



THE 6th NATIONAL MUNICIPAL MANAGERS FORUM

SESSION 1: OVERVIEW, SETTING THE SCENE AND REFLECTIONS

OVERVIEW

The 6th National Municipal Managers Forum was hosted by eThekweni Metropolitan Municipality at the Moses Mabhida Stadium on 22 – 23 August 2013. This follows the 5th NMMF that was hosted by the Bojanala District Municipality in Rustenburg on 29 – 30 April 2013. The forum was formed to enhance the interface between SALGA and Municipal Managers and ensure that their collective voices are heard in policy and legislative processes. It provides an opportunity to reflect and address issues that MMs engage in as accounting officers. The forum also provides a platform for sharing experiences and lessons learnt towards overcoming and addressing the myriad of challenges that face municipalities on a daily basis.

South Africa is celebrating 20 years of democracy and local government needs to reflect on the journey travelled. In doing so, NMMFs are entrusted to highlight significant achievements, challenges and provide solutions towards improving financial viability, good governance and service delivery. These solutions must provide direction with respect to promoting stability, efficiency and effectiveness in sector. It is imperative that this reflective process must take into consideration the role and plight of MMs as well as opportunities and challenges they faced as democratic local government unfolded. As an attempt to address the challenges, the 6th National Municipal Managers Forum will afford the MMs to collectively reflect on issues related to Municipal Financial Sustainability; Infrastructure Planning and Expenditure in municipalities.

KEY OBJECTIVES OF THE FORUM

The objective of this forum was to reflect on the following:

1. Progress made by local government since the advent of democracy;
2. Strategic challenges facing MMs and the interventions thereof for stakeholder engagement;
3. Municipal financial sustainability and efforts to build financially viable municipality;
4. Development of an Integrated Urban Development Framework, outline the interdependencies between urban and rural areas, and clarify the role of municipalities;
5. As well as facilitate peer learning through sharing innovation and best practices.

SETTING THE SCENE

Municipal Managers from South African municipalities descended on the shores of Durban, eThekweni Municipality to participate in the 6th National Municipal Managers Forum. It was a cold and chilly morning in Durban as dignitaries and MMs occupied their tables at the conference hall of the Moses Mabhida Stadium. The MMs Forum promised an exciting and energetic engagement in dealing with issues relating to the running of municipalities around the country. The joint hosts, SALGA and eThekweni Municipalities extended a warm welcome and promised good hospitality for all the delegates. The conference was structured as a leaning event focusing on four thematic areas, namely: The 20 year Review; Integrated Urban Development Framework; Municipal Financial Sustainability; and Municipal Innovations and Sharing of Good Practice.

The first session was directed by the City Manager of eThekweni Municipality, Sbu Sithole. The Mayor, Councillor James Nxumalo opened the forum and welcomed all delegates present. The Mayor expressed gratitude in welcoming MMs as they strive to take responsibility for delivering services to the people of South Africa. He further hoped that the NMMF will leave a positive legacy and provide an opportunity for sharing knowledge, experiences, and challenges with the intention of advancing good governance, financial viability and service delivery. As a departing note, the Mayor highlighted the importance of financial management (amongst other things) in municipalities and hoped that the forum will engage in a dialogue and focus some attention around this matter. The Mayor raised other issues that are causing instability and distress in municipalities and emphasised the importance of forging good and viable relationships between Municipal Managers and Mayors (to ensure stability in municipalities). According to the Mayor, leadership and management need to work together in charging their responsibilities and leave a legacy that is not characterised by conflict.

Councillor Sibusiso Mdabe, the Chairperson of SALGA KZN with his opening remarks emphasised the importance of local government in the governance of the country. He noted with alarm the instability in the administration of municipalities as a result of the high turnover of MMs. In his view, this needs to be addressed with immediate effect as it is seriously affecting service delivery in those municipalities. Local government needs to be professionalised and the relationship between SALGA and ILGM must also be formalised. Local government is constantly changing and exposed to challenging circumstances and these relations should be consolidated at a national level. The MMs Forum must make the aspirations of the people a reality.

Moving forward, Sbu Sithole provided a background to the MMFs and re-highlighted the objectives of the session (see programme). He acknowledged the presence of all the delegates and urged them to participate fully in the proceedings. He also proposed that the focus of the session be on issues of strategic importance and directly affecting the local government sector.

“Local government is the theatre of action where service delivery occurs” (Sbu Sithole, CM, eThekweni Municipality).

REFLECTIONS FROM PAST MEETINGS

Xolile George, the CEO of SALGA took to the podium and reflected on the transition and evolution of local government. He defined the participants as the 3rd generation of MMs that is expected to be characterised by effective policy making and implementation capacity. At the centre of local government, there is an emergence of a need for the professionalization of the sector. Referring to the 5th National MM Forum held on 29 -30 April 2013 in Bojanala District Municipality, a consolidated input report has been prepared and will be forwarded to MinMEC for consideration. He reminded participants of the issues discussed at this meeting: Improving Municipal Audits, Professionalization Framework for Local Government, Induction for Senior Managers in Municipalities, Progress regarding Task and Wage Curve; Municipal Systems Amendment Act; Public Administration Bill, Licensing of Businesses Bill, Spatial Development and Land Use Act, Local Government 20 Year Review; Improving Support to Municipalities; and the Municipal Barometer. The top priority for SALGA (and perhaps MMFs) is dealing with the emerging issues and legislation affecting municipalities. In the 3rd generation democratic local government, there are challenges that persist. Some of the issues are currently impacting on local government, and SALGA has intervened in the following:

- Competition Commission's investigation into bid rigging.
- Municipal Audit Outcomes for 11/12
- Impact of National Competency Regulations
- Local government professionalization
- 20 year review of local government
- Oversight mechanisms and structures of municipalities
- Municipal Boundary Demarcation process
- MIG spending

In wrapping up, Xolile George noted that SALGA was currently engaged in activities to support municipalities in all the key principal matters that have been identified.

The NMMFs Steering Committee: Progress Report

Dan Mashitsho, the National Chairperson of the NMMFs Steering Committee reported on progress relating to the professionalization of local government. A concept document and the constitution have been formulated and the establishment of the Institute of South African Municipal Accounting Officers (a professional body for Municipal Managers) has been proposed. Following the presentations, participants were allocated time to engage in deliberations and discussions around the raised topical issues as well as matters affecting municipalities directly. The question and answer session allowed the presenters to further provide clarity on the matters they had raised during their presentations.

IDENTIFYING OPPORTUNITIES, CHALLENGES AND SOLUTIONS

It was time for the participants to roll up their sleeves. Seena Nkhahle, SALGA Executive Director humbly requested individuals to gather as groups in their respective tables for an exercise. Firstly, the purpose of this exercise was to reflect back (i.e. 20 year horizon) and identify the opportunities, challenges and solutions. Secondly, the intention was to maximise participation by all participants

through the facilitated roundtable discussions. For the top challenges identified, participants were requested to suggest solutions, roles and responsibilities, SEE ATTACHED APPENDIX.

SESSION 2: REVIEWING 20 YEARS OF DEMOCRACY (Ntsaki)

The session director, Dr Mpilo Ngubane invited delegates to participate in a panel discussion.

Trends, Achievements and Challenges in the Post Democratic South Africa

Ralph Mathekga (an Independent Analyst) based on his research, gave us his view of local government over the past 20 years. He advised participants' that in recent times, local government has been characterised by a negative perception. Even more recently, the municipal audits have exacerbated that perception. The level of service delivery protests by communities also points to that direction. Local government needs to be re-engineered to provide strong leadership to ease the tension between municipalities and the people they serve. There is a need to relook at local government and change the approach of delivering services. The compliance and performance regime should strengthen local government rather stifle it.

Stan Wallace, the Municipal Manager of Theewaterskloof Municipality shared his experience of having worked in local government in the apartheid and democratic regime alike. He reflected on the atrocities of the past regime in delivering services and applauded the efforts of the new democratic dispensation in delivering services to the previously disadvantaged. He mentioned that the fiscal regime has always been based on self-sustainability both in the new and old regimes. This is not working for smaller municipalities and government should consider increased funding for these municipalities.

"The legislative regime in South Africa is one of the best in the world...especially the MFMA" Stan Wallace.

Local government is not taken seriously as a sphere of government. The current service delivery model is not appropriate and that is why we are experiencing protests. In most cases, communities are protesting for services that are not necessarily the responsibility or within the powers and functions of local municipalities but rather district municipalities, as well as provincial and national government.

Dr Ngubane urged Stan Wallace to document his 40 years' experience in local government as an accounting officer.

Moses Miya, the Deputy Secretary General of SAMWU stated that it has always been a concern that municipalities need to be reorganised to better deliver services. The reorganisation of municipalities has always been on the transformation agenda. The problem is that the skill of municipal officials does not match with the requirements of efficient and effective service delivery. The system of local government is highly constrained and hence cannot deliver services appropriately. Legislation (e.g. Municipal Systems Act and Municipal Structures Act) has deepened democracy and has held Councillors accountable. This forum offers an opportunity for learning and sharing and will go a long way in benefitting individual MMs.

“The Unions have the obligation to ensure that there is stability in the municipality” Moses Miya.

Twenty years down the line, municipalities are still responsible for unfunded mandates. Hence municipalities are struggling to ensure good financial governance and administration whilst engaging with stakeholders at the same time.

“The existing organograms do not correlate with the needs of developmental local government” Moses Miya

Municipalities are overburdened by national and provincial government despite the turnaround strategies that were instituted. Moses Miya reiterated the position that unions and municipalities must forge strong partnerships in order to ensure stability in local government.

Dr Sindisile Maclean, the Director of the Raymond Mhlaba Research Unit of Public Administration argued that municipalities need to be self-sufficient. Municipalities need creative ways and methods of enforcing payment for services. Communities have matured to understand how local government works or ought to work. Municipalities need to continuously capacitate communities so as to interact with them constructively.

“To administer local government is not easy”...Dr Sindisile Maclean

Municipalities are facing serious budgetary constraints and are being audited by people who do not necessarily understand local government. A lot of work has been done by local government since 1994 but developmental local government only commenced in 2000. It is therefore difficult to align reflections of local government to that of the country.

Themba Fosi, the DDG of National COGTA amplified some of the key points raised by the previous speakers. The transition to a democratic local government has been managed very well despite the challenges. These experiences need to be documented extensively and celebrated. The fiscal system is sound and stable. The equitable share is an example of a funding model that has been consistent in ensuring that service delivery happens. There are tremendous achievements that can be celebrated. However, there are many challenges that need to be addressed, for example, the professionalization of local government, accountability, cooperation amongst government sphere, unfunded mandates, etc. We also need to change the image and perception of local government by showcasing and portraying a good image in well performed areas. The system of local government needs to be relooked and changes that will sustain municipalities need to be instituted.

In wrapping up the session, Xolile George summarised the inputs of all the speakers. He noted that:

- It appears there is disproportionate allocation of resources in local government.
- The role of stakeholder and contributors to local government need to be harnessed.
- Audit outcomes should be based on satisfied citizens and not necessarily on regulations.
- The system of local government needs to be revolutionised in order to improve the impression of municipalities.
- The sector needs to breed workers that are equal to the task and breed a cadre ship of municipal workers that will guarantee improved service delivery.

- The advent of the NDP has implications for local government. It simply means that municipalities are entrusted to localise the NDP. Municipalities need to adopt a long term view of the NDP.

SESSION 3: INTEGRATED URBAN DEVELOPMENT FRAMEWORK (IUDF)

Dr Vuyo Mahlathi, a Commissioner: National Planning Commission and IUDF Expert applauded local government for considering women in key positions. The UIDF is drawn from the NDP Chapter 8 that deals with spatial issues and the transformation of the spatial economy. Local government has a critical role in the spatial transformation of the country. In addition to municipalities, departments across government need to also drive the implementation of the UIDF.

Dr Modjadji Malahlela, Chief Director National COGTA alluded to the fact that the spatial patterns have not changed significantly since 1994. Despite housing programmes, spatial segregation and marginalisation remains a factor. The economy, people capabilities and liveable places should define the “urban dividend”. It is hoped that the UIDF will attempt to reverse the spatial patterns through a set of interventions. A process plan has been developed, structures developed (UIDF Political Forum and Panel of Experts; research modules and lead experts established, technical steering committee; , a discussion document has also been developed to provide a high level diagnosis of the key issues, the vision, levers to reap urban dividend, process. Resilient and inclusion is a key to the UIDF.

“Stakeholders have been identified and the consultation process has begun. Integrated development can only be achieved through the active role of all stakeholders...” Dr Modjadji Malahlela

Sbu Sithole responded to the presentations made by the speakers. He argued that urbanisation is a continuous process especially in the developing world. People are migrating to urban areas to seek better prospects of life. However, these urbanisation patterns are posing challenges (e.g. crime etc.). In South Africa, urbanisation can be linked to the legacy of the past apartheid planning. The current government has consistently reinforced these patterns by developing peripheries. eThekweni Municipality is currently developing a policy framework for urbanisation. The emphasis of the policy framework is on developing rural areas (i.e. water and electricity provision). Cornubia, for instances, is also an example of an integrated human settlements with mixed use zones. The IRPTN is also attempt to deal with the impact of rapid urbanisation. Area Based Management is also another approach to deal with distressed areas. The UIDF must address economic, environmental, and social issues that are a result of urbanisation. Government needs to develop a social accord to curb the destruction of infrastructure during service delivery protests.

“In order to understand migration, there is a need to acknowledge that there are new trends emerging in the urban scene...and comprehensive research needs to be undertake”...and MMs need to be encouraged to participate in the UIDF process...Sbu Sithole.

In closing day one, Xolile George once again thanked all the participants for their contributions and ensured that the many issues raised will be considered in policy development going forward.

“We need to create cities within cities...”Sbu Sithole

SESSION 4: MUNICIPAL FINANCIAL SUSTAINABILITY

Mxolisi Nkosi, the MM of uMsunduzi Municipality was introduced as a session director and immediately requested Seana Nkhahle to reflect on yesterday's proceedings. In his reflection presentation, he summarised the discussions made around progress made, identified challenges and recommended solutions. As an icebreaker, the participants were also tasked to highlight what they think were the "greatest" achievements since the advent of the democracy government. A number of lessons learnt emanated from the proceedings and was summarised as follows:

- Reorganize, reengineer, review, revisit the organization of municipalities
- Within the context of the NDP, all Local Government stakeholders must place dedicated effort on institutionalizing and implementing the NDP.
- Breed a new leadership cadre which will bring innovation to address the challenges of service delivery.
- All hands on deck in the processes of developing the IUDF but create a balance on supporting rural development.
- Municipalities must learn and share from each other.

Sithole Mbanga, the CEO of SACN alerted the delegates of the detail contained in his presentation on the state of finances of South Africa's Metropolitan Cities. He kicked off by sharing a background and objectives of SACN – a knowledge sharing initiative. According to SACN there are some key research agenda issues for the local government sector in the next decade (2010 – 2020). These issues include the urban development policy, local government indicators, land and LUMS, public transport, human settlements, etc. He pointed out to broad challenges around transforming the apartheid spatial legacy; responding to vulnerabilities and externalities; and overstretching institutional capacity. Cities are playing a role in social and built environment services and thus have expenditure responsibilities. There are key messages emanating from state of city finances.

"Local government is underfunded" ...Sithole Mbanga

"Local Government is faced by a problem of affordability of the services it provides, both to households and business" ...Sithole Mbanga

"Local Government is where the paradigm shift towards the green economy will be won or lost" ...Sithole Mbanga

"Local government deals with a considerable unfunded mandate" ...Sithole Mbanga

Sithole Mbanga argued that the audit opinions do not necessarily reflect the realities of municipalities. With regards to spending, for example, operating and capital expenditure is increasing, especially bulk purchases, staff salaries etc. City government is becoming more and more self-sufficient and all municipalities should become less dependent on government grants. Some important conclusions are that Local Government is funded by less than 10% of national fiscus whilst city finances have improved. Urbanisation is a critical factor for cities and hence government should focus on the development of cities and intermediary cities.

Sadesh Ramjathan from Treasury looked at the whole Local Government fiscal framework that is designed for municipalities. There has been an evolution of the infrastructure grant system that has increased over the years. However, municipalities continue to face important fiscal challenges.

***“Municipalities are becoming more grant dependent...to fund infrastructure...and this is a concern”
Sadesh Ramjanath.***

There is increasing pressure on municipalities to maximise their own revenue whilst delivering services at the same time. In some municipalities the expenditure is higher than the revenue. There is a need to improve fiscal management. There is a legislative range governing revenue management and municipalities do not sufficiently understand in order to comply. Billing processes, town planning, property rates, property valuations; refuse collections, municipal accounts and customer services are the general challenges. There are fundamental elements that municipalities need to consider to maximise the potential of existing revenue source, e.g. billing systems, property valuations, refuse and sanitation, etc. The National Treasury approach is to embark on a revenue management initiative project that will target and engage with the ailing municipalities to identify gaps and reengineer their processes. The desire future is to help municipalities increase their collection rates, bring political support, review bylaws and encourage knowledge sharing.

“The core function of municipalities is to provide core services....but municipalities are focusing on debt collection”...Sadesh Ramjathan.

Tsholofelo Molefe, General Manager of ESKOM alluded to the relationship between ESKOM and municipalities and argued that it is a partnership rather than a customer or client arrangement. However, ESKOM still perceives municipalities as their priority customer. ESKOM is always exploring best practices and strategies to improve credit management and the reduction of debts. The desired outcomes are enhancing revenue; reducing energy losses and illegal connections and electricity theft; electricity infrastructure refurbishment backlog; and improve payment and revenue collection rate by implementing remedial action.

“The alignment of financial years between ESKOM and municipalities is very important”...Tsholofelo Molefe.

“There are opportunities for collaboration with municipalities to manage revenue...in the short and long term...and there are critical success factors already”...Tsholofelo Molefe

Bongani Khumalo, Commissioner: Finance and Fiscal Commission declared his dual role as CEO and Chairperson in the Commission. The commission embarked on a study that focused on enhancing revenue regeneration in rural municipalities. There are significant factors that are impacting on the revenue capacity and effort in the collection of rates. However, there are a number of methods to improve economic activity potential.

“With respect to infrastructure, government needs to investment more in rural municipalities”...Bongani Khumalo

Natalie Zimmerman, from SAICA briefly explained their role in skills development for local government particularly in the field of accounting and finance. Independent research survey undertaken points to the shortage of financial skills. The objective of SAICA is to provide holistic

programmes to deal with the shortage of these skills. Trained Chartered Accountants will be deployed by Treasury to municipalities. SAICA is supported by COGTA, LGSETA and Treasury. The courses are accredited and there is a progression criterion.

“Capacity building...it’s not quick...it’s not easy...it’s not cheap” Natalie Zimmerman

There is a need to develop a comprehensive and skills development initiative; create a long term cadre of financial accounting officers.

Kevin Jacoby, City of Cape Town stressed the importance of the revenue department in municipalities. There are general strategies that all municipalities need to consider. Municipalities need to know who their debtors are; develop policy with regards to provision of services (i.e. tenders, business licences, building plans, suppliers, property debt etc.) with debts; undertake regular auditing of arrangements made; limit estimations on meter reading; fix all water leaks; institute restrictions and disconnections before legal action.

“The focus should be on those who can pay and don’t want to” ...Kevin Jacoby

There are a number of success factors in the City of Cape Town and they include the increase in emailing invoices, training staff to have competent people, endorse rates clearance certificates etc.

H.B. Chotoo undertook presentation on behalf of Nonhlanhla Njoko, Municipal Manager of uMtshezi Municipality. The municipality recently received a clean audit. The process started in 2008 and has not been an overnight plan albeit full commitment from leadership and management as well as other stakeholders and role-players. They developed very strong internal controls, with full compliance with regulation and laws; credible performance management system; and implemented strategies on maintain a clean audit.

“The advantages and disadvantages of maintaining a clean audit ...” H.B. Chotoo

SESSION 5: MUNICIPAL INNOVATIONS AND BEST PRACTICES

Nono Dince, the Municipal Manager of Moses Kotane Local Municipality handed over the directorship of the session to M. Matthews, Municipal Manager of Kenneth Kaunda District Municipality. Mapule Letshweni, Director: Knowledge Management and Stakeholder Management, was invited to share the guidelines for documenting and sharing of local government best practices developed by SALGA. Municipalities were encouraged to submit best practice projects that can be showcased.

Sogen Moodley, MILE took to the podium to share insights from the Municipal Institute of Learning – a knowledge management initiative of eThekweni Municipality.

Kebone Masange, Municipal Manager of Newcastle Local Municipality also shared and showcased how they are able to run “Paperless Council Meetings” as an innovation project. The municipality has received a number of awards and accolades as a result of a host of projects run by the municipality. The municipality is part of the association of “Newcastle’s” around the world where all come together to learn and share knowledge on various aspects. The path to a paperless council started off as a result of the volume of papers in municipalities.

“A paperless administration saves time and money...is easily accessible...and improves the municipality images”...Kebone Masange

“There has to be cultural change...make the technology available and provide training”...Kebone Masange.

Municipalities need to get buy in from Council, engage in creative procurement processes, maximise savings, use the benefit of open source online products (i.e. drop box), ensure internet connectivity and partner with reputable service providers.

“Municipalities should become technology enabled” Kebone Masange

Stephen Seaka, Head of Public Sector Group at ABSA relayed a story of a woman living in a shack would need to use transport to get to work and finally bank with ABSA. All the elements in between the journey, municipalities have to take care of them (e.g. water, electricity, buses etc.). ABSA is now fully global and fully local and committed to the improvement of local government. ABSA has also vested interest in the public sector and owns 50% of the market share of transactional banking. ABSA is moving towards more value added services enterprise development, workplace banking, CSI and affordable housing). There are a number of infrastructure funding options (i.e. long term loans, municipal bonds, debt capital markets, project finance, and export credit agency) made available by ABSA to municipalities.

“ABSA wants to provide support through the lifecycle of service delivery in South African Municipalities”...Stephen Seaka

CONCLUDING REMARKS AND CLOSURE

In his concluding remarks, Xolile George declared that the 6th MMFs have exhausted all the tasks and that the outcomes will be taken forward. He stated that the MMFs are fast becoming a premier space of learning and sharing. Local government is faced a mammoth task of delivering services to the communities they serve. The challenges experienced by municipalities are inherent in the nature of local government elsewhere in the world. There are key issues emanating from the two day MM Forum and they can be summarised as follows:

- There is a need to review and re-engineer the organisation and support of municipalities.
- Improve understanding and adherence to roles and responsibilities within municipalities including effective management of the political-administrative interface.
- Enhance interface with labour and facilitate constructive dialogue with organised labour to ensure collective ownership and contribution to municipal agenda
- All Local Government stakeholders to dedicate effort towards institutionalising and implementing the NDP.
- All hands on deck in the processes of developing the IUDF but create a balance on supporting rural development
- Develop a new leadership cadre which will bring innovation to address the challenges of service delivery, good governance and accountability

- Professionalise Local Government including agreeing on the framework followed by an institutional; mechanisms to drive it
- MMs to benchmark learning and peer support to facilitate improvement in financial management and sustainability.

The proposed theme of the next 7th NMMF will revolve around professionalization. The proposed host will be BCMM on 07 -08 November 2013. The national Members Assembly will explore the anti-corruption summit on 26 – 27 November 2013.

“Municipalities are at the centre of development...and they must accept the challenge”...Xolile George.

APPENDIX 1

CONSOLIDATED RESPONSE FROM MUNICIPAL MANAGERS TABLE DISCUSSIONS

TOP CHALLENGES	PROPOSED SOLUTIONS
1) POLITICAL	
1.1. Political instability	<ul style="list-style-type: none"> Define clear roles and responsibilities Expedite intervention
1.2. Micro Management of Local Government and Local Government not being taken seriously	<ul style="list-style-type: none"> Recognition of local government as a sphere in its own right between administration and Politicians
1.3. No recognition of Local Government as equal partners e.g. dumping ground for unfunded mandates, minimum competency, constitutional compliance	<ul style="list-style-type: none"> Revisit NT MCM Active NCOP participation/ representation Working group on legislation Imposition on Council's independency "big brother" to be acknowledged and reviewed
1.4. Weak political leadership	<ul style="list-style-type: none"> Define criteria for qualification
1.5. Dysfunctional interface between political and administrative leaders	<ul style="list-style-type: none"> Inter-municipal body to play an oversight role in ensuring compliance to code of conduct
2) FINANCIAL	
2.1. Financial Constraints	<ul style="list-style-type: none"> Adequate allocation of resources informed by integrated planning mechanism Review powers and functions to increase income base
2.2. Maintaining financial viability	<ul style="list-style-type: none"> Develop proper financial management and revenue enhancement strategy
2.3. Inadequate support from National Treasury	<ul style="list-style-type: none"> Establishment of a help desk/rapid response unit at National Treasury
2.4. Conditional grants offsetting against Equitable Share	<ul style="list-style-type: none"> Off-set against same allocation
2.5. Weak and differentiated tax base of LMs combined with weak revenue collection mechanisms	<ul style="list-style-type: none"> Review funding model for LG
2.6. Funding formula (equitable share, grants)	<ul style="list-style-type: none"> Engage Cabinet to ensure that other variables are taken into consideration
2.7. Only 8% of national budget spent on local government	<ul style="list-style-type: none"> Fiscal model to be changed to increase revenue for LG
2.8. Revenue collections viz property rates (Farmers vs SARS Loss of revenue from pre-paid	<ul style="list-style-type: none"> SARS collecting agency from farmers property rate ESKOM allow municipality to collect revenue

TOP CHALLENGES	PROPOSED SOLUTIONS
2.9. Insufficient funding	<ul style="list-style-type: none"> • Revolutionise funding mechanisms from National Treasury
3) POVERTY, INEQUALITY & INFRASTRUCTURAL BACKLOGS	
3.1. Infrastructure and service delivery backlogs	<ul style="list-style-type: none"> • Optimal usage of integrated planning mechanism • Set realistic targets • Create enabling environment for economic development, investment attraction and retention • Develop a credible led strategy to address poverty and inequality • Review funding model from National treasury
3.2. Rising Expectations	<ul style="list-style-type: none"> • Increase municipal capacity delivery resources
3.3. Managing expectations of community: failure leads to service delivery protests	<ul style="list-style-type: none"> • Communication, public education by all spheres on roles & responsibilities, competencies • Drive to change community ethics & values
3.4. Service delivery model & related fiscal models – national, regional, district, local	<ul style="list-style-type: none"> • Need review of service delivery model • Single tax on national via grants to local government • Recognise local government as face of government & service delivery • Give support to address poverty & inequality
3.5. Ageing infrastructure	<ul style="list-style-type: none"> • Government once off funding to the municipality • Develop asset management strategy
3.6. Lack of integration	<ul style="list-style-type: none"> • Drive Integrated planning
4) SUPPORT SYSTEMS AND HUMAN RESOURCES	
4.1. Fragmented systems across local government	<ul style="list-style-type: none"> • Development of systems in a uniform way for all municipalities
4.2. Weak business processes	<ul style="list-style-type: none"> • Ensure integrated governmental systems (vertical and horizontal)
4.3. Skills attraction and human resource constraints	<ul style="list-style-type: none"> • Incentive allowance packages • Develop and implement recruitment and retention strategies
4.4. Insufficient competency (political & administrative)	<ul style="list-style-type: none"> • Minimum competency to apply to political office bearers
4.5. Retention of Skills	<ul style="list-style-type: none"> • National & Provincial government to subsidise

TOP CHALLENGES	PROPOSED SOLUTIONS
5) LEGISLATIVE AND POLICY ENVIRONMENT	
5.1. Over regulation and circulation	<ul style="list-style-type: none"> • Enhance capacity of LG to manage its own affairs – Section 154 – “ nothing about us, without us” • Deregulation of some local government legislation • Review powers and functions • Implement professionalization of administration • Lobby for relevant changes on legislation and policies that have negative implications to service delivery
5.2. Inconsistency in AG's approach to auditing	<ul style="list-style-type: none"> • One uniform standard approach to auditing
5.3. Too much emphasis on compliance and associated costs	<ul style="list-style-type: none"> • National government to find more creative and innovative solutions
5.4. Ambiguous legislation	<ul style="list-style-type: none"> • Clarification of legislation
5.5. Lack of bargaining power & MM platform due to the lack of MMs position	<ul style="list-style-type: none"> • MM institute to be the voice for MM's?
6) MUNICIPAL DEMARCATIONS	
6.1. Spatial and economic disintegration through negative demarcation practices	<ul style="list-style-type: none"> • Configuration of boundaries to take account of economic sustainability • Conduct research on the negatively affected municipalities and find solutions to address negative impact
7) NEGATIVE LOCAL GOVERNMENT IMAGE AND PUBLIC PERCEPTIONS	
Negative Public Perceptions	<ul style="list-style-type: none"> • Effective and real time communication • Decentralise services to districts • Professionalization of the sector and retention of skills to meet public expectations

CONSOLIDATE LIST OF OPPORTUNITIES IDENTIFIED BY MUNICIPAL MANAGERS

- Ability to access multiple funding sources (locally and internationally)
- To manage knowledge and promote peer learning (good practice and lessons learnt)
- To guide investment and create jobs through effective spatial planning and infrastructural development
- To redress the legacy of past spatial imbalances
- To build effective capacity and strong partnerships with all local governmental stakeholders (incl. academia)
- To promote greater vertical and horizontal governmental co-operation
- We have a strong legislative and policy foundation
- Ability to influence national and provincial government's legislation, policy and funding model through SALGA MMF

- Strength and potential of SALGA and MMF as a vehicle to influence legislation and policy
- To transform informal settlements into more viable human settlements
- Creating the balance in prioritising infrastructural development and social development