

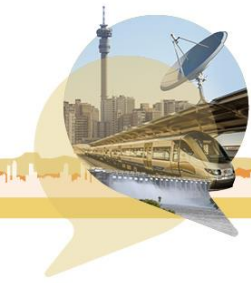
# **PRESIDENT'S ORGANISATIONAL REPORT ADDRESS**

**SALGA NATIONAL MEMBERS ASSEMBLY**

**DATE: 6 SEPTEMBER 2023**

**VENUE: BIRCHWOOD CONFERENCE CENTRE, EKURHULENI METRO**

**INSPIRING SERVICE DELIVERY:**



**Organisational Report 2022 -2023**  
**Cllr B C Stofile**  
*SALGA President*

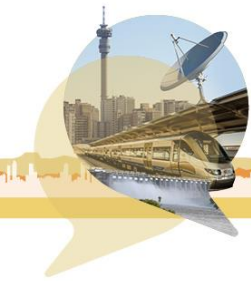
## **Honourable Members**

Allow me to, on behalf of the SALGA National Executive Committee, extend our appreciation, to all municipalities for your collective leadership and ownership of this organisation and confirm that the contributions you continue to make do not go unnoticed and we thank you for believing in SALGA's promise as your representative voice.

Just over 18 months ago, on the 4<sup>th</sup> of March 2022, the National Conference entrusted the current National Executive Committee to continue the developmental journey and strengthen the quality of democracy and development at the grassroots level. I stand here confident, with my head held high, that since our election as the National Executive Committee and by extension the Provincial Executive Committees, we have laid a solid foundation to fulfil your expectations.

During this period, we have made significant strides in fulfilling our mandate of supporting local government's continued transformation. Having focused on consolidating and building on the firm foundation that was laid in the previous five-year period.

In so doing, we have continually bear in mind the diverse nature of our membership base, ranging from deep rural municipalities

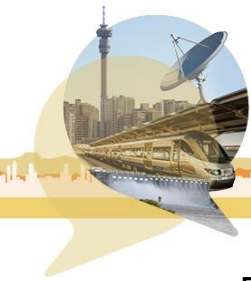


grappling with severe backlogs, ageing infrastructure and institutional challenges, to highly sophisticated cities and metros with significant institutional capacity and capability.

Though it is still early days, in all our activities, we endeavoured to remain relevant to every member, no matter their circumstances and situation, while at the same time deepening the quality of the democratic processes at local level. In this way, I believe that we are well on track in serving our members to the best of our ability.

We should, however, hasten to acknowledge that the last 18 months have not been easy and for most of us, could never have imagined the magnitude of the task at hand. Significant progress has been made and this period will go down in the organisation's history books as extraordinary filled with a basket of unprecedented achievements. This period also notably marks the first phase of implementation of the SALGA 2022-2027 Strategic Plan.

Whilst SALGA has, in the recent past, done much to put in place appropriate and sustainable response mechanisms to improve the audit outcomes of our member municipalities, we were also obliged to lead from the front and take appropriate steps to clean our own house. Over the last 14 years the organisation has maintained an average performance level of 99% against its predetermined objectives and key areas of our mandate. The organisation has continued to refine its annual performance plan and activities during the period to have much more focused and relevant programmes delivering outcomes and greater impact, as evidenced by the Municipal Audit Support Programme, Centre for Leadership and Governance, Small Town Regeneration Programme, Municipal

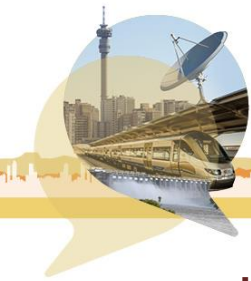


Barometer, the Knowledge and Innovation Hub, the ASISHO, lets say it! Campaign and the like.

I'm elated to announce that following 10 consecutive years of "clean" audits, SALGA's achievement has been extended to 11 consecutive "clean" audits, making us a credible voice in leading the local government sector towards full clean administration and good governance. We can proudly say we have walked the talk and led by example.

These results demonstrate the consolidation of SALGA as a high performance organisation and the return on the investment placed in developing policies, systems and capacity over the past few years. Indeed we do have a responsibility, amongst others, to ensure a sense of urgency in the implementation of our the tasks as directed and entrusted by our membership, and in doing so to build a stronger SALGA that is more effective and efficient in carrying out its organised local government mandate to the greater benefit of its membership and the communities they serve.

We are, nevertheless, pleased to briefly reflect on the progress we have made, and the work that we have undertaken since our election into office. This Progress Report serves as a high-level Political Report of the state of SALGA, as the voice of local government, and also touches on key developments within local government and some of the gains made by this collective leadership over the past 18 months. The details appear more comprehensively in the SALGA Annual Report for the 2022/23 financial year.



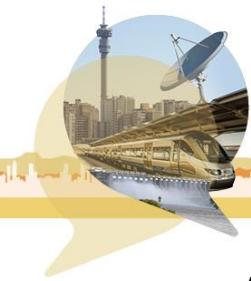
## **IMPLEMENTATION OF GOVERNANCE RELATED NATIONAL CONFERENCE RESOLUTIONS**

Members may recall that at the time of convening the National Conference, whereas all conferences were able to conclude the related business, Kwazulu-Natal and Gauteng conferences had formal disputes lodged challenging the respective conference outcomes.

As it relates to disputes Lodged Against the outcome of Provincial Conferences, the National Conference resolved that a new date should be determined to re-convene the Kwazulu-Natal Provincial Conference to deal with the outstanding matters.

As directed by the National Conference the Kwazulu-Natal Provincial Conference was duly convened on 25 March 2022 in Richardsbay, uMhlathuze Local Municipality. The outstanding business of the Provincial Conference was duly finalised and we wish to express our appreciation to all involved for a very successful Conference.

It should, however, be noted that we remain concerned about the continued non-adherence to the Constitutional provision that *“Political parties governing municipalities in the province must be proportionally represented on the PEC”*. It is still evident that the political party that outrightly governs in several municipalities in the province and leads the coalition governments in several other municipalities, have not been engaged to ensure adherence to the SALGA Constitution, as amended.



As it relates to Gauteng, the National Conference directed that, in line with the Dispute Resolution Procedures, necessary engagements must be duly convened with all the relevant role-players, to discuss the grounds for the dispute and give feedback on each of the elements of the dispute.

The National Conference also noted with concern the non-attendance and participation of the remaining five (5) municipalities during the Elections of the PEC, in the context that SALGA is a representative voice of all municipalities in the Gauteng Province and in line with the constitutional principles and values of inclusivity and unity, SALGA should assess and address the broader implications of the walk-out by these five municipalities.

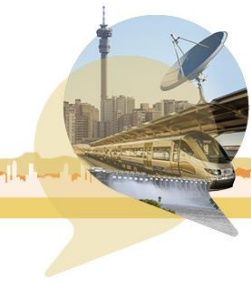
We can report that under the astute leadership of the SALGA Presidency, supported by the Provincial Chairperson, Cllr Dlabathi, several engagements have been held with all affected parties. A process has also been agreed upon to ensure political inclusivity in the provincial governance structures.

## **CONSTITUTIONAL AMENDMENTS AND RELATED MATTERS**

The National Conference adopted several constitutional amendments as an ongoing attempt to strengthen the organisation as the environment we operate in changes, and the members we serve evolve. A number of these amendments require the NEC to provide guidance. The Committee on Statutory Affairs has been tasked to look into these matters, including:-

1. The introduction of an exemption from payment of levies by municipalities that meet a strict criteria;





2. A criteria for voting and participation in SALGA events; and
3. A criteria for political inclusivity.

The work of the Committee on Statutory Affairs is ongoing, and we will continuously update members of developments.

## **CONVENING SALGA'S KEY GOVERNANCE STRUCTURES**

The SALGA Constitution outlines and defines the roles and responsibilities for its political governing bodies. The convening of the governance structures allows for ongoing engagement and consultation with members, seeking mandates and reporting on key developments. These engagements through the governance structures, enhances effective decision making within the organisation.

The following are our strategic governance structures that convened for the period under review:-

### ***COUNCIL OF MAYORS***

To strengthen SALGA's representation role as well as to ensure focused support to its members, the Council of Mayors has been established. The purpose of the Council of Mayors is to provide for a formalised structure in SALGA that will meet at least annually and will focus on addressing challenges experienced by Mayors and Executive Mayors and a platform that can also be used for learning, sharing and reflecting.



The Council of Mayors was convened from 8 – 9 September 2022 in East London. Let us once more extend our appreciation to Deputy President Pakati and the Municipal Council of Buffalo City Metro for jointly hosting with us a very successful Council of Mayors. The Council of Mayors was the very first national gathering of Mayors since the November 2021 local government elections and therefore an opportune time and moment to lay a strong foundation and anchor Mayors for this new term of Office.

The Council of Mayors was very successful with fruitful outcomes. We are particularly proud for having had the President of the Republic, the Premier of the Eastern Cape and five (5) Cabinet Ministers participating in the Council of Mayors and not only exposing Mayors to the work of these departments but more so allow an opportunity for direct engagement.

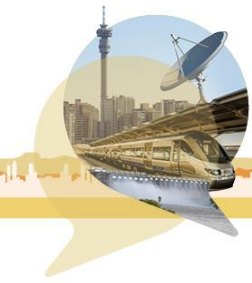
The Council of Mayors was also an excellent opportunity and platform to prepare for the annual NCOP Local Government week and the COGTA Local Government Summit that followed in the weeks thereafter.

The next Council of Mayors is scheduled to take place in February 2024. Further details pertaining to the host province and venue will be communicated in due course.

### ***COUNCIL OF SPEAKERS***

Like the Council of Mayors, the Council of Speakers was established to provide for a formalised structure in SALGA that will meet at least annually and will focus on addressing challenges





experienced by Speakers and a platform that can also be used for learning, sharing and reflecting.

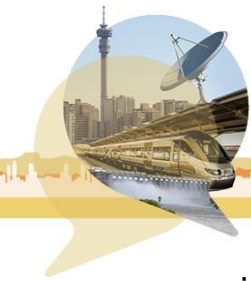
The Council of Speakers was convened from 14 – 15 July 2022 in Welkom in the Matjhabeng Local Municipality.

Of the 257 Speakers, we had an overwhelming 168 in attendance. This Council of Speakers was the first since the elections and therefore provided an opportune moment for newly elected Speakers to assess the progress made in the Transition post the Local Government Elections, share experiences in managing Council Business through the application of the Standing Rules and Orders of Council, Unpacking the role of Speakers in Section 139 and Section 106 Investigations and lastly to discuss the dynamics of managing Council business in Coalition government arrangements.

The Council of Speakers was indeed a resounding success, with fruitful outcomes that are being processed through the Governance and IGR Working Group.

### ***FORUMS FOR CHAIRPERSONS OF MPAC AND WHIPS OF COUNCIL***

Considering the critical role played by Whips of Council and Chairpersons of Municipal Public Accounts Committees, the NEC has resolved that similar to the Council of Mayors and Council of Speakers, SALGA platforms for learning, sharing and reflecting should be created that will focus on addressing challenges experienced by Whips of Council and MPAC Chairpersons. The



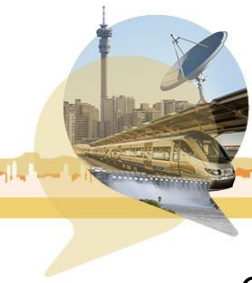
inaugural meeting for the Whips of Council will take place from 6 – 7 December 2023, whereas the MPAC Chairpersons meeting will take place from 23 – 24 February 2024.

### ***PROGRESS ON THE ESTABLISHMENT OF THE SALGA YOUTH COMMISSION***

One of the key recommendations of the Commission on Youth Unemployment and skills development convened at the SALGA National Conference, was the establishment of the SALGA Youth Commission; to serve as a mechanism to institutionalise advocacy processes and facilitate local government response to the national call on youth development in the country and to shape SALGA's intervention and programme activities in line with SALGA's mandate. To date the NEC has approved the establishment of the Youth Commission and allowed the Community Development and safety National Working Group to drive the establishment in provinces. A National steering committee led by Alderman Randall Swarts was established by the NWG at its meeting on the 26 June 2023, and will be visiting provinces to guide the establishment of these structures. The visits are at the invitation of the provincial working groups for Community Development. To date, it is the Western Cape that has already convened. We encourage municipalities to actively participate in the establishment of the provincial structures.

### ***SALGA ACCOUNTING AUTHORITY (National Executive Committee and Working Groups)***

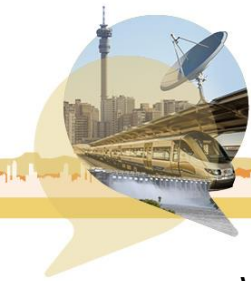
The SALGA NEC has met regularly as per the requirements of the SALGA constitution. You will recall that during the National



Conference, the SALGA membership has raised, quite sharply, the question of the quality and regularity of interaction between SALGA and its members as we together grapple with the challenges the sphere of local government face daily. It is against this background that we have followed in the footsteps of the former NEC and directed that the entire leadership must intensify regular interaction between the organization and its member municipalities. As a consequence, we rotated our quarterly meetings and have already engaged with municipalities from the Northern Cape, Western Cape, North West and Eastern Cape respectively.

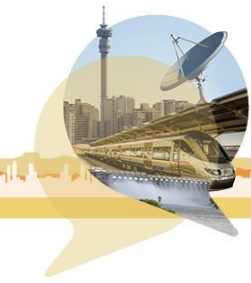
Beyond the ability to meet face to face with the political and administrative leadership of municipalities, the direct engagement allows us as the collective leadership to be in touch with the real issues facing our municipalities, with a view to take this forward into the IGR space, as we represent their interest on different platforms. This is an initiative we should and must sustain across our term of office and have likewise encouraged the provincial leadership to follow suit.

Members, as you would've increasingly noticed, the SALGA national and provincial Working Groups form a critical component of the SALGA governance arrangements. The Working Groups are established as the engine rooms of our organisation, with the specific and very critical mandate to, on an ongoing basis, be seized with member needs and working on the detail on behalf of and made clear recommendations to the NEC.



Whereas we have made good strides in our first 18 months in office and done exceptionally well on the governance front, the following areas concern us:-

1. **ATTENDANCE:** An analysis of the attendance confirms that certain NEC member are not attending meetings. As the NEC we have also noted similar trends as it relates to us leading our respective responsibilities as chairpersons of working groups. Even more concerning is the sustained absence of deployees to provinces in providing support and guidance to Provincial Executive Committees. This in our view is totally unacceptable. We have all accepted of our own free will, the responsibility to be part of the leadership echelon of the organisation. This responsibility does not only come in title but requires each of us to consistently contribute to the overall well-being and political direction of this organisation. We will continue to be seized with this matter as the NEC.
2. **PROCESSING OF SUBSTANTIVE ISSUES BY WORKING GROUPS:** An analysis conducted confirms that firstly, some Working Groups are not meeting as required and secondly, when they meet there are no substantive matters tabled before the NEC. The concern with this development is that our inability to consider, approve or adopt positions impact negatively on our advocacy and lobbying role and our ability to influence players in the IGR space. So as the NEC, we have made a plea to Chairpersons of Working groups to breath life into the functional areas allocated to their respective Working Groups, as well as championing the implementation of key outcomes of the Council of Mayors, Council of Speakers,



Rotational Engagements and the Provincial Members Assemblies.

## **THE VISIBILITY OF SALGA IN THE IGR ARENA**

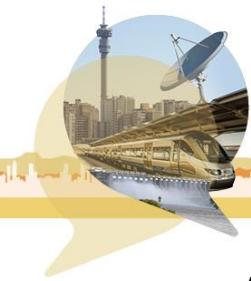
SALGA, as the representative body of organised local government, is mandated by the Constitution of the Republic to participate in the proceedings of the NCOP, and these are interpreted to include both Plenary sessions and activities of the Select Committees. SALGA also has an opportunity to interact with the National Assembly committees by invitation or by tendering a request to the Chairpersons of the targeted committees.

We are similarly participating in the IGR structures of both provincial and national government structures. NEC members are specifically deployed across the respective IGR structures. Our appreciation goes out to NEC members for their dedication in ensuring the visibility of SALGA.

There are also national events in the IGR space that we contributed towards, including:-

### **NCOP Local Government Week, 13-14 September 2022**

SALGA collaborated with NCOP in organising this event. We coordinated the participation of the Troikas, MPAC Chairs and Municipal Managers. The 2022 edition of the LG Week was convened under the theme, “*Advancing our collective effort to Enhance Oversight and Accountability in the Local Sphere of Government*”, where SALGA NEC representatives participated in different panels which addressed amongst others: Financial and



Audit Pitfalls in local government; Professionalisation of local government; Coalitions governments and Oversight and Accountability mechanisms in local government.

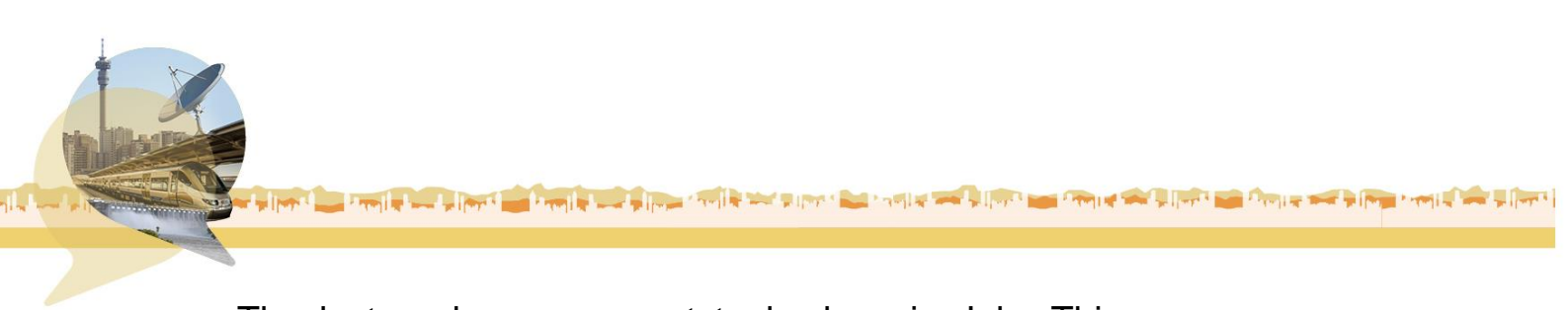
### **Taking Parliament to the People**

The 2022 edition of this Programme was hosted in Ugu District Municipality in KwaZulu Natal under theme, “*Working together to ensure faster improvement in the delivery of services to communities*”, where members of the public in the district were given an opportunity to share successes in their local municipalities as well as service delivery challenges they experience. Various Ministers were present to respond to issues raised by the communities of Ugu district along with Mayors of the respective municipalities. The event provides an excellent opportunity for our PECs to contribute to the conversations whether through the community engagements or the plenary sessions convened by the NCOP.

### **STRUCTURED ENGAGEMENTS WITH NATIONAL MINISTERS**

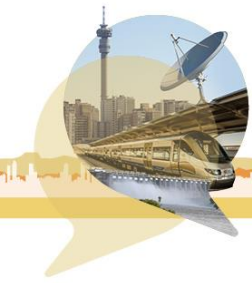
Following our election last year, one of our first tasks was to convene an introductory meeting between the newly elected members of the SALGA Presidency and the Ministry of COGTA. This meeting was followed with a similar interaction with the President of the Republic. Considering the challenges experienced in convening interactions between SALGA and previous Ministers, we were excited about the agreement reached to convene monthly structured engagements.





The last such engagement took place in July. This was a very special occasion in light of the recent cabinet changes that resulted in both former Presidents of SALGA, taking up the responsibility of Minister and Deputy Minister of COGTA respectively. Minister Nkadimeng and Deputy Minister Tau, are from amongst us, have walked our path, bring a wealth of local government experience and expertise and now given a huge responsibility of leading the sector. We look forward to continuing collaboration and partnership with the COGTA Ministry, to address the daunting challenges that municipalities and their communities are facing.

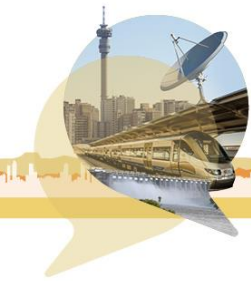
Our discussions with the COGTA Ministry, centred around matters pertaining to 1. More Collaborative Partnership between COGTA and SALGA through developing and advancing a common programme to direct support to municipalities; 2. Assistance to be directed to municipalities to improve grant spending; 3. Opportunities for joint partnership and collaboration through cooperative governance, with relevant Ministries, on Policy matters impacting on municipalities with a particular focus on water services, electricity distribution and municipal finance; 4. Having regard to the recent Auditor-General's report to join efforts towards improving on the next audit cycle; 5. Councillor Welfare matters with a focus on the Upper limits Notice to be issued for both the 2022/23 and the 2023/24 financial years as well as working in partnership on submitting comments on the Independent Commission's Report on the Review of Remuneration of Councillors; 6. The Upper limits of Senior Managers, to improve through the 2023/24 the weaknesses that are evident in the current remuneration being extended to our Municipal Senior Managers; 7. Unpacking measures to introduce



stability in municipalities governed through coalition arrangements; and lastly 8. Considerations to improve on the Relationship between Traditional Leaders and councillors.

Members, we are similarly meeting other key Ministries. Through a bilateral engagement, we also welcomed the appointment of Dr Kgosisentsho Ramokgopa as the Minister of Electricity in the Presidency to speed up the implementation of the National Energy Plan. As a former Executive Mayor of the City of Tshwane, Dr Ramokgopa is ideally qualified and experienced to work closely with the Minister of Cooperative Governance and Traditional Affairs, Minister of Water and Sanitation, Minister of Forestry, Fisheries and Environment and SALGA to collectively find solutions to our electricity, water, sanitation, waste management, environmental management, and other challenges. These include the externalities of load shedding such as loss of revenue, damage to electricity distribution networks, especially substations, damage to treatment plants and other infrastructure, theft and vandalism of infrastructure linked to load shedding.

Whilst on the topic of electricity, members will recall that despite our gallant attempts to amicably resolve the impasse between Eskom and municipalities, in line with the IGR dispute resolution mechanisms, Eskom has unilaterally elected not to adhere to these arrangements. Similarly, despite agreement that Service Delivery Agreements (SDA) are to be entered into between Eskom and Municipalities, Eskom continues to raise concerns with the terms and conditions of the SDA. It goes without saying that the proposed SDAs will be worthless if Eskom refuses to be a contracting party. Based on our legal opinions



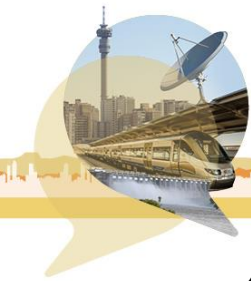
which essentially contend that municipalities have an exclusive right to electricity reticulation within their jurisdictions, Eskom's actions had left us with no other option than to approach the courts for an order declaring Eskom's supply of electricity within municipal jurisdictions as unconstitutional.

Should the Court find that Eskom's distribution of electricity within municipal areas is indeed unconstitutional, then the court may make a just and equitable order in terms of section 172(1)(b) directing that Eskom hand over distribution of electricity within municipal areas to the relevant municipalities alternatively directing that Eskom enter into SDAs. This matter is still before the court and we will continue to update members on developments.

As it further relates to Eskom, members will recall that NERSA on 12 January 2023 granted Eskom a tariff increase of 18.65% for the 2023/24 financial year and an increase of 12.74% for the 2024/25 financial year. The tariff increase was granted against a background of continuous loadshedding, and the inability of Eskom to provide continuous bulk services to municipalities.

Several legal challenges have been brought against the NERSA decision. The SALGA NEC Lekgotla on 14 February 2023 deliberated on the matters and resolved that SALGA should challenge the NERSA determination by declaring a formal intergovernmental dispute, as required by the Intergovernmental Relations Framework Act S(41), noting that negotiation and mediation is not possible, given the nature of the decision and the legal context in which it was made.

Following legal advice, we then resolved to initiate our own application challenging the NERSA decision. This matter will now be heard from



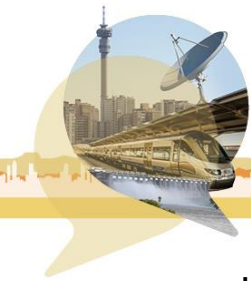
11 – 15 September 2023. We are hopeful that the courts will agree that NERSA's decision taken on 12 January 2023 to approve Eskom's MYPD5 application to increase tariffs for the 2023/2024 and 2024/25 financial years is unconstitutional and should be reviewed and set aside for that reason.

## **ATTACKS ON COUNCILLORS, MUNICIPAL OFFICIALS AND TRADITIONAL LEADERS**

As SALGA, we continue to be very concerned about the ever growing number of intimidation and killing of councillors and municipal officials, and damage to municipal property during service delivery protests. In recent times this has also been extended to traditional leaders.

This is a worrying development in the context that the occurrence is country wide, although with different intensities. These developments have the following negative implications:-

- **It threatens the credibility** of our democracy;
- It poses a danger where **society in general might develop intolerance** which is harmful to our democracy;
- **It erodes our constitutional imperatives** in so far as it does not reflect neither the character of our society nor the will of the people; and
- It **negatively impacts the credibility of local government** as a potential area of opportunity for qualified and competent public representative and prospective employees.



It is with these negative impacts that it is recommended that we should be part of the solution and therefore propose the following necessary responses:

1. An urgent need to ensure that communities are educated on the roles and responsibilities of the different spheres of government through public awareness campaigns and roadshows;
2. Launch a national campaign on social cohesion to deepen democracy and promote ownership of local democracy by communities;
3. Under the banner of the NCOP the following to be advanced:-
  - to create platforms for engagement with traditional leaders and political parties on their involvement with communities and councillors;
4. Encourage SAPS and NPA to ensure that reported cases are investigated and prosecuted;
5. SAPS should similarly apply a uniform and time-sensitive approach of conducting risk assessments for councillors and municipal officials;
6. Jointly lobby for the provision of security to councillors to be appropriated from the national fiscus.

## **REVIEW OF THE FUNDING OF LOCAL GOVERNMENT**

Members will recall that the 1998 White Paper on Local Government envisaged a radically new form of local government for South Africa, with the capacity to deliver a much wider range of goods and services, in a very different way than in the past. Municipalities have been given the primary responsibility for delivering the long-term



development goals of government and address infrastructure backlogs in previously under-serviced areas.

It is in this context that a new fiscal framework for local government had to be developed to address these challenges. The new fiscal framework had to ensure that these challenges are also addressed through property rates and service charges that were expected to be raised by municipalities.

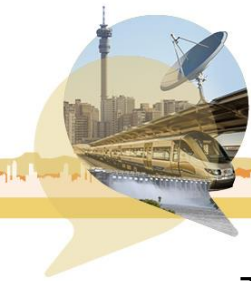
The weakness, however, in that a range of assumptions were made to plug the funding gap that was needed to address service delivery and infrastructure backlogs and universal access to basic services. For instance, it was expected that local government would fund 90% of its expenditure from own funds.

SALGA has for years advanced the view that the assumptions made in the 1998 White Paper on Local Government on own revenue raising potential by local government are no longer relevant to the current situation local government find itself in.

It is within this context that SALGA has now successfully lobbied for an in-principal agreement that the Funding of local government should be reviewed. Whilst the research work is work in progress, as presented in Commission 1, the process of engagement is currently unfolding, with SALGA taking the lead, and further progress will be reported to members as developments unfold.

## **MUNICIPAL AUDIT OUTCOMES AND SUPPORT**





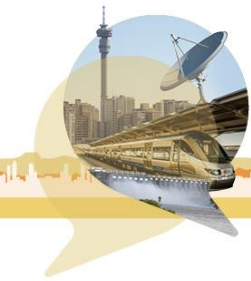
The 2021/2022 Auditor General's Audit Outcomes indicate that 142 municipalities, representing 55% of all municipalities, provided credible financial statements and received clean and unqualified audits in the 2021/2022 financial year. These municipalities were responsible for more than R351 billion, or 66% of the overall Local Government budget of R530 billion. Put simply, this means that for every R100-00 under the management of local government, local government has produced trustworthy financial statements for R66-00 of this R100-00.

Furthermore, SALGA calls on the 45% of municipalities that received poor audit outcomes to work hard to turn around municipal financial management and governance to achieve the same outcomes that have been achieved by the majority of municipalities.

While these results represent stagnation in financial management and governance over a 5-year period, it is encouraging that the municipal audit results reflect no noticeable regression in the first year of the local government term under the cohort of leadership ushered in since the November 2021 municipal elections.

However, the fact that local government could not produce credible financial statements for about a third of the finances under its control is a cause for concern. The audit outcomes are an important indicator of the state of municipal finances and promote transparency and accountability about municipal service delivery and finances.

SALGA welcomes the limited improvements, including the reduction in the number of municipalities that failed to submit financial

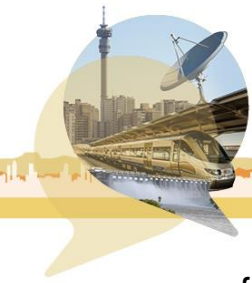


statements for auditing on time. SALGA has noted green shoots of improvements in the MFMA consolidated general reports but remains deeply concerned about the lack of accountability and consequence management in dealing with breakdowns in municipal financial management controls and non-compliance with MFMA regulations, as pointed out by the AGSA.

This calls for a renewed approach to enforce accountability and consequence management. A carrot and a stick approach – where excellence is rewarded while mediocrity and maladministration are punished – is what is needed to turn local government around.

In respect of accountability and consequence management, SALGA calls upon municipalities to take stern actions towards non-submission of financial statements and eliminating and recovering monies lost through irregular, fruitless, and wasteful expenditure. Municipal leadership must set targets for achieving this outcome during their term of office. No previous irregular, fruitless, and wasteful expenditure amount should remain unactioned at the end of the 2023/24 financial year. Equally there must be a significant reduction and eventually elimination of irregular, fruitless, and wasteful expenditure in the remaining financial years of this term. Non-submission or late submission of financial statements for audit purposes must be a thing of the past.

SALGA appreciates the AGSA report as it highlights areas that need special attention and congratulates all the municipalities who achieved positive audit outcomes, especially those who have maintained this over time. These pockets of excellence, who have consistently, without fail, achieved clean audits since the 2016/17



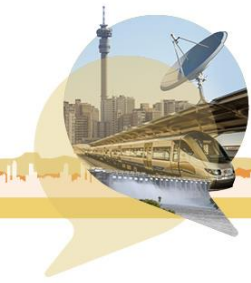
financial year to date, must be acknowledged for their exemplary work. These are the municipalities whose control systems must be studied and used to draw lessons for others to emulate.

SALGA echoes the sentiments expressed by AGSA in highlighting the positive correlation between the tone of leadership and audit outcomes. Stable leadership in key positions like that of the Municipal Manager (MM) and Chief Financial Officer (CFO) is key to attaining positive audit outcomes.

Among the actions required are for Councils to fill all vacant MM and CFO positions as a matter of urgency by employing ethical people who are technically skilled in the duties they are required to perform. Mayors and Speakers must always act in the public interest, hold the administration accountable, and enforce consequence management without fear or favour.

In its report, the AGSA also focuses on performance planning, monitoring, and reporting. The report indicates that an overwhelming majority of municipalities are not doing well in this respect. This is another critical area of concern for SALGA, as it directly relates to service delivery by municipalities. The organisation will build on work done during its councillor induction to deepen the building of capacity of mayors, members of mayoral committees, mayoral executives, and chairpersons of council committees, empowering them to be more effective in their oversight roles.

The national and provincial SALGA leadership will interact more with its member municipalities to advise and support them in this



regard. SALGA will also mobilise additional capacity to provide support to municipalities, including experienced former councilors and mayors who left good records of leadership in the municipalities they led, to assist in the support and empowerment of councilors to effectively perform their oversight and leadership roles.

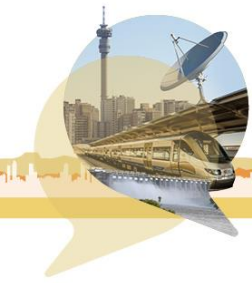
SALGA aims to assist municipalities in a multidisciplinary and multi-stakeholder approach focusing on 4 pillars or areas, namely:

- Leadership,
- Governance,
- Financial Management and
- Institutional Capacity with the aim of gradually and sustainably improving the audit outcomes of municipalities over time.

SALGA reaffirms its commitment to the AGSA to continue working with them in an effort towards improving the state of financial management and governance in local government and also applauds the AGSA's continued efforts to highlight the state of local government in managing the public purse as per MFMA prescripts and recommended improvements.

### **SECTION 139 INTERVENTIONS AND SECTION 154 SUPPORT**

As SALGA, we join the increasing list of stakeholders that remain concerned about the rising tide of Section 139 Interventions and in particular the courts becoming the final arbiter. What is more concerning is national and provincial governments that are increasingly encroaching into the powers and functions of local

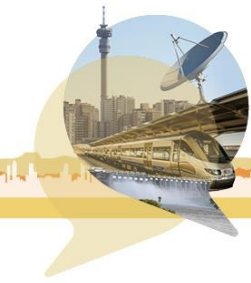


government, instead of working collaboratively in the spirit of cooperative governance and providing the necessary ongoing support as defined in Section 154 of the Constitution.

At the core of argument and approach is to ensure that the institutional integrity of local government is not only preserved, but strengthened to expedite our developmental mandate. It is our respectful view, that local government has a key role to play in ensuring that the intent of the Constitution, as stated in the preamble, is achieved.

During engagements with the Parliamentary Committee on COGTA, held in May, we took a very practical approach in outlining our views on the subject matter. Amongst others, we and highlighted the following problems statements with a view to be solution-driven:-

- In less than a year since the 2021 local government elections, a municipal council, was dissolved (Ditshobotla Local Municipality). It should be noted that the problem of this municipality preceded the 2021 elections and yet we expected that the elections will solve the problems, the same way in which it was thought that the by-elections held after the dissolution of the Municipal Council, will solve the deep rooted problems of that municipality;
- A long list of Municipalities are currently subjected to Intervention – some of whom had Interventions invoked more than once – others having been subjected to intervention up to 4 times already;
- Municipalities are often worse off during and after the Intervention. A case in point is both Mangaung in Free State and Emfuleni Municipality in Gauteng. Emfuleni, for



instance, was subjected to Section 139 intervention for 4 and a half years and yet their bank account was attached whilst under the administration of provincial government, with municipal workers not being paid;

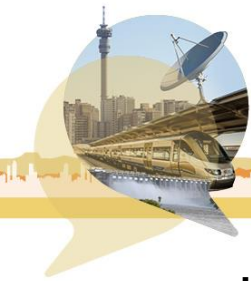
- Support to municipalities from provincial and national government remains fragmented; and
- Monitoring of municipalities has been inconsistent.

These are but some of the problem statements and there are many more to be added to the list.

In line with our approach to be solution driven and with due regard to the legislative framework and related requirements for Section 139 interventions, we have tabled several proposals as a direct response to the current weaknesses. We are calling on all political parties to be more actively involved during an intervention, we are in full support of the early warning system approach as captured in the Intergovernmental Monitoring, Support and Interventions Bill, to pro-actively strengthen support and monitoring of municipalities.

Whilst the Early Warning System will result in the early detection of challenges and define appropriate support to be directed to municipalities, we must also be alive to the **ELEPHANT IN THE ROOM**. It is known that the political undertones and under currents linked to municipal challenges should not be under-estimated. It is our respectful view and suggestion that Political Peer Review and Support Mechanisms be created to address political issues with municipalities and relevant strategic partners, to likewise pro-actively counter political challenges that quite often emerge.



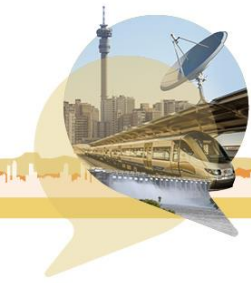


## **UPPER LIMITS OF REMUNERATION FOR COUNCILLORS AND SENIOR MANAGERS**

During the monthly engagements between the SALGA Presidency and the Minister of COGTA, the item on Councillor Support and Welfare has been a standing item on the Agenda. Due to the number of issues raised by SALGA and its dependency on the processes championed by the Independent Commission for the Remuneration of Public Office Bearers, it was agreed that a joint meeting should be convened.

The 2022 National Conference specifically resolved that the following key issues must be raised with the Commission:-

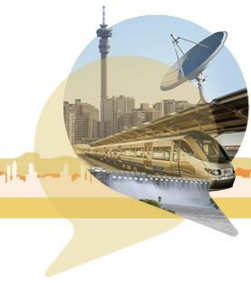
- Grades 1 – 3 municipalities must receive the same remuneration, regardless of revenue and population;
- The highest earning councillor (Grade 6 Mayor) should be benchmarked against Deputy Speakers of Provincial Legislatures or MECs;
- The de-link the grades and salaries from municipal revenue and population;
- The concurrence process by MECs should be reviewed;
- Compulsory Pension and Medical Aid benefits, provided that it does not result in additional cost to councillors;
- The extension of the Section 8 (1)(d) Public Office Bearers Allowance to Councillors;
- Funding models should be reviewed to address the challenges of especially struggling rural and peri-urban municipalities.
- A more responsive Gratuity, equitably similar to national and provincial POBs.



The joint meeting between SALGA, COGTA and the Commission was convened for 31 May 2023. The Commission advised that its 2017 report presentation goes further to make substantial recommendations on key elements of the remuneration for Councillors. These recommendations are vastly different from those in the November 2017 draft report, as well as the updated report from the Commission of 2021. Noting that SALGA was mandated by the National Conference to advance the views as detailed above, it became evident that further work conducted by the Commission must be further analyzed and considered by the Governance and IGR Working Group. The Working Group has now considered the report and will make recommendations to the NEC at its next meeting. Members will be duly updated.

As it relates to municipal senior managers, the remuneration regime for municipal staff separates senior managers from all other staff below senior managers. The remuneration for senior managers are determined by the Minister of COGTA through the Upper Limit Notice, whereas that of other staff members are determine through collective bargaining at the level of the South African Local Government Bargaining Council.

The remuneration of senior managers has largely remained static as they did not receive any increase over the past two financial years, whilst other staff have received above inflationary increases. This has resulted in the salaries of senior managers becoming out of sync with other staff to the extent that managers below senior managers are now earning more than Senior Managers.



Most recently the Minister of COGTA issued a draft Upper Limits Notice for comment. SALGA followed an extensive consultation process, resulting in detailed comments approved by the NEC and submitted to COGTA.

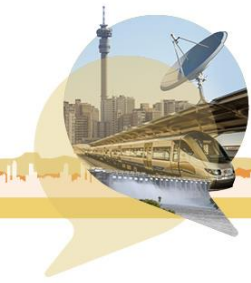
In addition to engaging the COGTA Ministry to promulgate the Upper Limits Notice for Senior Managers, SALGA has also advanced a view that a more comprehensive review of the remuneration of senior managers should be conducted to correct the unforeseen consequences created by the implementation of two separate remuneration regimes.

The Minister issued the Upper Limits for Senior Managers and we are quite disappointed that our detailed comments have not been factored into the Notice. The matter will remain a point of discussion with the Minister at our next engagement.

## **IN CONCLUSION**

Members, whilst progress has been made, substantial work remains to be done over the next few years. Frustration with the continuing lack of fundamental economic transformation and inequality are real. Councillors from across our 257 municipalities, led by SALGA, must therefore address the stubborn challenges that continue to bedevil the sector's progress.

I have no doubt that this collective SALGA leadership will pick up the baton and move the sector forward on its steady consolidation



and improvement curve, based on our fundamental tenet of unity and cohesion.

We wish to thank all NEC and PEC members, under the astute leadership of the Presidency, for serving so diligently during the past 18 months. Appreciation also goes out to the management and staff of SALGA for their dedication and commitment in continuing to make local government a better sphere of service to our people.

Finally, we note with sadness the deaths of councillors since the start of this term of office. We remember with gratitude the contribution they made during their lives to the cause of local government in their particular spheres of influence. This is an area of work we must continue to engage on with a view to find sustainable solutions.

Let us honour their legacy by staying true to our mandate and ensure that our people centered vision of socio-economic prosperity becomes a living reality in our time!

I thank you.