Huma	29 379	91	29 470
	358 666	10 429	369 095

* Members of SALGA's NEC sub-committees are remunerated for participating in SALGA's governance structures based on SALGA's policy for remuneration of NEC sub-committees. Attendance fees are based on an hourly rate and claimable hours are capped regardless of the duration on the meeting or preparation time.

** Reimbursed travel allowance is remitted to members based on the applicable SARS rates deemed as expended.

33. Change in estimate

Intangible assets

The useful life of some of the intangible assets has been changed to an indefinite useful life. The effect of the change on carrying amount of intangible asset is R 62 196. Intangible assets with an indefinite useful life are tested annually for impairment, therefore the impact on future periods cannot be reliably be estimated.

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34. Risk management

Financial risk management

SALGA's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. SALGA receives cash in the form of membership levies from its members and grants from government. The entity maintains liquidity by limiting capital and operational expenditure within the approved budget.

SALGA's risk to liquidity is as a result of inadequate funds available to cover future commitments. SALGA manages liquidity risk through an ongoing review of future commitments and credit facilities.

2016

Maturity analysis	Trade payables	Other payables
Not later than one month	21 102 880	-
Later than one month and not later than three months;	20 672 104	-
Later than three months and not later than one year; and	10 172 218	14 592 177
Later than one year and not later than five years.	-	16 826 079
	51 947 202	31 418 256

2015

Maturity analysis	Trade payables	Other payables
Not later than one month	38 403 771	-
Later than one month and not later than three months;	21 696 236	-
Later than three months and not later than one year; and	9 851 909	13 114 099
Later than one year and not later than five years.	-	10 075 733
	69 951 915	23 189 832

Values presented in the maturity analysis are undiscounted according to the terms of the instrument. These amounts will all be settled in cash. Trade payables are considered to mature in 30 days after year end as these suppliers require 30 days settlement terms. No changes between the current and prior year assumptions have been made.

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34. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade receivables. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise of municipalities which are invoiced once a year based on their budgeted salary cost. There is no independent rating, therefore management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The entity establishes an impairment that represents its estimate of incurred losses in respect of trade receivables.

Market risk

Interest rate risk

SALGA's interest rate risks arises from market and economic factors, loans and other payables, cash and cash equivalents and loans and other receivables. The entity's exposure to interest rate risk is minimal due to the following factors:

- no interest is levied on overdue trade receivables;
- interest paid on trade payables is limited as it is the policy of the entity to settle within the credit terms, cash flow permitting in order to comply with the Public Finance Management Act (PFMA) requirements; and
- the PFMA does not allow for the entity to utilise bank overdrafts, without prior approval of the Executive Authority and Minister of Finance.

Based on the activities of SALGA the only area affected by interest rate risk is finance leases and investment income earned on call deposits and other bank balances.

At 31 March 2016, if interest rates at that date had been 200 basis points lower with all other variables held constant, surplus for the year would have been R 341 018 (2015: R 250 500) lower arising mainly as a result of lower interest earned on call deposits and bank balances.

If interest rates had been 200 basis points higher, with all other variables held constant, surplus would have been R 341 018 (2015: R 250 500) higher, arising mainly as a result of higher interest expense on variable payable and receivables.

The sensitivity is higher in 2016 than in 2015 because of an increase in cash and cash equivalents held during the year.

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34. Risk management (continued)

Cash flow interest rate risk

SALGA's exposure to this type of risk arises when the entity has a financial instrument with a floating interest rate. The entity is seldom exposed to this type of risk. When the need arises management employs conservative approaches with a limited risk exposure such as Call Accounts or limit the risk completely by employing fixed deposits. The following credit facilities are available, which are payable 30 days from statement date:

• Lodge cards	R 12 000 000
• Office equipment rentals	R 2 000 000
• Fleet cards	R 50 000

Fair value interest rate risk

SALGA's exposure to this type of risk is slightly higher than the cash flow interest rate risk, primarily due to the conservative investment philosophy. Ordinarily fixed deposits expose the entity to this type of risk. The entity manages this risk by keeping fixed investments on a shorter-term to mitigate the impact that this type of risk might have on the organisation.

Foreign exchange risk

SALGA does not hedge foreign exchange fluctuations.

SALGA is seldom exposed to this type of risk. Whenever the risk arises it is normally on the incurrence of per diem for international travel. The organisation's policy on international travel allows for payment of USD 215 per day. As the allowance is denominated in foreign currency, SALGA is exposed to currency fluctuations on payment based on the ruling spot rate. Furthermore, an infrequent incurrence of a foreign currency denominated expenditure relating to Microsoft product suite licences, the organisation is also exposed to this risk as it settles these expenditures at the ruling spot rate on payment date.

Due to the infrequent nature and magnitude of the expenditure management does not employ any hedging mechanisms against this risk.

Price risk

The entity's exposure to price risk is limited to the effect that inflation has on the market prices for goods and services ordinarily procured by the organisation. The risk arises when the entity's revenue does not escalate at a similar or better rate than the prevailing market conditions, this is rare since the entity's major source of revenue is its membership levies which due to the basis of deriving the levy amount normally escalates at a rate higher or equivalent to the prevailing inflationary trends.

Other than membership levies adjusted annually, there are no special mechanisms employed by management to manage this kind of risk other than pursuing a fair market value/price through a 'dip-stick' in the market viz. sourcing formal price quotations and open tenders per the organisations SCM policy.

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35. Going concern

We draw attention to the fact that at 31 March 2016, SALGA had accumulated surpluses of R 136 363 586 and that the entity's total assets exceed its liabilities by R 138 623 153 indicating that the organisation is solvent.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of SALGA to continue as a going concern is dependent on a number of factors. The most significant of these is the recognition of SALGA by the Minister of Co-operative Governance and Traditional Affairs in terms of the Organised Local Government Act, 1997 as the sole voice of local government.

36. Events after the reporting date

There are no material facts or circumstances that have arisen between the reporting date and the date of approval, which affect the financial position of SALGA as reflected in these annual financial statements.

37. Fruitless and wasteful expenditure

Opening balance	-	-
Fruitless and wasteful expenditure	5 996	2 107
Less: Fruitless and wasteful expenditure recouped	(380)	(2 966)
Over-recovery of fruitless and wasteful expenditure	-	859
Less: Fruitless and wasteful expenditure (condoned)	(5 616)	-
	-	-

Fruitless and wasteful expenditure amounting to R 5 616 (2015: R 2 107) was incurred during the financial year. An amount of R 379.90 was recovered from the officials responsible for the incurrence of interest charges. The accounting authority condoned an amount of R 5 616.

For the prior year SALGA requested credit notes and were granted for fruitless and wasteful expenditure incurred in the current and prior years amounting to R 2 966. The net effect is that there was an over-recovery of fruitless and wasteful expenditure in the prior year of R 859.

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38. Irregular expenditure

The organisation is investigating potential irregular expenditure, amounting to R 1 135 349, identified after 31 March 2016 that is limited to specific contracts that were extended beyond the 15% threshold of the original contract value. The investigation emanates from paragraph 3.9.4 of the National Treasury instruction note titled *‘Enhancing compliance monitoring and improving transparency and accountability’* issued on 31 May 2011 that was subsequently superseded by Instruction note 32 of the same title dated 24 April 2012 postponing the implementation of paragraph 3.9.4.

39. Statement of comparative budget and actual information

The SALGA budget is prepared on an accrual basis which is comparable with the financial statements. The original budget for the 2015/2016 financial year was approved by the Accounting Authority on 9 January 2015. The first adjusted budget for 2015/2016 financial year was approved by the Accounting Authority on 30 March 2016 and the final adjustment budget for 2015/2016 was approved with the annual financial statements on 18 May 2016.

The budgets mentioned above cover the periods 1 April 2015 to 31 March 2016. The budget is prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance.

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39. Statement of comparative budget and actual information (continued)

Actual 31-Mar-2015	Figures in Rand	Actual 31-Mar-2016	Original Approved Budget 31-Mar-2016	Adjustments	Final Approved Budget 31-Mar-2016	Difference between final budget and actual
Revenue						
Revenue from exchange transactions						
429 100 083	Renting of services - membership levies	460 069 927	424 395 068	36 952 444	461 347 512	(1 277 585)
21 281 983	Other revenue from exchange transactions	12 928 120	18 304 499	(665 108)	17 639 391	(4 711 271)
13 130 438	Investment revenue	18 078 608	10 000 000	4 000 000	14 000 000	4 078 608
463 512 504	Total revenue from exchange transactions	491 076 655	452 699 567	40 287 336	492 986 903	(1 910 248)
Revenue from non-exchange transactions						
26 904 000	Government grants and subsidies - CoGTA	9 215 000	9 255 000	(40 000)	9 215 000	-
1 120 323	Grant recognised - FS Dept of CoGTA	-	-	-	-	-
98 987	Grant recognised - EC Dept of Local Gov	-	-	-	-	-
40 000	Conditional sponsorship - LA Health	39 999	30 000	-	30 000	9 999
845 509	Grant recognised - LG SETA (CIP)	-	-	-	-	-
1 743 088	Grant recognised - LG SETA (CB)	2 493 582	-	2 340 000	2 340 000	153 582
2 589 879	Grant recognised - LG SETA (PBCDP)	14 034 532	-	14 860 000	14 860 000	(825 468)
-	Grant recognised - LG SETA (LDW)	848 162	-	800 000	800 000	48 162
-	Masibambane revenue recognised	2 065 059	-	1 880 000	1 880 000	185 059
5 509 690	Sponsorship and donations	2 610 664	4 700 000	(2 000 000)	2 700 000	(89 336)
41 560	Grant recognised - CLGF	-	-	-	-	-
330 811	Grant recognised - GIZ Governance Support	514 860	-	600 000	600 000	(85 140)
39 223 847	Total revenue from non-exchange revenue	31 821 858	13 985 000	18 440 000	32 425 000	(603 142)
502 736 350	Total revenue	522 898 513	466 684 567	58 727 336	525 411 903	(2 513 390)
Expenses						
(270 140 551)	Personnel expenses	(294 042 463)	(283 676 697)	(11 371 325)	(295 048 022)	1 005 559
(54 437 100)	Administrative expenses	(52 803 457)	(42 168 191)	(15 146 686)	(57 314 877)	4 511 420
(7 429 746)	Depreciation and amortisation expense	(7 592 462)	(5 842 210)	(1 804 797)	(7 647 007)	54 545
(1 105 418)	Finance costs	(1 027 684)	(1 963 960)	341 920	(1 622 040)	594 356
(88 348 538)	Indirect programme costs	(79 997 068)	(74 712 140)	(12 210 015)	(86 922 155)	6 925 087
(62 572 575)	Other expenses	(60 313 354)	(57 144 652)	(7 353 269)	(64 497 921)	4 184 567
(484 033 927)	Total expenses	(495 776 488)	(465 507 850)	(47 544 172)	(513 052 022)	17 275 534
18 702 423	Surplus for the period	27 122 025	1 176 717	11 183 164	12 359 881	14 762 144

CHAPTER THREE: Financial Statements

South African Local Government Association

(Schedule 3A public entity i.t.o. the Public Finance Management Act, 1999 and recognised i.t.o. the Organised Local Government Act, 1997)

Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
39. Statement of comparative budget and actual information (continued)		

Explanation of variances between actuals and final approved budget (*variances greater or equal to 10 percent*)

- Other revenue from exchange transactions - the negative variance is due to the organisation not realising budgeted recoveries for the NMA Registration fees, a special NMA shall be convened in the new financial year. It became impractical to convene another NMA in 2015/2016 soon after the last one was convened in March 2015.
- Investment revenue - the positive variance is mainly due to improved cash holding as a result of membership levy collections being realised early due to the early settlement discount strategy adopted as well as the better rates negotiated with our bankers.
- Finance costs - the positive variance is due to the finance cost incurred on finance leases being lower than budget due to assumptions being higher than the average 9 percent implicit rate.

Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	27 122 025	18 702 423
Adjusted for:		
Fair value adjustments	-	(700 000)
(Add)/Less: (negative)/positive variance in revenue	6 591 998	(5 033 636)
Less: positive variance in expenditure	(16 681 178)	(61 665)
Less: positive variance in non-operating income or expenditure	(4 672 964)	(8 382 336)
	12 359 881	4 524 786

Chapter Four

Human Resource Management



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

CHAPTER FOUR: Human Resource Management

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Chief Financial Officer's

Human Resource Management Review

Nceba Mqoqi

Introduction

SALGA is a fast-paced environment that wishes to attract and retain high calibre employees to execute its legislative mandate. Detailed below are the focus of the Human Resources (HR) function during the year under review.

The HR function within SALGA strives to transform the organisation to achieve its strategic objectives. To this end, HR professionals must carefully balance the needs of the organisation with the needs of individual employees. In order to be a recognised partner ensuring the success of the organisation, HR continuously aligns its practices to be more adaptive, resilient, and proactive.

The HR function has in recent years progressively moved from being an administrative expert, to playing the role of strategic partner in relation to employees, managers, executives, and external stakeholders. Only through being a strategic partner, HR is enabled to contribute to the achievement of SALGA's strategic objectives.

The strategic partnership involves the HR pillars as follows:

- Talent Acquisition & Workforce Planning;
- Learning & Development;
- Reward & Recognition;
- Performance Management;
- Employee Relations & Benefits
- Employee Wellness
- Legislative Compliance

HR

Brand Statement:

"We provide innovative HR solutions with integrity and service excellence, in order to attract, develop and retain a diverse workforce within an enabling environment to maximize individual & organizational potential in SALGA's strive to be firmly established as a high performance organisation."

Human Resource Strategy

The organisation's HR function is underpinned by the following strategic elements of the HR strategy and further indicates the strategic intent for each strategic element.

Strategic Element of HR Strategy	Strategic Intent
Recruitment & Selection Practices	<ul style="list-style-type: none"> Intended filling of vacancies from within to ensure better placement i.t.o. skills. Reaching an ideal job market as well as cost reduction
Performance Management	<ul style="list-style-type: none"> Alignment of scorecards to measure the desired change in the organisation- working in multi –disciplinary teams. Influencing the culture within the organisation through amendment of the Behaviours Charter
Learning & Development	<ul style="list-style-type: none"> Enhancing the leadership capabilities of senior management Providing development opportunities to staff for career advancement Cost saving strategies
Employee Wellness & Relations	<ul style="list-style-type: none"> Promoting a healthy work-life balance to improve productivity
Reward, Recognition Remuneration & Benefits	<ul style="list-style-type: none"> Ensure benchmarked remuneration bands Adding to the Employee Value proposition of SALGA and ensuring a happy workforce
Organisational Development & Design	<ul style="list-style-type: none"> Alignment of organisational design to the next 5 year strategy
HR Information Systems & Administration	<ul style="list-style-type: none"> Utilising HR metrics for better strategic decision-making

Our employees are SALGA's key resource. SALGA recognises that the sustainability of the organisation also depends on providing fair remuneration, benefits, working conditions and development opportunities that will attract and retain the right people with the right skills in order to execute the developmental mandate of the organisation.

Employment movement

At the beginning of the period under review, SALGA had a total staff complement of 423 posts filled excluding temporary employees (11) and 53 vacancies.

By the end of the current financial year, **454 funded posts were filled** excluding 34 temporary employees and **37 posts were vacant**. The total headcount at 31 March 2016 is **488 employees**. The full staff establishment is 525 posts.

Staff turnover rate

The staff turnover rate for the year under review slightly higher when compared to the previous year at **8.92 percent** (2015: 5.55 percent), with most of the terminations emanating from resignations (28); abscondment (1); expiry of contract (5); deceased (1) and transfers (3) and promotions (2).

Vacancy rate

The organisation has been able to manage its vacancy rates to acceptable levels at 7.05 percent relative to total funded posts. SALGA's total establishment is 547 posts, however at current funding levels a total of 525 posts are funded in terms of budget thereby resulting in a 37 vacancies.

SALGA WORKFORCE

At the end of the 2015/2016 financial year, SALGA had a staff complement of 488 employees. SALGA had a total of 77 new starters during this financial year, not including internal appointments such as transfers and promotions. An average of seven new external employees commenced employment every month.

The following table represents the number of employees at SALGA as at 31 March 2016 and indicates the breakdown of the number of employees at the different occupational levels:

Occupational Levels	SALGA Occupational Categories	Females						Males				Foreign Nationals		Total
		A	C	I	W	A	C	I	W	Male	Female			
Top Management	CEO, COO, CFO, Executive Directors, PEOs	2	0	1	2	12	0	1	0	0	0	0	0	18
Senior Management	Directors, Specialists	8	0	1	2	11	2	1	2	0	0	0	0	27
Professionally Qualified and Experienced Specialists and Mid-Management	Programme Manager, Managers, Specialists	42	2	4	2	51	4	3	5	0	0	0	0	113
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen, and Superintendents	Advisors, Consultants, Practitioners, Coordinators, PAs, Officers,	83	6	2	4	62	6	1	4	0	0	0	0	168
Semi-Skilled and Discretionary Decision-Making	Executive Secretaries, Admin Assistants	34	2	1	8	8	0	0	0	0	0	0	0	53
Unskilled and Defined Decision-Making	Messengers, Drivers, Cleaners	61	5	0	1	8	0	0	0	0	0	0	0	75
TOTAL		230	15	9	19	152	12	6	11	0	0	0	0	454
Temporary employees		24	0	0	0	10		0	0	0	0	0	0	34
GRAND TOTAL		254	15	9	19	162	12	6	11	0	0	0	0	488

HUMAN CAPITAL EXPENDITURE

Total employee related costs

The following table summarises the overall SALGA spending on human capital during the period under review:

Employee related expenditure	2016	2015
Total employee related expenditure	294 042 463	270 140 551
Employee related expenditure as a percentage of Total operating expenditure ¹	60%	57%

¹ - Excludes depreciation and amortisation

Senior management remuneration

Remuneration of senior management	2016	2015
Remuneration of senior management	20 543 490	20 457 363
Remuneration of senior management as a percentage of total employee related expenditure	7.00%	7.57%

Training expenditure

The table below summarises the overall SALGA spending on training its human capital during the period under review:

Training expenditure	2016	2015
Total training expenditure	4 046 847	2 621 978
Training expenditure as a percentage of Employee related expenditure	1.38%	0.97%

CHAPTER FOUR: Human Resource Management

EMPLOYMENT CHANGES

Talent Acquisition & Workforce Planning

In an effort to reduce recruitment costs the HR Unit now utilises the SALGA website to advertise vacancies. In keeping up to date with advanced technology the advertisements interface with the prominent social media platforms in order to attract potential high calibre candidates to SALGA.

During the period under review, seventy seven (77) new employees i.e. excluding internal transfers and promotions joined SALGA. The organisation is continuously focused on building capacity in order to enable the organisation to effectively execute its mandate. Whilst the organisation is in a much better position to attract new skilled staff through its employee benefits offering, the organisation also believes in recognising internal talent as evidenced by the extent of internal transfers and promotions. Recognising internal talent is underpinned by the grooming of employees through workplace skills development.

New Appointments

As illustrated in the table below, the organisation appointed 69 new employees with 64 of these new employees on permanent contracts of employment and 5 employees on fixed term contract of employment. In total 82 employees were on-boarded inclusive of 13 temporary employees.

Occupational Levels	Females				Males				Total
	A	C	I	W	A	C	I	W	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	0	0	3	0	0	0	4
Professionally Qualified and Experienced Specialists and Mid-Management	3	3	1	0	14	1	0	0	22
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen, and Superintendents	13	1	1	2	14	0	0	0	31
Semi-Skilled and Discretionary Decision-Making	8	0	0	0	1	0	0	0	9
Unskilled and Defined Decision-Making	2	0	0	0	0	0	0	0	2
TOTAL	28	4	2	2	32	1	0	0	69
Temporary employees	11	0	0	0	0	2	0	0	13
GRAND TOTAL	39	4	2	2	32	3	0	0	82

Reasons for staff turnover

SALGA has been able to manage its staff turnover rate below the industry norm of 15 percent, resulting in an acceptable staff turnover rate of 8.92 percent.

Reasons for staff leaving:

Reason	Number	Percentage of total
Resignation	28	70.0%
Abscondment	1	2.5%
Expiry of contract	5	12.5%
Dismissal	0	0%
Deceased	1	2.5%
Retirement	0	0%
Other	5	12.5%
Total terminations	40	100%

SALGA primarily renders support and advisory services to municipalities, which invariably exposes the organisation's skilled staff to being recruited by bigger municipalities (metros) and often the organisation is unable to always compete.

Terminations per occupational category

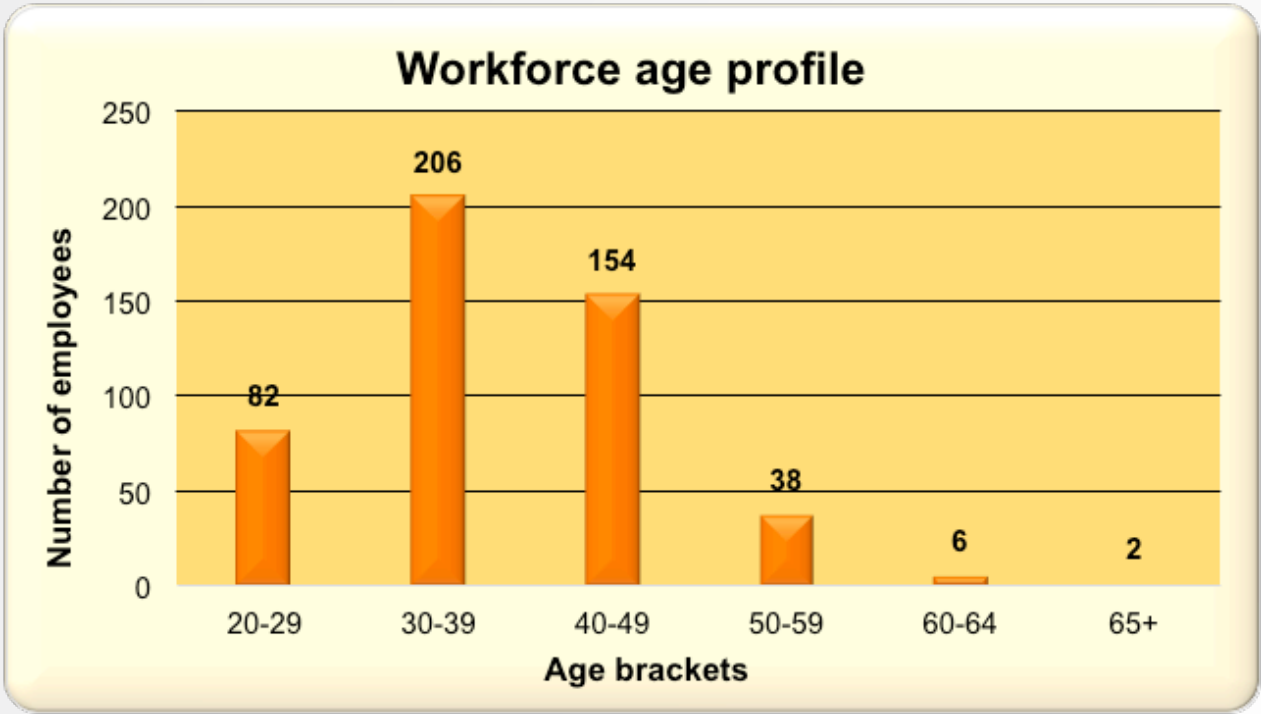
During the 2015/2016 financial year, the services of a total of forty (40) employees were "terminated" for various reasons. Eight (8) of the terminated employees were temporary employees.

Below is a table illustrating terminations per occupational category:

Occupational Levels	Females				Males				Total
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally Qualified and Experienced Specialists and Mid-Management	2	1	0	1	6	0	0	0	10
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen, and Superintendents	7	0	0	2	6	0	0	0	15
Semi-Skilled and Discretionary Decision-Making	0	0	0	0	1	0	0	0	1
Unskilled and Defined Decision-Making	7	0	0	0	5	0	0	0	12
TOTAL	16	1	0	3	18	0	0	0	38
Temporary employees	2	0	0	0	0	0	0	0	2
GRAND TOTAL	18	1	0	3	18	0	0	0	40

Workforce Age Group Distribution

The average employee age at SALGA is 38. The graphic below indicates that the majority of employees fall between the age bracket of 30-39.



EMPLOYEE WELLNESS PROGRAMME

As part of SALGA's value proposition to its employees the organisation has an employee wellness programme. The organisation recognises the need for an all-encompassing employee wellness (EW) programme which in turn be harnessed to ensure a well-rounded workforce in terms of physical wellness; emotional wellness and a generally balanced workforce to secure the skills required to execute the organisation's mandate effectively.

The organisation has outsourced part of its wellness programme to a service provider (ICAS) which enables the organisation to provide tailor-made support to SALGA employees and their specific needs. The employee wellness programme incorporates the following programmes, amongst others: Professional telephonic counselling services; HIV/AIDS Counselling, education and support services; Life management support services; Managerial consultancy services; Comprehensive online wellness programme; Professional face-to-face counselling services; Critical incident stress intervention.

A synopsis of employee wellness programme executed during the year under review are outlined below. The employee wellness activities are intended to promote healthy, dedicated, responsive and productive employees who add value to SALGA's mandate.

Employee Wellness Programmes

Six internal wellness programmes were held for SALGA staff. These relate to free anti-stress interventions, men and women's dialogue, motivational talks, wellness audit sessions, a health talk and two physical activities. The health desk drops information bulletins were communicated to staff and on the newsletter. The World Aids Day message was communicated as part of 16 Days of Activism.

Cases Handled

A total of 108 employees utilised the Employee Assistance Programme during the period under review. These were inclusive of self-referrals as well as managerial referrals. ICAS caters for an array of interventions ranging from employee/manager conflicts, ill health, absenteeism and stress management as these most commonly constitute the broad problem areas employees are faced with. Bereavement support services were also provided to bereaved families.



Employees undergoing cholesterol test during a Health Day



Employees participating in the Unite for Mandela fun run

CHAPTER FOUR: Human Resource Management

REWARD & RECOGNITION:

The employee recognition awards is SALGA's way of recognising excellence in employees. Employees who perform well and also go the extra mile while executing the SALGA mandate, are nominated by their fellow staff members in order to become eligible for an award. Recognition is an important component in the HR value chain. A formal recognition programme such as SALGA's Employee Recognition Awards (ERA) serves as a catalyst to encourage even more outstanding work amongst employees. SALGA furthermore promotes the concept of working collaboratively in a team as well as forming multi-disciplinary teams to achieve a certain strategic objective. A reward category recognising and rewarding the best team was therefore included in the awards categories.



AGSA addressing SALGA ERA



Employee Recognition Awards – 27 November 2015

During the year under review, the Employee Recognition Awards celebrated 5 years of acknowledging excellent performance in the organisation. The Employee Recognition framework undergoes constant improvement to ensure that it keeps abreast with best practice in this area. Since the Awards were established, new categories of excellence has been added such as an award recognising innovation and/or innovative practices which underpins SALGA's vision as an organisation.

The SALGA Performance Management and Remuneration Panel, a sub-committee of the National Executive Committee, is actively involved in providing guidance on matters of Reward & Recognition in the organisation.

The 5th Annual SALGA Employee Recognition Awards ceremony was successfully held on 27 November 2015.

The following categories were recognised:

- Best Provincial/ Directorate Employee (19 Awards)
- SALGA's Best Employee of the Year and Two Runner-Up (3 Awards)
- Best Performing SALGA Team (1 Floating Award)
- SALGA Innovative Award (1 Floating Award)
- CEO's Special Award (1 Floating)
- SALGA Chairperson's Special Award (1 Floating)

In total the organisation presented a total of 26 awards based on performance for the 2014/2015 financial year. All provincial and directorate offices will be represented at the awards ceremony by at least 5 representatives inclusive of the winners.



SALGA Chairperson's Special Award

LEARNING & DEVELOPMENT

SALGA is a learning organisation that believes in investing in the development of its workforce. Employees are continuously exposed to learning interventions aimed at equipping them with skills, knowledge and abilities required to meet the needs of SALGA's main clients, its member municipalities.

As per the relevant legislative requirements of the Skills Development Act, SALGA is required to annually submit a workplace skills plan (forecast of training interventions to be implemented) as well as annual training report (ATR) to the LGSETA. This report reflects how the skills budget was utilised for SALGA to be eligible for discretionary grants from the LGSETA to further develop its staff and interns.

The Workplace Skills plan informs the training programmes that as far as possible are aligned to the strategic objectives of the organisation. Furthermore, through discretionary grants from the LGSETA, SALGA is able to appoint interns and put them through a structured internship programme in the various business units they are deployed.



Employees undergoing ABET training (NQF level 1 & 2)



Employees undergoing ABET training (NQF level 1 & 2)

For the year under review a total of **13** NQF aligned skills development interventions were implemented with NQF level ranges between 1 and 6. An example of the NQF aligned training include: Research Methodology (NQF level 6); Municipal Finance Management Programme (NQF level 6) and Adult Basic Education & Training (NQF level 1 & 2) amongst others. A total of **168 employees** were beneficiaries of NQF aligned training interventions. At a cost of R 1.4 million.

The number of non-NQF aligned training interventions were **59** with **233 employees** being beneficiaries. Examples of these training interventions include: Chartered Institute of Procurement & Supply

(CIPS); Conflict management training; Team effectiveness and HPE Blade system. These training interventions assume various forms e.g. assessment based workshops; short courses; skills programmes and non-assessed workshops.

During this reporting period, study assistance was awarded to **65 employees** who are reading for courses ranging from Doctorate degrees; Masters degrees; Bachelor's degrees; Diplomas and Certificates. The cost to the organisation is R 1.5 million.

As far as possible the organisation aligns its training initiatives to add strategic value and at the same time address developmental goals set in the Personal Development Plans of employees to enhance performance in their roles.

CHAPTER FOUR: Human Resource Management

SALGA also provides for the hosting of interns through its Skills Development initiatives and hosted 31 interns successfully on a structured Internship programme. One of the Interns was absorbed in the organisation on a permanent basis.

Number of employees' trained

Accredited training interventions are offered across all levels of the organisation in our attempt to ensure fair and equitable skills development.

The table below reflects training statistics per race group and gender:

AFRICAN		WHITE		INDIAN		COLOURED		TOTAL
Male	Female	Male	Female	Male	Female	Male	Female	
149	179	16	19	10	8	9	11	401

EMPLOYEE RELATIONS

Employee relations is a process that ensures that there is a sound employment relationship between the employer and employees. It ensures fairness when it comes to issues of discipline and grievances. SALGA has an Employment Management Relations Policy which serves as a guide as it makes provision for a code of conduct, grievance procedure, disciplinary procedure, appeals procedure.

As a result, SALGA tries to ensure that it complies with the policy and adheres with the timeframes as stipulated.

Labour relations matters during the year.

During the period under review the organisation had **26** instances of labour matters. At reporting date **14** instances were finalised while **12** instances were still pending.

Formal disciplinary action was taken against 15 employees for misconduct. None of the instances of misconduct related to financial misconduct.

Tabulated below is the nature of labour relations matters and their numbers.

Nature of labour matter	Number of labour matters
Grievances	6
Misconduct	15
Enquiries	1
Appeal	3
Incapacity	1
Total	26

COMPLIANCE WITH LEGISLATION

Implementation of employment equity within SALGA

SALGA is committed to transformation towards reflecting South African demographics and has set targets to monitor its progress in this regard. In line with this commitment, the Employment Equity Act (No. 55 of 1998) is entrenched in the organisation's HR policies.

The organisation's workforce split per gender is 297 female or 61 percent and 191 male or 39 percent. The workforce distribution in terms of race is 416 African (85.3 percent); 27 Coloured (5.5 percent); 15 Indian/Asian (3 percent) and 30 White (6.1 percent).

The Performance Management and Remuneration Panel continues to monitor the overall progress in terms of race and gender. To support the people aspect of the organisation's strategic plan, monitoring of employment equity targets within different business units is imperative.

Occupational health and safety

A formal occupational health and safety (OHS) committee serves within SALGA. Apart from the fact that this is a legislative requirement, SALGA is committed to the provision of a safe and healthy work environment to its employees. The OHS committee carries out regular inspections on OHS requirements. Reports on the committee's findings are presented to the executive members.

All OHS representatives attend regular training interventions such as hazard identification and risk assessment and fire emergency drill training to ensure that they are prepared to act in an emergency situation.

Through its commitment to human resources processes, SALGA has managed to establish a strong employee value proposition. When concerted efforts between SALGA, its staff and stakeholders come to fruition, it aids in positioning the organisation as an employer of choice, a high performance organisation which continuously challenges the status quo. In order to continue rendering an impeccable service to its members, SALGA ensures that best practice principles are incorporated into all employment practices within the organisation.

MEMBERS OF SALGA

List of Municipalities



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

Members of SALGA

List of Municipalities **280**

MEMBERS OF SALGA: List of Municipalities

SALGA is an autonomous association of all 257 South African municipalities. The distribution of these municipalities per province and per category is tabulated below.

Province	Number of municipalities	Category		
		Metropolitan municipalities	District municipalities	Local municipalities
Eastern Cape	39	2	6	31
Free State	23	1	4	18
Gauteng	11	3	2	6
KwaZulu-Natal	54	1	10	43
Limpopo	27	-	5	22
Mpumalanga	20	-	3	17
Northern Cape	31	-	5	26
North West	22	-	4	18
Western Cape	30	1	5	24
Total	257	8	44	205

All members of SALGA are listed below per province:

Eastern Cape Province	
1. BUFFALO CITY METROPOLITAN Postal: PO Box 134, East London, 5200 Physical: 117 Oxford Street, Cnr North & Oxford Streets, Trust Centre, East London Tel: 043 705 2000 Fax: 043 743 1688 Web: www.buffalocity.gov.za	2. NELSON MANDELA BAY METROPOLITAN Postal: PO Box 116, Port Elizabeth, 6000 Physical: City Hall, Vuyisile Mini Square, Govan Mbeki Avenue, Nelson Mandela Bay Tel: 041 506 3208/9 Fax: 041 506 2422 Web: www.nelsonmandelabay.gov.za
3. ALFRED NZO DISTRICT Postal: Private Bag X511, Mount Ayliff, 4735 Physical: Erf 1400, Ntsizwa Street, Mount Ayliff Tel: 039 254 5000 Fax: 039 254 0343 Web: www.andm.gov.za	4. MATATIELE LOCAL Postal: PO Box 35, Matatiele, 4730 Physical: 102 Main Street, Matatiele Tel: 039 737 8100 Fax: 039 737 3611 Web: www.matatiele.gov.za
5. MBIZANA LOCAL Postal: PO Box 12, Bizana, 4800 Physical: 51 Main Street, Bizana Tel: 039 251 0230 Fax: 039 251 0917 Web: www.mbizana.gov.za	6. NTABANKULU LOCAL Postal: PO Box 234, Ntabankulu, 5130 Physical: 85 Main Street, Ntabankulu Tel: 039 258 0056 Fax: 039 258 0173 Web: www.ntabankulu.gov.za

Eastern Cape Province

7. UMZIMVUBU LOCAL

Postal: Private Bag X9020, Mount Frere, 5090
Physical: 813 Main Street, Mount Frere
Tel: 039 255 8500
Fax: 039 255 0167
Web: www.umzimvubu.gov.za

8. AMATHOLE DISTRICT

Postal: PO Box 320, East London, 5200
Physical: 40 Cambridge Street, East London
Tel: 043 701 4000
Fax: 043 742 0337
Web: www.amathole.gov.za

9. AMAHLATHI LOCAL

Postal: Private Bag X4002, Stutterheim, 4930
Physical: Cnr Maclean & Hill Streets, Stutterheim
Tel: 043 683 5000
Fax: 043 683 2970
Web: www.amahlathi.gov.za

10. GREAT KEI LOCAL

Postal: Private Bag X2, Komga, 4950
Physical: 17 Main Street, Komga, 4950
Tel: 043 831 1028
Fax: 043 831 1483
Web: www.greatkeilm.gov.za

11. MBHASHE LOCAL

Postal: PO Box 25, Dutywa, 5000
Physical: 454 Streatfield Road, Dutywa
Tel: 047 489 5800
Fax: 047 489 5800
Web: www.mbhashemun.gov.za

12. MNQUMA LOCAL

Postal: PO Box 36, Butterworth, 4960
Physical: Cnr King & Mthatha Streets, Butterworth
Tel: 047 401 2400
Fax: 047 491 0195
Web: www.mnquma.gov.za

13. NGQUSHWA LOCAL

Postal: PO Box 539, Peddie, 5640
Physical: Erf 313, Main Road, Peddie
Tel: 040 673 3095
Fax: 040 673 3771
Web: www.ngqushwamun.gov.za

14. RAYMOND MHLABA LOCAL

Postal: PO Box 36, Fort Beaufort, 5720
Physical: 8 Somerset Road, Fort Beaufort
Tel: 046 645 7400
Fax: 046 645 2562

15. CHRIS HANI DISTRICT

Postal: Private Bag X7121, Queenstown, 5320
Physical: 15 Bells Road, Queenstown
Tel: 045 808 4600
Fax: 045 838 1556
Web: www.chrishanidm.gov.za

16. EMALAHLENI LOCAL

Postal: Private Bag X1161, Lady Frere, 5410
Physical: 37 Indwe Road, Lady Frere
Tel: 047 878 0020
Fax: 047 878 0112
Web: emalahleni.local.gov.za

17. ENGCOBO LOCAL

Postal: PO Box 24, Engcobo, 5050
Physical: 58 Union Street, Engcobo
Tel: 047 548 5600
Fax: 047 548 1078
Web: www.engcobolm.gov.za

18. ENOCH MGIJIMA LOCAL

Postal: PO Box 21, Tarkastad, 5370
Physical: 12 Murray Street, Tarkastad
Tel: 045 846 0033
Fax: 045 8460025

MEMBERS OF SALGA: List of Municipalities

Eastern Cape Province

19. INTSIKA YETHU LOCAL

Postal: Private Bag X1251, Cofimvaba, 5380
Physical: 201 Main Street, Cofimvaba
Tel: 047 874 8700
Fax: 047 874 0010/0237
Web: www.intsikayethu.gov.za

21. SAKHISIZWE LOCAL

Postal: PO Box 26, Cala, 5455
Physical: 458 Umthatha Road, Cala
Tel: 047 877 5200
Fax: 047 877 0000
Web: www.sakhisizwe.gov.za

23. ELUNDINI LOCAL

Postal: PO Box 1, Maclear, 5480
Physical: 1 Seller Street, Maclear
Tel: 045 932 8100
Fax: 045 932 1094
Web: www.elundini.org.za

25. WALTER SISULU LOCAL

Postal: Private Bag X1011, Aliwal North, 9750
Physical: Cnr Barkly & Somerset Streets, Aliwal North
Tel: 051 633 2441
Fax: 051 634 1307

27. INGQUZA HILL LOCAL

Postal: PO Box 14, Flagstaff, 4810
Physical: 135 Main Street, Flagstaff
Tel: 039 252 0131
Fax: 039 252 0699
Web: www.ihlm.gov.za

29. MHLONTLO LOCAL

Postal: PO Box 31, Qumbu, 5180
Physical: 96 LG Mabindla Avenue, Qumbu
Tel: 047 553 7000
Fax: 047 553 0189
Web: www.mhlontloim.gov.za

20. INXUBA YETHEMBA LOCAL

Postal: PO Box 24, Cradock, 5880
Physical: 1 J A Calata Street, Cradock
Tel: 048 801 5000
Fax: 048 881 1421
Web: www.iym.co.za

22. JOE GQABI DISTRICT

Postal: Private Bag X102, Barkly East, 9786
Physical: Cnr Cole & Graham Streets, Barkly East
Tel: 045 979 3000
Fax: 045 971 0251
Web: www.jgdm.gov.za

24. SENQU LOCAL

Postal: Private Bag X03, Lady Grey, 9755
Physical: 19 Murray Street, Lady Grey
Tel: 051 603 1300
Fax: 051 603 0445
Web: www.senqu.gov.za

26. OR TAMBO DISTRICT

Postal: Private Bag X6043, Mthata, 5100
Physical: OR Tambo House, Nelson Mandela Drive, Myezo Park, Mthata
Tel: 047 501 6400
Fax: 047 532 6518
Web: www.ortambodm.gov.za

28. KING SABATA DALINDYEBO LOCAL

Postal: PO Box 45, Mthatha, 5099
Physical: Munitata Building, Sutherland Street, Mthatha
Tel: 047 501 4000
Fax: 047 531 3128
Web: www.ksd.gov.za

30. NYANDENI LOCAL

Postal: Private Bag X504, Libode, 5160
Physical: B Nomandela Drive, Municipality Building, Libode
Tel: 047 555 5000
Fax: 047 555 0202
Web: www.nyandenilm.gov.za

MEMBERS OF SALGA: List of Municipalities

Eastern Cape Province

31. PORT ST JOHNS LOCAL

Postal: PO Box 2, Port St Johns, 5120
Physical: 257 Main Street, Port St Johns
Tel: 047 564 1207
Fax: 047 564 1206
Web: www.psjmunicipality.gov.za

32. SARAH BAARTMAN DISTRICT

Postal: PO Box 318, Port Elizabeth, 6000
Physical: 32 Govan Mbeki Avenue, Port Elizabeth
Tel: 041 508 7111
Fax: 041 508 7000
Web: www.sarahbaartman.co.za

33. BLUE CRANE ROUTE LOCAL

Postal: PO Box 21, Somerset East, 5850
Physical: 67 Nojoli Street, Somerset East
Tel: 042 243 1333
Fax: 042 243 0633
Web: www.bcrm.gov.za

34. DR BEYERS NAUDÉ LOCAL

Postal: PO Box 71, Graaff-Reinet, 6280
Physical: 12 Church Square, Graaff-Reinet
Tel: 049 807 5700
Fax: 049 892 4319
Web: www.camdeboo.gov.za

35. KOU-KAMMA LOCAL

Postal: Private Bag X011, Kareedouw, 6400
Physical: 5 Keet Street, Kareedouw
Tel: 042 288 7200
Fax: 042 288 0797
Web: www.koukammamun.co.za

36. KOUGA LOCAL

Postal: PO Box 21, Jeffreys Bay, 6330
Physical: 33 Da Gama Road, Jeffreys Bay
Tel: 042 200 2200
Fax: 042 200 8606
Web: www.kouga.gov.za

37. MAKANA LOCAL

Postal: PO Box 176, Grahamstown, 6140
Physical: City Hall, High Street, Grahamstown
Tel: 046 603 6131
Fax: 046 622 9700
Web: www.makana.gov.za

38. NDLAMBE LOCAL

Postal: PO Box 13, Port Alfred, 6170
Physical: 47 Campbell Street, Port Alfred
Tel: 046 624 1140
Fax: 046 624 2669
Web: www.ndlambe.gov.za

39. SUNDAYS RIVER VALLEY LOCAL

Postal: PO Box 47, Kirkwood, 6120
Physical: 31 Middle Street, Kirkwood, 6120
Tel: 042 230 7700/0077
Fax: 042 230 1799
Web: www.srvn.gov.za

Free State Province

1. MANGAUNG METROPOLITAN

Postal: PO Box 3704, Bloemfontein, 9300
Physical: Bram Fischer Building, Nelson Mandela Drive & Markgraaff Street, Bloemfontein
Tel: 051 405 8911
Fax: 051 405 8707
Web: www.mangaung.co.za

2. FEZILE DABI DISTRICT

Postal: PO Box 10, Sasolburg, 1947
Physical: John Vorster Road, Sasolburg
Tel: 016 970 8600
Fax: 016 970 8733
Web: www.feziledabi.gov.za

MEMBERS OF SALGA: List of Municipalities

Free State Province

3. MAFUBE LOCAL

Postal: PO Box 2, Frankfort, 9830
Physical: 64 JJ Hadebe Street, Frankfort
Tel: 058 813 1051/9700/9718
Fax: 058 813 3072
Web: www.mafubemunicipality.gov.za

4. METSIMAHOLO LOCAL

Postal: PO Box 60, Sasolburg, 1947
Physical: Civic Centre, Fichardt Street, Sasolburg
Tel: 016 973 8300
Fax: 016 973 2191
Web: www.metsimaholo.gov.za

5. MOQHAKA LOCAL

Postal: PO Box 302, Kroonstad, 9500
Physical: Hill Street, Kroonstad
Tel: 056 216 9911
Fax: 056 216 9122
Web: www.moqhaka.gov.za

6. NGWATHE LOCAL

Postal: PO Box 359, Parys, 9585
Physical: Liebenburg Street, Parys
Tel: 056 816 2700
Fax: 056 816 2146
Web: www.ngwathe.fs.gov.za

7. LEJWELEPUTSWA DISTRICT

Postal: PO Box 2163, Welkom, 9460
Physical: Cnr Jan Hofmeyer & Tempest Streets, Welkom
Tel: 057 353 3094/5/8/9
Fax: 057 353 3382/057 391 8911
Web: www.lejwe.co.za

8. MASILONYANA LOCAL

Postal: PO Box 8, Theunissen, 9410
Physical: 47 Le Roux Street, Theunissen, 9410
Tel: 057 733 0106
Fax: 057 733 2417
Web: www.masilonyana.fs.gov.za

9. MATJHABENG LOCAL

Postal: PO Box 708, Welkom, 9460
Physical: 319 Stateway, Welkom
Tel: 057 391 3359
Fax: 057 357 4393
Web: www.matjhabeng.fs.gov.za

10. NALA LOCAL

Postal: Private Bag X15, Bothaville, 9660
Physical: 8 Preller Street, Bothaville
Tel: 056 514 9200
Fax: 056 515 3922
Web: www.nala.org.za

11. TOKOLOGO LOCAL

Postal: Private Bag X46, Boshoff, 8340
Physical: Market Square, Voortrekker Street, Boshoff
Tel: 053 541 0014
Fax: 053 541 0360
Web: www.tokologo.gov.za

12. TSWELOPELE LOCAL

Postal: PO Box 3, Bultfontein, 9670
Physical: Civic Centre, Bosman Street, Bultfontein
Tel: 051 853 1111
Fax: 051 853 1332
Web: www.tswelopele.gov.za

13. THABO MOFUTSANYANA DISTRICT

Postal: Private Bag X810, Witsieshoek, 9870
Physical: 1 Mampoi Street, Old Parliament Building, Phuthaditjhaba
Tel: 058 718 1089/36
Fax: 058 718 1034
Web: www.thabomofutsanyana.gov.za

14. DIHLABENG LOCAL

Postal: PO Box 551, Bethlehem, 9700
Physical: 9 Muller Street, Bethlehem
Tel: 058 303 5732
Fax: 058 303 4703
Web: www.dihlabeng.gov.za

MEMBERS OF SALGA: List of Municipalities

Free State Province

15. MALUTI-A-PHOFUNG LOCAL

Postal: Private Bag X805, Witsieshoek, 9866
Physical: Cnr Moremoholo & Motlounge Streets,
Setsing Complex, Phuthaditjhaba
Tel: 058 718 3700
Fax: 058 718 3777
Web: www.map.fs.gov.za

16. MANTSOPA LOCAL

Postal: PO Box 64, Ladybrand, 9745
Physical: 38 Joubert Street, Ladybrand
Tel: 051 924 0654
Fax: 051 924 0020
Web: www.mantsopa.fs.gov.za

17. NKETOANA LOCAL

Postal: PO Box 26, Reitz, 9810
Physical: Cnr Church & Voortrekker Streets, Reitz
Tel: 058 863 2811
Fax: 058 863 2523

18. PHUMELELA LOCAL

Postal: Private Bag X5, Vrede, 9835
Physical: Cnr Prinsloo & Kuhn Streets Streets,
Vrede
Tel: 058 913 8300
Fax: 058 913 2317
Web: www.phumelela.gov.za

19. SETSOTO LOCAL

Postal: PO Box 116, Ficksburg, 9730
Physical: 27 Voortrekker Street, Ficksburg
Tel: 051 933 9300
Fax: 051 933 9309
Web: www.setsoto.co.za

20. XHARIEP DISTRICT

Postal: Private Bag X136, Trompsburg, 9913
Physical: 20 Louw Street, Trompsburg
Tel: 051 713 9300
Fax: 051 713 0461
Web: www.xhariep.gov.za

21. KOPANONG LOCAL

Postal: Private Bag X23, Trompsburg, 9913
Physical: 20 Louw Street, Trompsburg
Tel: 051 713 9200
Fax: 051 713 0292
Web: www.kopanong.gov.za

22. LETSEMENG LOCAL

Postal: Private Bag X3, Koffiefontein, 9986
Physical: 7 Groot Trek Street, Koffiefontein
Tel: 053 205 9200
Fax: 053 205 0144
Web: www.letsemeng.gov.za

23. MOHOKARE LOCAL

Postal: PO Box 20, Zastron, 9950
Physical: Hoofd Street, Zastron
Tel: 051 673 9600
Fax: 051 673 1550
Web: www.mohokare.gov.za

Gauteng Province

1. CITY OF EKURHULENI METROPOLITAN

Postal: Private Bag X1069, Germiston, 1400
Physical: 47 Van Buuren Road, Germiston
Tel: 011 999 0003
Web: www.ekurhuleni.gov.za

2. CITY OF JOHANNESBURG METROPOLITAN

Postal: PO Box 1049, Johannesburg, 2000
Physical: 158 Civic Boulevard, Braamfontein,
Johannesburg
Tel: 011 407 6111
Fax: 011 403 8723
Web: www.joburg.org.za

MEMBERS OF SALGA: List of Municipalities

Gauteng Province

3. CITY OF TSHWANE METROPOLITAN

Postal: PO Box 440, Pretoria, 0001

Physical: Isivuno House, 135 Lilian Ngoyi Street,
Cnr Madiba & Lilian Ngoyi Streets, Pretoria

Tel: 012 358 9999

Fax: 012 358 4896

Web: www.tshwane.gov.za

4. SEDIBENG DISTRICT

Postal: PO Box 471, Vereeniging, 1930

Physical: Cnr Beaconsfield & Leslie Streets,
Vereeniging

Tel: 016 450 3000

Fax: 016 455 2573

Web: www.sedibeng.gov.za

5. EMFULENI LOCAL

Postal: PO Box 3, Vanderbijlpark, 1900

Physical: Cnr Klasie Havenga & Frikkie Meyer
Boulevard, Vanderbijlpark

Tel: 016 950 5000

Fax: 016 950 5050

Web: www.emfuleni.gov.za

6. LESEDI LOCAL

Postal: PO Box 201, Heidelberg, 1438

Physical: Cnr HF Verwoerd & Louw Streets,
Heidelberg

Tel: 016 492 0049

Fax: 016 340 4394

Web: www.lesedilm.gov.za

7. MIDVAAL LOCAL

Postal: PO Box 9, Meyerton, 1960

Physical: Mitchell Street, Meyerton

Tel: 016 360 7400

Fax: 016 360 7519

Web: www.midvaal.gov.za

8. WEST RAND DISTRICT

Postal: Private Bag X033, Randfontein, 1759

Physical: Cnr Sixth & Park Streets, Randfontein

Tel: 011 411 5000

Fax: 011 412 3663

Web: www.wrdm.gov.za

9. MERAUFONG CITY LOCAL

Postal: PO Box 3, Carletonville, 2500

Physical: 3 Halite Street, Carletonville

Tel: 018 788 9500

Fax: 018 786 1105

Web: www.meraufong.gov.za

10. MOGALE CITY LOCAL

Postal: PO Box 94, Krugersdorp, 1740

Physical: Cnr Commissioner & Market Streets,
Krugersdorp

Tel: 011 951 2000/1

Fax: 011 953 2547

Web: www.mogalecity.gov.za

11. RAND WEST CITY LOCAL

Postal: PO Box 218, Randfontein, 1760

Physical: Cnr Surtherland & Pollock Streets,
Randfontein

Tel: 011 411 0000

Fax: 011 693 1736

MEMBERS OF SALGA: List of Municipalities

KwaZulu-Natal Province

1. ETHEKWINI METROPOLITAN

Postal: PO Box 1014, Durban, 4000
Physical: City Hall, 263 Dr Pixley Ka Seme (West) Street, Durban
Tel: 031 311 1111
Fax: 031 311 2170
Web: www.durban.gov.za

2. AMAJUBA DISTRICT

Postal: Private Bag X6615, Newcastle, 2940
Physical: B9356 Amajuba Building, Madadeni
Tel: 034 329 7200
Fax: 034 314 3785
Web: www.amajuba.gov.za

3. DANNHAUSER LOCAL

Postal: Private Bag X1011, Dannhauser, 3080
Physical: 8 Church Street, Dannhauser
Tel: 034 621 2666
Fax: 034 621 3114
Web: www.dannhauser.gov.za

4. EMADLANGENI LOCAL

Postal: PO Box 11, Utrecht, 2980
Physical: 34 Voor Street, Utrecht
Tel: 034 331 3041
Fax: 034 331 4312
Web: www.emadlangeni.gov.za

5. NEWCASTLE LOCAL

Postal: Private Bag X6621, Newcastle, 2940
Physical: 37 Murchison Street, Newcastle
Tel: 034 328 7600
Fax: 034 312 1570
Web: www.newcastle.gov.za

6. HARRY GWALA DISTRICT

Postal: Private Bag X501, Ixopo, 3276
Physical: 40 Main Street, Ixopo
Tel: 039 834 8700
Fax: 039 834 1701/1750
Web: www.harrygwaladm.gov.za

7. GREATER KOKSTAD LOCAL

Postal: PO Box 8, Kokstad, 4700
Physical: 75 Hope Street, Kokstad
Tel: 039 797 6600
Fax: 039 727 5501
Web: www.kokstad.org.za

8. NKOSAZANA DLAMINI-ZUMA LOCAL

Postal: PO Box 43, Himeville, 3256
Physical: 32 Arbuckle Street, Himeville
Tel: 033 702 1060
Fax: 033 702 1148

9. UBUHLEBEZWE LOCAL

Postal: PO Box 132, Ixopo, 3276
Physical: 29 Margaret Street, Ixopo
Tel: 039 834 7700
Fax: 039 834 1168
Web: www.ubuhlebezwe.org.za

10. UMZIMKHULU LOCAL

Postal: PO Box 53, uMzimkhulu, 3297
Physical: 169 Main Street, uMzimkhulu
Tel: 039 259 5300/039 259 5000
Fax: 039 259 0223
Web: www.umzimkhululm.gov.za

11. ILEMBE DISTRICT

Postal: PO Box 1788, KwaDukuza, 4450
Physical: iLembe House, 59/61 Mahatma Gandhi Street, KwaDukuza
Tel: 032 437 9300
Fax: 032 437 9588
Web: www.ilembe.gov.za

12. KWADUKUZA LOCAL

Postal: PO Box 72, KwaDukuza, 4450
Physical: 14 Chief Albert Luthuli Street, KwaDukuza
Tel: 032 437 5000
Fax: 032 437 5098
Web: www.kwadukuza.gov.za

MEMBERS OF SALGA: List of Municipalities

KwaZulu-Natal Province

13. MANDENI LOCAL

Postal: PO Box 144, Mandeni, 4490
Physical: 2 Kingfisher Road, Mandeni
Tel: 032 456 8200
Fax: 032 456 2504
Web: www.mandeni.gov.za

14. MAPHUMULO LOCAL

Postal: Private Bag X9205, Maphumulo, 4470
Physical: MR 711, LOT 152, Maphumulo
Tel: 032 481 4500
Fax: 032 481 2053
Web: <http://maphumuloonline.gov.za>

15. NDWEDWE LOCAL

Postal: Private Bag X503, Ndwedwe, 4342
Physical: P100 Road, Ndwedwe
Tel: 032 532 5000
Fax: 032 532 5031/2
Web: www.ndwedwe.gov.za

16. UGU DISTRICT

Postal: PO Box 33, Port Shepstone, 4240
Physical: 28 Connor Street, Port Shepstone
Tel: 039 688 5700
Fax: 039 682 4820
Web: www.ugu.gov.za

17. RAY NKONYENI LOCAL

Postal: PO Box 5, Port Shepstone, 4240
Physical: 10 Connor Street, Port Shepstone
Tel: 039 688 2000
Fax: 039 682 0327
Web: www.hcm.gov.za

18. UMDONI LOCAL

Postal: PO Box 19, Scottburgh, 4180
Physical: Cnr Bram Fischer & Williamson Streets, Scottburgh
Tel: 039 976 1202 / 039 978 4313
Fax: 039 976 2194/2020
Web: www.umdoni.gov.za

19. UMUZIWABANTU LOCAL

Postal: Private Bag X1023, Harding, 4680
Physical: Murchison Street, Harding
Tel: 039 433 1205
Fax: 039 433 1208
Web: www.umuziwabantu.gov.za

20. UMZUMBE LOCAL

Postal: PO Box 561, Hibberdene, 4220
Physical: Sipofu Road, Mathulini MPCC, Mthwalume, 4186
Tel: 039 972 0005
Fax: 039 972 0099
Web: www.umzumbe.gov.za

21. UMGUNGUNDLOVU DISTRICT

Postal: PO Box 3235, Pietermaritzburg, 3200
Physical: 242 Langalibalele Street, Pietermaritzburg
Tel: 033 897 6700
Fax: 033 342 5502
Web: www.umdm.gov.za

22. IMPENDLE LOCAL

Postal: Private Bag X512, Impendle, 3227
Physical: 21 Mafahleni Street, Impendle
Tel: 033 996 6000
Fax: 033 996 0852
Web: www.impendle.gov.za

23. MKHAMBATHINI LOCAL

Postal: Private Bag X04, Camperdown, 3720
Physical: 18 Old Main Road, Camperdown
Tel: 031 785 9300
Fax: 031 785 2121
Web: www.mkhambathini.gov.za

24. MPOFANA LOCAL

Postal: PO Box 47, Mooi River, 3300
Physical: 10 Claughton Terrace, Mooi River
Tel: 033 263 1221
Fax: 033 263 1127
Web: www.mpofana.gov.za

MEMBERS OF SALGA: List of Municipalities

KwaZulu-Natal Province

25. MSUNDUZI LOCAL

Postal: Private Bag X321, Pietermaritzburg, 3200
Physical: Cnr Church & Chief Albert Luthuli Streets, Pietermaritzburg
Tel: 033 392 3000
Fax: 033 392 2397
Web: www.msunduzi.gov.za

26. RICHMOND LOCAL

Postal: Private Bag X1028, Richmond, 3780
Physical: 57 Shepstone Street, Richmond
Tel: 033 212 2155
Fax: 033 212 2102
Web: www.richmond.gov.za

27. UMNGENI LOCAL

Postal: PO Box 5, Howick, 3290
Physical: Cnr Dicks & Somme Streets, Howick
Tel: 033 239 9200
Fax: 033 330 4183
Web: www.umngeni.gov.za

28. UMSHWATHI LOCAL

Postal: Private Bag X29, Wartburg, 3233
Physical: Main Street, New Hanover
Tel: 033 815 2249
Fax: 033 502 0286
Web: www.umshwathi.gov.za

29. UMKHANYAKUDE DISTRICT

Postal: PO Box 449, Mkuze, 3965
Physical: Harlingen No.13433, Mkuze
Tel: 035 573 8600
Fax: 035 573 1094
Web: www.ukdm.gov.za

30. BIG 5 HLABISA LOCAL

Postal: PO Box 89, Hluhluwe, 3960
Physical: 163 Zebra Street, Library Building, Hluhluwe
Tel: 035 562 0040
Fax: 035 562 0988

31. JOZINI LOCAL

Postal: Private Bag X28, Jozini, 3969
Physical: Circle Street, Bottom Town, Jozini
Tel: 035 572 1292
Fax: 035 572 1266
Web: www.jozini.org.za

32. MTUBATUBA LOCAL

Postal: PO Box 52, Mtubatuba, 3935
Physical: Lot 105, Inkosi Mtubatuba Road, Mtubatuba
Tel: 035 550 0069
Fax: 035 550 0060
Web: www.mtubatuba.org.za

33. UMHLABUYALINGANA LOCAL

Postal: Private Bag X901, KwaNgwanase, 3973
Physical: R22 Main Road, 01 Manguzi, Manguzi
Tel: 035 592 0680
Fax: 035 592 0672
Web: www.umhlabuyalingana.gov.za

34. UMZINYATHI DISTRICT

Postal: PO Box 1965, Dundee, 3000
Physical: 39 Victoria Street, Princess Magogo Building, Dundee
Tel: 034 219 1500
Fax: 034 218 1940
Web: www.umzinyathi.gov.za

35. ENDUMENI LOCAL

Postal: Private Bag X2024, Dundee, 3000
Physical: 64 Victoria Street, Dundee
Tel: 034 212 2121
Fax: 034 212 3856
Web: www.endumeni.gov.za

36. MSINGA LOCAL

Postal: Private Bag X530, Tugela Ferry, 3010
Physical: R33 Main Road, Tugela Ferry
Tel: 033 493 0761
Fax: 033 493 0766
Web: www.msinga.org

MEMBERS OF SALGA: List of Municipalities

KwaZulu-Natal Province

37. NQUTHU LOCAL

Postal: Private Bag X5521, Nquthu, 3135
Physical: 83 Mdlaose Street, Nquthu
Tel: 034 271 6100
Fax: 034 271 6111
Web: www.nquthu.gov.za

38. UMVOTI LOCAL

Postal: PO Box 71, Greytown, 3250
Physical: 41 Bell Street, Greytown
Tel: 033 413 9100
Fax: 033 417 1393
Web: www.umnvoti.gov.za

39. UTHUKELA DISTRICT

Postal: PO Box 116, Ladysmith, 3370
Physical: 36 Lyel Street / 33 Forbes Street, Ladysmith
Tel: 036 638 5100 / 036 638 2400
Fax: 036 637 5608 / 036 635 5501
Web: www.uthukeladm.co.za

40. ALFRED DUMA LOCAL

Postal: PO Box 29, Ladysmith, 3370
Physical: 221 Murchison Street, Lister Clarence Building, Ladysmith
Tel: 036 637 2231
Fax: 036 631 1400

41. INKOSI LANGALIBALELE LOCAL

Postal: PO Box 750, Estcourt, 3310
Physical: D1249 Sobabili Road, Ntabamhlophe Area, Estcourt
Tel: 036 353 0693/0681/0691
Fax: 036 353 6661

42. OKHAHLAMBA LOCAL

Postal: PO Box 71, Bergville, 3350
Physical: 259 Kingsway Street, Bergville
Tel: 036 448 8000
Fax: 036 448 1986
Web: www.okhahlamba.org

43. UTHUNGULU DISTRICT

Postal: Private Bag X1025, Richards Bay, 3900
Physical: uThungulu House, Kruger Rand, Richards Bay
Tel: 035 799 2500
Fax: 035 789 1641
Web: www.uthungulu.org.za

44. CITY OF UMHLATHUZE LOCAL

Postal: Private Bag X1004, Richards Bay, 3900
Physical: 5 Mark Strasse, Central Business District, Richards Bay
Tel: 035 907 5000 / 0800 222 827
Fax: 035 907 5444/5/6/7
Web: www.umhlathuze.gov.za

45. MTHONJANENI LOCAL

Postal: PO Box 11, Melmoth, 3835
Physical: 21 Reinhold Street, Melmoth
Tel: 035 450 2082
Fax: 035 450 2056
Web: www.mthonjaneni.org.za

46. NKANDLA LOCAL

Postal: Private Bag X161, Nkandla, 3855
Physical: Lot 292, Maree Road, Nkandla
Tel: 035 833 2000
Fax: 035 833 0920
Web: www.nkandla.org.za

47. UMFOLOZI LOCAL

Postal: PO Box 96, KwaMbonambi, 3915
Physical: 25 Bredelia Street, KwaMbonambi
Tel: 035 580 1421
Fax: 035 580 1141
Web: www.umfolozi.gov.za

48. UMLALAZI LOCAL

Postal: PO Box 37, Eshowe, 3815
Physical: Hutchinson Street, Eshowe
Tel: 035 473 3300
Fax: 035 474 4733
Web: www.umlalazi.org.za

MEMBERS OF SALGA: List of Municipalities

KwaZulu-Natal Province

49. ZULULAND DISTRICT

Postal: Private Bag X76, Ulundi, 3838

Physical: 400 Ugagane Street, Ulundi

Tel: 035 874 5500

Fax: 035 874 5531/5589

Web: www.zululand.org.za

50. ABAQULUSI LOCAL

Postal: PO Box 57, Vryheid, 3100

Physical: Cnr High & Mark Streets, Vryheid

Tel: 034 982 2133

Fax: 034 980 9637

Web: www.abaqulusi.gov.za

51. EDUMBE LOCAL

Postal: Private Bag X308, Paulpietersburg, 3180

Physical: 10 Hoog Street, Paulpietersburg

Tel: 034 995 1650

Fax: 034 995 1192

Web: www.edumbe.gov.za

52. NONGOMA LOCAL

Postal: PO Box 84, Nongoma, 3950

Physical: Lot 103, Main Street, Nongoma

Tel: 035 831 7500

Fax: 035 831 3152

Web: www.nongoma.org.za

53. ULUNDI LOCAL

Postal: Private Bag X17, Ulundi, 3838

Physical: BA 81, Prince Mangosuthu Street, Ulundi

Tel: 035 874 5100

Fax: 035 870 1164

Web: www.ulundi.gov.za

54. UPHONGOLO LOCAL

Postal: PO Box 191, Pongola, 3170

Physical: 61 Martin Street, Pongola

Tel: 034 413 1223

Fax: 034 413 1706

Web: www.uphongoloonline.gov.za

Limpopo Province

1. CAPRICORN DISTRICT

Postal: PO Box 4100, Polokwane, 0700

Physical: 41 Biccard Street, Polokwane

Tel: 015 294 1000

Fax: 015 291 4297

Web: www.cdm.org.za

2. BLOUBERG LOCAL

Postal: PO Box 1593, Senwabaranwa, 0790

Physical: 2nd Building Mogwadi, Senwabaranwa Road, Senwabaranwa

Tel: 015 505 7100

Fax: 015 505 0296

Web: www.blouberg.gov.za

3. LEPELLE-NKUMPI LOCAL

Postal: Private Bag X07, Chuenespoort, 0745

Physical: 170 BA Lebowakgomo, Chuenespoort

Tel: 015 633 4500

Fax: 015 633 6896

Web: www.lepelle-nkumpi.gov.za

4. MOLEMOLE LOCAL

Postal: Private Bag X44, Mogwadi, 0715

Physical: 303 Church Street, Mogwadi

Tel: 015 501 0243

Fax: 015 501 0419

Web: www.molemole.gov.za

MEMBERS OF SALGA: List of Municipalities

Limpopo Province

5. POLOKWANE LOCAL

Postal: PO Box 111, Polokwane, 0700
Physical: Cnr Landros Mare & Bodenstein Streets, Polokwane
Tel: 015 290 2000/1
Fax: 015 290 2106
Web: www.polokwane.gov.za

6. GREATER SEKHUKHUNE DISTRICT

Postal: Private Bag X8611, Groblersdal, 0470
Physical: 3 West Street, Groblersdal
Tel: 013 262 7300/1/2
Fax: 013 262 3688
Web: www.sekhukhune.gov.za

7. ELIAS MOTSOLEDI LOCAL

Postal: PO Box 48, Groblersdal, 0470
Physical: 2nd Grobler Avenue, Groblersdal
Tel: 013 262 3056
Fax: 013 262 4530
Web: www.eliasmotsoaledi.gov.za

8. EPHRAIM MOGALE LOCAL

Postal: PO Box 111, Marble Hall, 0450
Physical: 13 Ficus Street, Marble Hall
Tel: 013 261 8400
Fax: 013 261 2985
Web: www.ephraimmogalelm.gov.za

9. FETAKGOMO/GREATER TUBATSE LOCAL

Postal: PO Box 818, Apel, 0739
Physical: Stand No.1, Mashung Ga-Nkwana, Fetakgomo
Tel: 015 622 8000
Fax: 015 622 8026

10. MAKHUDUTHAMAGA LOCAL

Postal: Private Bag X434, Jane Furse, 1085
Physical: Stand 1, Groblersdal Road, Jane Furse
Tel: 013 265 1177/1262
Fax: 013 265 1076
Web: www.makhuduthamaga.gov.za

11. MOPANI DISTRICT

Postal: Private Bag X9687, Giyani, 0826
Physical: Government Building, Main Road, Giyani
Tel: 015 811 6300
Fax: 015 812 4302
Web: www.mopani.gov.za

12. BA-PHALABORWA LOCAL

Postal: Private Bag X01020, Phalaborwa, 1390
Physical: Civic Centre, Nelson Mandela Drive, Phalaborwa
Tel: 015 780 6302
Fax: 015 781 0726
Web: www.ba-phalaborwa.gov.za

13. GREATER GIYANI LOCAL

Postal: Private Bag X9559, Giyani, 0826
Physical: BA 59/2 Giyani Main Road, Opposite Nkensani Hospital, Giyani
Tel: 015 811 5500
Fax: 015 812 2068
Web: www.greatergiyani.gov.za

14. GREATER LETABA LOCAL

Postal: PO Box 36, Modjadiskloof, 0835
Physical: Civic Centre, 44 Botha Street, Modjadiskloof
Tel: 015 309 9246/9248
Fax: 015 309 9419
Web: www.greaterletaba.gov.za

15. GREATER TZANEEN LOCAL

Postal: PO Box 24, Tzaneen, 0850
Physical: 38 Agatha Street, Civic Centre Building, Tzaneen, 0850
Tel: 015 307 8000
Fax: 015 307 8049
Web: www.greatertzaneen.gov.za

16. MARULENG LOCAL

Postal: PO Box 627, Hoedspruit, 1380
Physical: 64 Springbok Street, Hoedspruit
Tel: 015 793 2409
Fax: 015 793 2341
Web: www.maruleng.gov.za

MEMBERS OF SALGA: List of Municipalities

Limpopo Province

17. VHEMBE DISTRICT

Postal: Private Bag X5006, Thohoyandou, 0950
Physical: Government Complex, Thohoyandou Ring Road, Thohoyandou
Tel: 015 960 2000
Fax: 015 962 1017
Web: www.vhembe.gov.za

18. COLLINS CHABANE LOCAL

Postal: Private Bag X5066, Thohoyandou, 0950
Physical: Thohoyandou Civic Centre, Old Agriven Building, Thohoyandou
Tel: 015 962 7500
Fax: 015 962 4020

19. MAKHADO LOCAL

Postal: Private Bag X2596, Makhado, 0920
Physical: Civic Centre, Cnr Krogh & Erasmus Streets, Makhado
Tel: 015 519 3000
Fax: 015 516 1195
Web: www.makhado.gov.za

20. MUSINA LOCAL

Postal: Private Bag X611, Musina, 0900
Physical: 21 Irwin Street, Musina
Tel: 015 534 6100
Fax: 015 534 2513
Web: www.musina.gov.za

21. THULAMELA LOCAL

Postal: Private Bag X5066, Thohoyandou, 0950
Physical: Thohoyandou Civic Centre, Old Agriven Building, Thohoyandou
Tel: 015 962 7500
Fax: 015 962 4020
Web: www.thulamela.gov.za

22. WATERBERG DISTRICT

Postal: Private Bag X1018, Modimolle, 0510
Physical: Harry Gwala Street, Modimolle
Tel: 014 718 3300
Fax: 014 717 3886
Web: www.waterberg.gov.za

23. BELA-BELA LOCAL

Postal: Private Bag X1609, Bela-Bela, 0480
Physical: Chris Hani Drive, Bela-Bela
Tel: 014 736 8000
Fax: 014 736 3288
Web: www.belabela.gov.za

24. LEPHALALE LOCAL

Postal: Private Bag X136, Lephalale, 0555
Physical: Cnr Joe Slovo Street & Douwater Avenue, Civic Centre, Onverwacht
Tel: 014 763 2193
Fax: 014 763 5662
Web: www.lephalale.gov.za

25. LIM 368 LOCAL

Postal: Private Bag X340, Mookgophong, 0560
Physical: Cnr Nelson Mandela Street & Sixth Avenue, Mookgophong
Tel: 014 743 6600
Fax: 014 743 2434

26. MOGALAKWENA LOCAL

Postal: PO Box 34, Mokopane, 0600
Physical: 54 Retief Street, Mokopane
Tel: 015 491 9600
Fax: 015 491 9755
Web: www.mogalakwena.gov.za

27. THABAZIMBI LOCAL

Postal: Private Bag X530, Thabazimbi, 0380
Physical: 7 Rietbok Street, Thabazimbi
Tel: 014 777 1525
Fax: 014 777 1531
Web: www.thabazimbi.gov.za

MEMBERS OF SALGA: List of Municipalities

Mpumalanga Province

1. EHLANZENI DISTRICT

Postal: PO Box 3333, Mbombela, 1200
Physical: 8 Van Niekerk Street, Mbombela
Tel: 013 759 8500
Fax: 013 755 8539
Web: www.ehlanzeni.gov.za

2. BUSHBUCKRIDGE LOCAL

Postal: Private Bag X9308, Bushbuckridge, 1280
Physical: Opposite Mapulaneng DLTC
Tel: 013 799 1851/7
Fax: 013 799 1865
Web: www.bushbuckridge.gov.za

3. CITY OF MBOMBELA LOCAL

Postal: PO Box 33, Barberton, 1300
Physical: Cnr General & De Villiers Streets, Barberton
Tel: 013 712 8800
Fax: 013 712 5120/8888

4. NKOMAZI LOCAL

Postal: Private Bag X101, Malalane, 1320
Physical: 9 Park Street, Malalane
Tel: 013 790 0245
Fax: 013 790 0886
Web: www.nkomazi.gov.za

5. THABA CHWEU LOCAL

Postal: PO Box 61, Mashishing, 1120
Physical: Cnr Central & Viljoen Streets, Mashishing
Tel: 013 235 7300
Fax: 013 235 1108
Web: www.thabachweu.gov.za

6. GERT SIBANDE DISTRICT

Postal: PO Box 1748, Ermelo, 2350
Physical: Cnr Joubert & Oosthuise Streets, Ermelo
Tel: 017 801 7000
Fax: 017 801 1207
Web: www.gsibande.gov.za

7. CHIEF ALBERT LUTHULI LOCAL

Postal: PO Box 24, Carolina, 1185
Physical: 28 Kerk Street, Carolina
Tel: 017 843 4000
Fax: 017 843 4001
Web: www.albertluthuli.gov.za

8. DIPALESENG LOCAL

Postal: Private Bag X10005, Balfour, 2410
Physical: Cnr Johnny Makoena Drive & Themba Shoji Street, Balfour
Tel: 017 773 0055
Fax: 017 773 0169
Web: www.dipaleseng.gov.za

9. DR PIXLEY KA ISAKA SEME LOCAL

Postal: Private Bag X9011, Volksrust, 2470
Physical: Cnr Adelaide Tambo Street & Dr Nelson Mandela Drive, Volksrust
Tel: 017 734 6100
Fax: 086 630 2209
Web: www.pixleykaseme.gov.za

10. GOVAN MBEKI LOCAL

Postal: Private Bag X1017, Secunda, 2302
Physical: Horwood Street, Secunda CBD
Tel: 017 620 6000
Fax: 017 634 8019
Web: www.govanmbeki.gov.za

11. LEKWA LOCAL

Postal: PO Box 66, Standerton, 2430
Physical: Cnr Mbonani Mayisela & Dr Beyers Naude Streets, Standerton
Tel: 017 712 9600
Fax: 017 712 a6808
Web: www.lekwalm.gov.za

12. MKHONDO LOCAL

Postal: PO Box 23, eMkhondo, 2380
Physical: 33 Mark & De Wet Streets, eMkhondo
Tel: 017 826 8100
Fax: 017 826 3129
Web: www.mkhondo.gov.za

MEMBERS OF SALGA: List of Municipalities

Mpumalanga Province

13. MSUKALIGWA LOCAL

Postal: PO Box 48, Ermelo, 2350
Physical: Cnr Taute & Kerk Streets, Ermelo
Tel: 017 801 3500
Fax: 017 801 3851
Web: www.msukaligwa.gov.za

14. NKANGALA DISTRICT

Postal: PO Box 437, Middelburg, 1050
Physical: 2A Walter Sisulu Street, Middelburg
Tel: 013 249 2000
Fax: 013 249 2087
Web: www.nkangaladm.gov.za

15. DR JS MOROKA LOCAL

Postal: Private Bag X4012, Siyabuswa, 0472
Physical: 2601/3 Bongimfundo Street, Siyabuswa
Tel: 013 973 1101
Fax: 013 973 0974/2138
Web: www.moroka.gov.za

16. EMAKHAZENI LOCAL

Postal: PO Box 17, eMakhazeni, 1100
Physical: 25 Scheepers Street, eMakhazeni
Tel: 013 253 7600
Fax: 013 253 2440
Web: www.emakhazeni.gov.za

17. EMALAHLENI LOCAL

Postal: PO Box 3, eMalahleni, 1035
Physical: Civic Centre, Cnr Mandela & Arras Streets, eMalahleni
Tel: 013 690 6911
Fax: 013 690 6207
Web: www.emalahleni.gov.za

18. STEVE TSHWETE LOCAL

Postal: PO Box 14, Middelburg, 1050
Physical: Cnr Walter Sisulu Street & Wanderers Avenue, Middelburg
Tel: 013 249 7000
Fax: 013 243 2550
Web: www.stevetshwetelm.gov.za

19. THEMBISILE HANI LOCAL

Postal: Private Bag X4041, eMpumalanga, 0458
Physical: Stand 24 Kwaggafontein C, eMpumalanga
Tel: 013 986 9100
Fax: 013 986 0995
Web: www.thembisilehanilm.gov.za

20. VICTOR KHANYE LOCAL

Postal: PO Box 6, Delmas, 2210
Physical: Cnr Samuel & Van der Walt Streets, Delmas
Tel: 013 665 6000
Fax: 013 665 2913
Web: www.victorkhanyelm.gov.za

Northern Cape Province

1. FRANCES BAARD DISTRICT

Postal: Private Bag X6088, Kimberley, 8300
Physical: 51 Drakensberg Avenue, Carters Glen, Kimberley
Tel: 053 838 0911
Fax: 053 861 1538
Web: www.francesbaard.gov.za

2. DIKGATLONG LOCAL

Postal: Private Bag X5, Barkly West, 8375
Physical: 33 Campbell Street, Barkly West
Tel: 053 531 6500
Fax: 053 531 0624
Web: www.dikgatlong.co.za

MEMBERS OF SALGA: List of Municipalities

Northern Cape Province

3. MAGARENG LOCAL

Postal: PO Box 10, Warrenton, 8530
Physical: Magrieta Prinsloo Street, Warrenton
Tel: 053 497 3111
Fax: 053 497 4514
Web: www.magareng.gov.za

4. PHOKWANE LOCAL

Postal: Private Bag X3, Hartswater, 8570
Physical: 24 Hertzog Street, Hartswater
Tel: 053 474 9700
Fax: 053 474 1768
Web: www.phokwane.gov.za

5. SOL PLAATJE LOCAL

Postal: Private Bag X5030, Kimberley, 8300
Physical: Sol Plaatje Drive, Kimberley
Tel: 053 830 6911/6100
Fax: 053 833 1005
Web: www.solplaatje.org.za

6. JOHN TAOLO GAETSEWE DISTRICT

Postal: PO Box 1480, Kuruman, 8460
Physical: 4 Federale Mynbou Street, Kuruman
Tel: 053 712 8700
Fax: 053 712 2502
Web: www.taologaetsewe.gov.za

7. GA-SEGONYANA LOCAL

Postal: Private Bag X1522, Kuruman, 8460
Physical: Cnr Voortrekker & School Streets, Kuruman
Tel: 053 712 9300
Fax: 053 712 3581
Web: www.ga-segonyana.gov.za

8. GAMAGARA LOCAL

Postal: PO Box 1001, Kathu, 8446
Physical: Cnr Frikkey Meyer & Hendrik Van Eck Roads, Civic Centre, Kathu
Tel: 053 723 6000
Fax: 053 723 2021
Web: www.gamagara.co.za

9. JOE MOROLONG LOCAL

Postal: Private Bag X117, Mothibistad, 8474
Physical: D320 Cardington Road, Churchill Village, Mothibistad
Tel: 053 773 9300
Fax: 053 773 9350
Web: www.joemorolong.gov.za

10. NAMAKWA DISTRICT

Postal: Private Bag X20, Springbok, 8240
Physical: Hendrik J Visser Building, Van Riebeeck Street, Springbok
Tel: 027 712 8000
Fax: 027 712 8040
Web: www.namakwa-dm.gov.za

11. HANTAM LOCAL

Postal: Private Bag X14, Calvinia, 8190
Physical: Hope Street, Calvinia
Tel: 027 341 8500
Fax: 027 341 8501
Web: www.hantam.gov.za

12. KAMIESBERG LOCAL

Postal: Private Bag X200, Garies, 8220
Physical: 22 Main Street, Garies
Tel: 027 652 8000
Fax: 027 652 8001
Web: www.kamiesbergmun.co.za

13. KAROO HOOGLAND LOCAL

Postal: Private Bag X03, Williston, 8920
Physical: 2 Mulder Street, Williston
Tel: 053 391 3003
Fax: 053 391 3294
Web: www.karoohoogland.gov.za

14. KHAI-MA LOCAL

Postal: PO Box 108, Pofadder, 8890
Physical: New Street, Pofadder
Tel: 054 933 1000
Fax: 054 933 0252

MEMBERS OF SALGA: List of Municipalities

Northern Cape Province

15. NAMA KHOI LOCAL

Postal: PO Box 17, Springbok, 8240
Physical: 4 Namakwa Street, Springbok
Tel: 027 718 8100
Fax: 027 712 1635
Web: www.namakhoi.gov.za

16. RICHTERSVELD LOCAL

Postal: Private Bag X113, Port Nolloth, 8280
Physical: Main Road, Port Nolloth
Tel: 027 851 1111
Fax: 027 851 1101
Web: www.richtersveld.gov.za

17. PIXLEY KA SEME DISTRICT

Postal: Private Bag X1012, De Aar, 7000
Physical: Culvert Road, De Aar
Tel: 053 631 0891
Fax: 053 631 2529
Web: www.pksgdm.gov.za

18. EMTHANJENI LOCAL

Postal: PO Box 42, De Aar, 7000
Physical: 45 Voortrekker Street, De Aar
Tel: 053 632 9100
Fax: 053 631 0105
Web: www.emthanjeni.co.za

19. KAREEBERG LOCAL

Postal: PO Box 10, Carnarvon, 8925
Physical: Hanau Street, Carnarvon
Tel: 053 382 3012
Fax: 053 382 3142
Web: www.kareeberg.co.za

20. RENOSTERBERG LOCAL

Postal: PO Box 112, Petrusville, 8770
Physical: 555 School Street, Petrusville
Tel: 053 663 0041
Fax: 053 663 0180
Web: www.renosterbergmunicipality.gov.za

21. SIYANCUMA LOCAL

Postal: PO Box 27, Douglas, 8730
Physical: 7 Charl Street, Douglas
Tel: 053 298 1810
Fax: 053 298 3141
Web: www.siyancuma.gov.za

22. SIYATHEMBA LOCAL

Postal: PO Box 16, Prieska, 8940
Physical: Victoria Street, Prieska
Tel: 053 353 5300
Fax: 053 353 1386
Web: www.siyathemba.gov.za

23. THEMBELIHLE LOCAL

Postal: Private Bag X3, Hopetown, 8750
Physical: Church Street, Hopetown
Tel: 053 203 0005/0008
Fax: 053 203 0490
Web: www.thembelihlemunicipality.gov.za

24. UBUNTU LOCAL

Postal: Private Bag X329, Victoria West, 7070
Physical: 78 Church Street, Victoria West
Tel: 053 621 0026
Fax: 053 621 0368
Web: www.ubuntu.gov.za

25. UMSOBOMVU LOCAL

Postal: Private Bag X6, Colesberg, 9795
Physical: 21A Church Street, Colesberg
Tel: 051 753 0777
Fax: 051 753 0574
Web: www.umsobomvumun.co.za

26. ZF MGCAWU DISTRICT

Postal: Private Bag X6039, Upington, 8800
Physical: Cnr Hill & Le Roux Streets, Upington
Tel: 054 337 2800
Fax: 054 337 2888
Web: www.zfm-dm.co.za

MEMBERS OF SALGA: List of Municipalities

Northern Cape Province

27. !KHEIS LOCAL

Postal: PO Box 176, Groblershoop, 8850
Physical: 97 Oranje Street, Groblershoop
Tel: 054 833 9500
Fax: 054 833 9509
Web: www.kheis.co.za

28. DAWID KRUIPER LOCAL

Postal: PO Box 178, Mier, 8811
Physical: 63 Loubosweg, Mier
Tel: 054 531 0019
Fax: 054 531 0019

29. KAI !GARIB LOCAL

Postal: Private Bag X6, Kakamas, 8870
Physical: 9 11th Avenue, Kakamas
Tel: 054 461 6400
Fax: 054 461 6401
Web: www.kaigarib.gov.za

30. KGATELOPELE LOCAL

Postal: PO Box 43, Danielskuil, 8405
Physical: Baker Street, Danielskuil
Tel: 053 384 8600
Fax: 053 384 0326
Web: www.kgatelopele.gov.za

31. TSANTSABANE LOCAL

Postal: PO Box 5, Postmasburg, 8420
Physical: 13 Springbok Street, Postmasburg
Tel: 053 313 7300
Fax: 053 313 1602
Web: www.tsantsabane.co.za

North West Province

1. BOJANALA PLATINUM DISTRICT

Postal: PO Box 1993, Rustenburg, 0300
Physical: Cnr Beyers Naude & Fatima Bhayat Drives, Rustenburg
Tel: 014 590 4500
Fax: 014 592 6085
Web: www.bojanala.gov.za

2. KGETLENGRIVIER LOCAL

Postal: PO Box 66, Koster, 0348
Physical: Cnr Smuts & De Wit Streets, Koster
Tel: 014 543 2004
Fax: 014 543 2480
Web: www.kgetlengrivier.gov.za

3. MADIBENG LOCAL

Postal: PO Box 106, Brits, 0250
Physical: 53 Van Velden Street, Brits
Tel: 012 318 9100/9500/9215
Fax: 012 318 9665
Web: www.madibengweb.co.za

4. MORETELE LOCAL

Postal: Private Bag X367, Makapanstad, 0404
Physical: 4065 B, Mathibestad, Makapanstad
Tel: 012 716 1300/1000
Fax: 012 716 9999
Web: www.moretele.org.za

North West Province

5. MOSES KOTANE LOCAL

Postal: Private Bag X1011, Mogwase, 0314
Physical: Stand No.935, Railway Road, Unit 3, Mogwase, 0314
Tel: 014 555 1300
Fax: 014 555 6368
Web: www.moseskotane.gov.za

6. RUSTENBURG LOCAL

Postal: PO Box 16, Rustenburg, 0300
Physical: 159 Nelson Mandela & Beyers Naude Streets, Rustenburg
Tel: 014 590 3111
Fax: 014 590 3481
Web: www.rustenburg.gov.za

7. DR KENNETH KAUNDA DISTRICT

Postal: Private Bag X5017, Klerksdorp, 2570
Physical: Civic Centre, Patmore Road, Orkney
Tel: 018 473 8000
Fax: 018 473 2523
Web: www.kaundadistrict.gov.za

8. CITY OF MATLOSANA LOCAL

Postal: PO Box 99, Klerksdorp, 2570
Physical: Cnr Braamfisher & OR Tambo Streets, Klerksdorp
Tel: 018 487 8000
Fax: 018 464 1780
Web: www.matlosana.gov.za

9. MAQUASSI HILLS LOCAL

Postal: Private Bag X3, Wolmaransstad, 2630
Physical: 19 Kruger Street, Wolmaransstad
Tel: 018 596 1067
Fax: 018 596 1555
Web: www.maquassi-hills.co.za

10. TLOKWE/VENTERSDORP LOCAL

Postal: PO Box 113, Potchefstroom, 2520
Physical: Cnr Sol Plaatje & Wolmarans Streets, Potchefstroom
Tel: 018 299 5111
Fax: 018 299 5555

11. DR RUTH SEGOMOTSI MOMPATI DISTRICT

Postal: PO Box 21, Vryburg, 8600
Physical: 50 Market Street, Vryburg, 8601
Tel: 053 928 4700 / 053 927 0858
Fax: 053 927 2401
Web: www.drsmompatidm.gov.za

12. GREATER TAUNG LOCAL

Postal: Private Bag X1048, Taung, 8580
Physical: Main Road, Taung Station, Taung
Tel: 053 994 9400
Fax: 053 994 3917
Web: www.greatertaung.gov.za

13. KAGISANO-MOLOPO LOCAL

Postal: Private Bag X522, Ganyesa, 8613
Physical: Municipal Offices (Next to Ganyesa Health Clinic), Ganyesa
Tel: 053 998 4455
Fax: 053 998 3711
Web: www.kmlm.gov.za

14. LEKWA-TEEMANE LOCAL

Postal: PO Box 13, Christiana, 2680
Physical: Cnr Robyn & Dirkie Uys Streets, Christiana
Tel: 053 441 2206
Fax: 053 441 3735
Web: www.lekwateemane.co.za

15. MAMUSA LOCAL

Postal: PO Box 5, Schweizer-Reneke, 2780
Physical: 2 Schweizer Street, Schweizer-Reneke
Tel: 053 963 1331
Fax: 053 963 2474
Web: www.mamusa.gov.za

16. NALEDI LOCAL

Postal: PO Box 35, Vryburg, 8600
Physical: 19A Market Street, Vryburg
Tel: 053 928 2200
Fax: 053 927 3482
Web: www.naledilocal.co.za

MEMBERS OF SALGA: List of Municipalities

North West Province

17. NGAKA MODIRI MOLEMA DISTRICT

Postal: Private Bag X2167, Mahikeng, 2745
Physical: Cnr Carrington Street & 1st Avenue, Industrial Site, Mahikeng
Tel: 018 381 9400
Fax: 018 381 0561
Web: www.nmmdm.gov.za

18. DITSOBOTLA LOCAL

Postal: PO Box 7, Litchtenburg, 2740
Physical: Cnr Nelson Mandela Drive & Transvaal Street, Litchtenburg
Tel: 018 633 3800
Fax: 018 632 5247
Web: www.ditsobotla.co.za

19. MAHIKENG LOCAL

Postal: Private Bag X63, Mmabatho, 2735
Physical: Cnr University Drive & Hector Peterson Street, Mmabatho
Tel: 018 389 0111
Fax: 018 384 4830
Web: www.mafikeng.gov.za

20. RAMOTSHERE MOILOA LOCAL

Postal: PO Box 92, Zeerust, 2865
Physical: Cnr President & Coetzee Streets, Zeerust
Tel: 018 642 1081
Fax: 018 642 1175
Web: www.ramotshere.gov.za

21. RATLOU LOCAL

Postal: Private Bag X209, Madibogo, 2772
Physical: Delareyville Road, Next to Setlagole Library, Stella
Tel: 018 330 7000
Fax: 018 330 7047
Web: www.ratlou.gov.za

22. TSWAING LOCAL

Postal: PO Box 24, Delareyville, 2770
Physical: Cnr General Delarey & Government Streets, Delareyville
Tel: 053 948 9400
Fax: 053 948 1500

Western Cape Province

1. CITY OF CAPE TOWN METROPOLITAN

Postal: Private Bag X9181, Cape Town, 8000
Physical: Civic Centre, 12 Hertzog Boulevard, Cape Town
Tel: 021 400 1111/0860 103 089
Fax: 021 400 1313/0860 103 090
Web: www.capetown.gov.za

2. CAPE WINELANDS DISTRICT

Postal: PO Box 100, Stellenbosch, 7599
Physical: 46 Alexander Street, Stellenbosch
Tel: 086 126 5263
Fax: 021 887 2271
Web: www.capewinelandsgov.za

3. BREEDE VALLEY LOCAL

Postal: Private Bag X3046, Worcester, 6849
Physical: 30 Baring Street, Worcester
Tel: 023 348 2600
Fax: 023 347 3671
Web: www.bvm.gov.za

4. DRAKENSTEIN LOCAL

Postal: PO Box 1, Paarl, 7622
Physical: Bergrivier Boulevard, Paarl
Tel: 021 807 4500
Fax: 021 870 1547
Web: www.drakenstein.gov.za

MEMBERS OF SALGA: List of Municipalities

Western Cape Province

5. LANGEBERG LOCAL

Postal: Private Bag X2, Ashton, 6715
Physical: 28 Main Street, Ashton
Tel: 023 615 8000
Fax: 023 615 1563
Web: www.langeberg.gov.za

6. STELLENBOSCH LOCAL

Postal: PO Box 17, Stellenbosch, 7599
Physical: Plein Street, Stellenbosch
Tel: 021 808 8111/0861 808 911
Fax: 021 808 8026
Web: www.stellenbosch.gov.za

7. WITZENBERG LOCAL

Postal: PO Box 44, Ceres, 6835
Physical: 50 Voortrekker Street, Ceres
Tel: 023 316 1854
Fax: 023 316 1877
Web: www.witzenberg.gov.za

8. CENTRAL KAROO DISTRICT

Postal: Private Bag X560, Beaufort West, 6970
Physical: 63 Donkin Street, Beaufort West
Tel: 023 449 1000
Fax: 023 415 1253
Web: www.skdm.co.za

9. BEAUFORT WEST LOCAL

Postal: Private Bag X582, Beaufort West, 6970
Physical: 112 Donkin Street, Beaufort West
Tel: 023 414 8020
Fax: 023 415 1373
Web: www.beaufortwestmun.co.za

10. LAINGSBURG LOCAL

Postal: Private Bag X4, Laingsburg, 6900
Physical: 2 Van Riebeeck Street, Laingsburg
Tel: 023 551 1019
Fax: 023 551 1019
Web: www.laingsburg.gov.za

11. PRINCE ALBERT LOCAL

Postal: Private Bag X53, Prince Albert, 6930
Physical: 33 Church Street, Prince Albert
Tel: 023 541 1320
Fax: 023 541 1321
Web: www.princealbertmunicipality.com

12. EDEN DISTRICT

Postal: PO Box 12, George, 6530
Physical: 54 York Street, George
Tel: 044 803 1300
Fax: 086 555 6303
Web: www.edendm.co.za

13. BITOU LOCAL

Postal: Private Bag X1002, Plettenberg Bay, 6600
Physical: 1 Sewell Street, Plettenberg Bay
Tel: 044 501 3000
Fax: 044 533 3485
Web: www.plett.gov.za

14. GEORGE LOCAL

Postal: PO Box 19, George, 6530
Physical: 71 York Street, George
Tel: 044 801 9111
Fax: 044 801 9105
Web: www.george.gov.za

15. HESSEQUA LOCAL

Postal: PO Box 29, Riversdale, 6670
Physical: Van den Berg Street, Riversdale
Tel: 028 713 8000
Fax: 086 401 5202
Web: www.hessequa.gov.za

16. KANNALAND LOCAL

Postal: PO Box 30, Ladismith, 6655
Physical: 32 Church Street, Ladismith
Tel: 028 551 1023
Fax: 028 551 1766
Web: www.kannaland.gov.za

MEMBERS OF SALGA: List of Municipalities

Western Cape Province

17. KNYSNA LOCAL

Postal: PO Box 21, Knysna, 6570

Physical: 5 Clyde Street, Knysna

Tel: 044 302 6300

Fax: 044 302 6333

Web: www.knysna.gov.za

18. MOSSEL BAY LOCAL

Postal: Private Bag X29, Mossel Bay, 6500

Physical: 101 Marsh Street, Mossel Bay

Tel: 044 606 5000

Fax: 044 606 5062

Web: www.mosselbay.gov.za

19. OUDTSHOORN LOCAL

Postal: PO Box 255, Oudtshoorn, 6620

Physical: Cnr Baron Van Rheede Street & Voortrekker Road, Oudtshoorn

Tel: 044 203 3000

Fax: 044 203 3104

Web: www.oudtmun.gov.za

20. OVERBERG DISTRICT

Postal: Private Bag X22, Bredasdorp, 7280

Physical: 26 Long Street, Bredasdorp

Tel: 028 425 1157

Fax: 028 425 1014

Web: www.odm.org.za

21. CAPE AGULHAS LOCAL

Postal: PO Box 51, Bredasdorp, 7280

Physical: 1 Dirkie Uys Street, Bredasdorp

Tel: 028 425 5500

Fax: 028 425 1019

Web: www.capeagulhas.gov.za

22. OVERSTRAND LOCAL

Postal: PO Box 20, Hermanus, 7200

Physical: Overstrand Civic Centre, Magnolia Street, Hermanus

Tel: 028 313 8000

Fax: 028 312 1894

Web: www.overstrand.gov.za

23. SWELLENDAM LOCAL

Postal: PO Box 20, Swellendam, 6740

Physical: 49 Voortrek Street, Swellendam

Tel: 028 514 8500

Fax: 028 514 2694

Web: www.swellenmun.co.za

24. THEEWATERSKLOOF LOCAL

Postal: PO Box 24, Caledon, 7230

Physical: 6 Plein Street, Caledon

Tel: 028 214 3300

Fax: 028 214 1289

Web: www.twk.org.za

25. WEST COAST DISTRICT

Postal: PO Box 242, Moorreesburg, 7310

Physical: 58 Long Street, Moorreesburg

Tel: 022 4338400

Fax: 086 692 6113

Web: www.westcoastdm.co.za

26. BERGRIVIER LOCAL

Postal: PO Box 60, Piketberg, 7320

Physical: 13 Church Street, Piketberg

Tel: 022 913 6000

Fax: 022 913 1406

Web: www.bergmun.org.za

27. CEDERBERG LOCAL

Postal: Private Bag X2, Clanwilliam, 8135

Physical: 2A Voortrekker Road, Clanwilliam

Tel: 027 482 8000

Fax: 027 482 1933

Web: www.cederbergmunicipality.co.za

28. MATZIKAMA LOCAL

Postal: PO Box 98, Vredendal, 8160

Physical: 37 Church Street, Vredendal

Tel: 027 201 3300

Fax: 027 213 3238

Web: www.matzikamamun.co.za

MEMBERS OF SALGA: List of Municipalities

Western Cape Province

29. SALDANHA BAY LOCAL

Postal: Private Bag X12, Vredenburg, 7380

Physical: 12 Main Road, Vredenburg, 7380

Tel: 022 701 7000

Fax: 022 715 1518

Web: www.sbm.gov.za

30. SWARTLAND LOCAL

Postal: Private Bag X52, Malmesbury, 7299

Physical: 1 Church Street, Malmesbury

Tel: 022 487 9400

Fax: 022 487 9440

Web: www.swartland.org.za

ACRONYMS

List of abbreviations/ acronyms



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

ACRONYMS

List of abbreviations/acronyms **306**

ACRONYMS: List of abbreviations/acronyms

Acronym	Description	Acronym	Description
AC	Audit Committee	DRDLR	Department of Rural Development and Land Reform
APP	Annual Performance Plan	DRM	Disaster Risk Management
Ald	Alderman	DSD	Department of Social Development
AGSA	Audit General South Africa	DST	Department of Science and Technology
ATR	Annual Training Report	EC	Eastern Cape
ASGISA	Accelerated and Shared Growth Initiative of South Africa	ECD	Early Childhood Development
AU	African Union	ED	Executive Director
BAAM	Business-Adopt-A-Municipality	EDI	Electricity Distribution Industry
BCEA	Basic Conditions of Employment Act	EDP	Economic Development Planning
CD	Community Development	EESDCF	Employment Equity Skills Development Consultative Forum
CDP	Councillor Development Programme	EIUG	Intensive User Group of Southern Africa
CEO	Chief Executive Officer	EMS	Emergency Medical Services
CFO	Chief Financial Officer	EPWP	Expanded Public Works Programme
CIP	Councillor Induction Programme	ER	Employee Recognition
CLGF	Commonwealth Local Government Conference	ESTA	Extension of Security of Land Tenure Act
CLLR	Councillor	EWP	Employee Wellness Programme
CMRA	Centre for Municipal Research and Advice	FBS	Free Basic Service
CoGTA	Department of Cooperative Governance and Traditional Affairs	FFC	Financial and Fiscal Commission
COO	Chief Operations Officer	FS	Free State
CRDP	Comprehensive Rural Development Programme	GIS	Geographic Information System
CSIR	Council for Scientific and Industrial Research	GIZ	Gesellschaft für Internationale Zusammenarbeit
DACF	District Assemblies Common Fund	GIZ-GSP	GIZ – Government Support Programme
DAFF	Department of Agriculture, Forestry and Fisheries	GP	Gauteng
DBSA	Development Bank of Southern Africa	GRAP	Generally Recognised Accounting Practice
DCoG	Department of Cooperative Governance	HDA	Housing Development Agency
DEA	Department of Environmental Affairs	HDF	Human Development Framework
DHS	District Health System	HOD	Head of Department
DIRCO	Department of International Relations and Cooperation	HR	Human Resources
DLG	Department of Local Government	HRDCSA	Human Resource Development Council of South Africa
DLG & HS	Department of Local Government and Human Settlement	HRM&D	Human Resources Management and Development
DM	District Municipality	HSRC	Human Science Research Council
DoE	Department of Energy	ICAS	Independent Counselling and Advisory Service
DoJ	Department of Justice	ICT	Information and Communication Technology
DPME	Department of Planning, Monitoring and Evaluation	ICLEI	International Council for Local Environmental Initiatives
DPSA	Disabled People South Africa		

ACRONYMS: List of abbreviations/acronyms

Acronym	Description	Acronym	Description
ICRPOB	Independent Commission for the Remuneration of Public Office Bearers	MCPF	Municipal Councillor Pension Fund
IDP	Integrated Development Plan	MDB	Municipal Demarcation Board
IGR	Intergovernmental Relations	MDG	Millennium Development Goals
IIA	Institute of Internal Auditors	M&E	Monitoring and Evaluation
ILO	International Labour Organization	MFMA	Municipal Finance Management Act
IMATU	Independent Municipal and Allied Trade Union	MHS	Municipal Health Services
IMFO	Institute of Municipal Finance Officers	MHSCG	Municipal Human Settlements Capacity Grant
IOM	International Organization for Migration	MID	Municipal Institutional Development
IPAP	Industrial Policy Action Plan	MINMEC	Ministers and Members of Executive Council Meeting
IRM	Integrated Risk Management	MIS	Municipal Infrastructure Services
ISDF	Integrated Service Delivery Framework	MMC	Member of the Mayoral Committee
IUDG	Integrated Urban Development Grant	MoU	Memorandum of Understanding
KPI	Key Performance Indicator	MP	Mpumalanga
KZN	KwaZulu-Natal	MPAC	Municipal Public Accounts Committee
LAN	Local Area Network	MRT	Municipal Rating Tool
LED	Local Economic Development	MSA	Municipal Systems Act
LG	Local Government	MTEF	Medium-Term Expenditure Framework
LGA	Local Government Association of England and Wales	MTIR	Municipal Transversal Issues Report
LGCCC	Local Government Climate Change Champions	MTSF	Medium Term Strategic Framework
LGPPC	Local Government Partnership for Climate Change	MYPD	Multi-year price determination
LGES	Local Government Equitable Share	NBRSA	National Building Regulation and Standard Act
LGFF	Local Government Fiscal Framework	NC	Northern Cape
LGHR	Local Government Human Resources	NCOP	National Council of Provinces
LGICT	Local Government Information Communication Technology	NDA	National Development Agency
LGS	Local Government support	NDP	National Development Plan
LGSETA	Local Government Sector Education Authority	NEC	National Executive Committee
LGSTT	Local Government Support Task Team	NEDLAC	National Economic Development and Labour Council
LGTAS	Local Government Turnaround Strategy	NEPAD	New Partnership for Africa's Development
LODLOG	Local Democracy and Local Governance	NERSA	National Energy Regulator of South Africa
LP	Limpopo	NGP	National Growth Plan
LR	Labour Relations	NHI	National Health Insurance
LRA	Labour Relations Act	NMA	National Members Assembly
MALGA	Malawian Local Government Association	NOB	National Office Bearers
MASP	Municipal Audit Support Programme	NSDP	National Spatial Development Perspective
MB	Municipal Barometer	NW	North West
MBI	Municipal Benchmarking Initiative	NWG	North West Government
		NWG	National Working Group

ACRONYMS: List of abbreviations/acronyms

Acronym	Description
OHS	Occupational Health and Safety
OLG	Organised Local Government
PA RI	Public Affairs Research Institute
PDG	Palmer Development Group
PDP	Professional Development Programme
PEC	Provincial Executive Committee
PEO	Provincial Executive Officer
PFMA	Public Finance Management Act
PHDA	Priority Housing Development Areas
PIE	Prevention of Illegal Eviction
PMA	Provincial Members Assembly
PMM	Performance Matrix Model
PMS	Performance Management System
PRZ	Provisional Restructuring Zones
RM	Risk Management
PHC	Primary Healthcare
SADC	Southern African Development Community
SAIEH	South African Institute of Environmental Health
SALGA	South African Local Government Association
SALGBC	South African Local Government Bargaining Council
SAMHS	South African Military Health Service
SANBS	South African National Blood Service
SANEDI	South African National Energy development Institute
SANRAL	South African National Roads Agency Limited
SASCOC	South African Sports Confederation and Olympic Committee
SCLG	SALGA Centre for Leadership and Governance
SCM	Supply Chain Management
SCOA	Standard Charts of Accounts
SDA	Service Delivery Agreement
SDF	Spatial Development Framework
SDGs	Sustainable Development Goals
SERI	Social Economic Rights Institute of South Africa
SIKE	SALGA Information Knowledge Exchange
SIP	Strategic Infrastructure Project
SMIP	Senior Management Induction Programme
SMME	Small, Medium, Micro-sized Enterprise

Acronym	Description
SPLUMA	Spatial Planning and Land Use Management Act
SWC	SALGA Women Commission
SWPN	Strategic Water Partnership Network
ToR	Terms of Reference
UCLG	United Cities and Local Government
UCLGA	United Cities and Local Governments of Africa
UCLGA – SARO	UCLGA Southern Africa Regional Office
UK	United Kingdom
UNEP	United Nations Environment Programme
UNISA	University of South Africa
USDG	Urban Settlement Development Grant
VVSG	The Association of Flemish Cities and Municipalities
WAN	Wide Area Network
WC	Western Cape
WC/WDM	Water Conservation / Water Demand Management
WG	Working Group
WILGS	Women in Local Government Summit
WIPLGS	Women in Provincial Local Government Summit
WSA	Water Services Authority
WSP	Water Services Provider

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