

**BUDGET REVIEW  
2006 – 07  
FINANCIAL YEAR**

**SELECT COMMITTEE ON  
PROVINCIAL AND LOCAL GOVERNMENT**

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**AGENDA**

- Introduction
- Highlight Successes
- Highlight Challenges
- Performance against pre-determined objectives
- Finances
  - Revenue
  - Summary: Income against Budget
  - Summary: Expenditure against Budget
- Conclusion

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**INTRODUCTION**

**SALGA's Mandate**

- ❖ SALGA's mandate derives from S189 of the Constitution of the Republic of South Africa, Act 108 Of 1996 as amended; S2(1) (A) of the Organised Local Government Act, Act 52 of 1997 as amended; the White Paper on Local Government of 1998; Municipal Systems Act, Act 32 of 2000; and SALGA's Constitution of September 2004 as amended.
- ❖ These mandates generally define SALGA as a representative body and resource of local government at national, regional and international forum
- ❖ SALGA is entrusted with promoting and protecting the interest of local government institution
- ❖ The mandate of SALGA as defined in its principal sources, comprise the following:
  - ❖ Representative role – an Inter-governmental Relations function
  - ❖ Support & Advise role – define needs of members; lobby for/ leverage/ demand/ provide support & advise i.to needs

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INTRODUCTION
SALGA's Mandate (Cont...)
<ul style="list-style-type: none"> <li>❖ Act as an employer body</li> <li>❖ Act as a resource (knowledge &amp; info centre) to municipalities</li> <li>❖ Help develop capacity in municipalities</li> <li>❖ Unite local government given that developmental obligations</li> <li>❖ Custodian of sharing experiences within local government</li> <li>❖ Partner government in driving transformation programme</li> </ul>


INTRODUCTION
Vision; Mission & Values
<ul style="list-style-type: none"> <li>❖ Vision               <ul style="list-style-type: none"> <li>An association of municipalities that is at the cutting edge of quality and sustainable services</li> </ul> </li> <li>❖ Mission               <ul style="list-style-type: none"> <li>To be consultative, informed, mandated, credible &amp; accountable to our membership, and provide value for money</li> </ul> </li> <li>❖ Values               <ul style="list-style-type: none"> <li>Responsive</li> <li>Innovative</li> <li>Dynamic</li> <li>Excellence</li> </ul> </li> </ul>

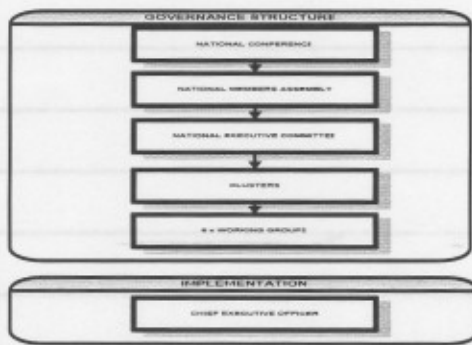

INTRODUCTION
Strategic Objectives
<ul style="list-style-type: none"> <li>• Increase SALGA's effectiveness, efficiency to enhance sustainability of Organised Local Government through planning, budgeting, accountability and reporting, thus improving the quality of service to its members;</li> <li>• Facilitate the strengthening of the system of communication in local government;</li> <li>• Enhance and maintain a high profile position locally, regionally and internationally;</li> <li>• Facilitate and support the capacity building and enhancement of existing capacity of member municipality locally and through continental and international exchanges and peer learning in key areas therefore embracing National Skills Development Plan and JIPSA programmes;</li> <li>• Mainstream issues of gender, youth, people with disabilities and HIV/Aids as central cross-cutting issues in the local government developmental agenda;</li> <li>• Promote a lawful governance system which will enable service delivery in a developmental state;</li> </ul>


### INTRODUCTION

#### Strategic Objectives (Cont...)

- Promote the credibility and relevance of the local government agenda in national policy and programmes;
- Facilitate the implementation of a labour and human resources dispensation in municipalities that enhances service delivery;
- Advocate labour peace in the sector by amongst others; ensuring municipal compliance with workplace legislation and policy;
- Contribute to and support the government programme of integrating the public sector;
- Facilitate, promote and encourage municipalities to meaningfully position themselves for 2010 FIFA Soccer World Cup;
- Support municipalities as they embrace broad local economic development in pursuit of ASGISA initiatives;
- Facilitate the development of municipal finance and fiscal management capacity towards sustainable service delivery;

### INTRODUCTION



### INTRODUCTION

- The period leading to Local Government Elections posed a challenge in decision making as Councillors were out campaigning
- The period after Local Government Elections also posed a challenge in planning as councils were constituting themselves and as a result we could only hold our National Members Assembly only in June
- After the National Members Assembly we held the NEC Lekgotla in August to refine the resolutions of the National Members Assembly and pass a budget for 2006/07 financial year
- The National Members Assembly resolutions were informed by the Five Year Local Government Strategic Agenda
- Our three year business plan was refined to accommodate the NMA resolutions and the imperatives of the Five Year Local Government Strategic Agenda
- In October 2006 we submitted SALGA's first report on the Five Year Local Government Strategic Agenda

### INTRODUCTION

- After all the abovementioned planning, SALGA decided to focus on seven key projects as follows:
  - **DEBT RECOVERY**
    - Focus on councillors, officials (both state and municipal), SALGA officials, etc
  - **UNFUNDED MANDATES**
    - Focus on clarifying responsibilities of municipalities in their budgets (taking cue from SALGA study and Demarcation Board)
  - **SKILLS ACQUISITION AND RETENTION STRATEGY**
    - Data collection on number of municipal employees and their profiles
    - Quantification of costs for acting positions
    - Quantification of staff in the pool
  - **COLLECTIVE AGREEMENTS**
    - Data collection on collective agreements and their impact
    - Sensitise NEC on those collective agreements

### INTRODUCTION

- **PROMOTION OF INDEGINOUS LANGUAGES- LANGUAGE POLICY**
  - Acquisition of interns as translators and interpreters
  - Language use of newsletters, agendas, IDPs, etc
- **BUSINESS DEVELOPMENT**
  - Conference and Seminars (latest technology on waste collection; harvesting rain water, meter reading, etc)
  - Alternative Revenue Strategy – De-listing
- **Other**
  - Building of national offices within a Innovation Hubs
  - Inter-connectivity of provinces
  - LGPF

### HIGHLIGHT SUCCESSES

- ❖ A single pension fund for local government was registered after ten long years of trying. So far close to 1000 members have been enrolled on the fund. Municipal Employees Pension Fund with 27 000 members and about R4 billion in assets, has approached SALGA to amalgamate with LGPF
- ❖ Formulated Treasury Regulations for Micro-Lending deductions in municipalities
- ❖ Memorandum of Understanding with National House of Traditional Leadership has been finalised, giving effect to working relations between elected and traditional leaders
- ❖ Successfully held municipal budget weeks during July and August 2006, where Treasury officials were interacting with municipal budgets
- ❖ Women in Local Government Conference was held in PE to chart the way forward after successful 50/50 campaign
- ❖ Successfully compiled information for RSC revenue for 2005/06 in order to inform National Treasury on the review of grant allocation for 2007/08 and 2008/09

### HIGHLIGHT SUCCESSES

- ❖ Compiled a report on outstanding debts owed to municipalities by other spheres of government and submitted it to Select Committee on Finance for intervention
- ❖ Conducted a survey on funding of primary health care to municipalities still providing the service and wrote a report to Select Committee on Finance highlighting unfunded mandates problem for intervention
- ❖ SALGA continues to actively participate in IGR structures
- ❖ All SALGA offices are now operating on the same network, as a result of successful deployment of VPN
- ❖ Installed Video Conferencing facilities in national, Western Cape, Eastern Cape and KZN offices

### HIGHLIGHT CHALLENGES

- ❖ Listing of SALGA as schedule 3A public entity, as it limits alternative revenue generation for long term sustainability of the organisation
- ❖ Lack of integrated systems (ERP) between SALGA national and provincial offices
- ❖ Poor response from donor community
- ❖ Disclaimer of audit opinions
- ❖ Details in releasing annual report within the prescribed timelines
- ❖ Resignation of the CEO mid-term

### FINANCIAL REVIEW

#### REVENUE

- ❖ SALGA's budget for 2005/06 financial year totals to R194 742 933
- ❖ SALGA derives its revenue mainly from membership levies paid by municipalities
- ❖ Percentage distribution of budgeted income
  - ❖ Membership levies 48%
  - ❖ Donor Funding 19%
  - ❖ Grants from DPLG 10%
  - ❖ Sponsorship 6%
  - ❖ Other (interest, etc) 17%

### FINANCIAL REVIEW

SUMMARY MEMBERSHIP LEVY 2006/2007 ONLY				
PROVINCE	INVOICED 2006/2007	RECEIVED 2006/2007	BALANCE	% PAID
WESTERN CAPE	11,917,160.88	11,685,130.20	232,030.48	98%
NORTHERN CAPE	2,435,855.98	2,168,376.70	267,479.28	87%
EASTERN CAPE	13,042,011.40	6,006,546.70	7,035,464.70	42%
FREE STATE	6,144,214.12	5,497,693.33	616,520.79	87%
KWAZULU NATAL	13,908,437.37	11,876,149.03	2,032,288.34	84%
MPUMALANGA	4,936,702.57	4,936,702.57	0.00	100%
LIMPOPO	4,072,955.49	4,072,955.49	0.00	100%
NORTH WEST	4,930,331.88	4,930,331.88	0.00	100%
GAUTENG	22,221,043.00	21,064,939.75	1,156,103.56	95%
	83,609,712.49	72,239,925.65	11,339,807.15	

### FINANCIAL REVIEW

#### SUMMARY OF INCOME AGAINST BUDGET

INCOME	BUDGET Annual R'000	Year-to-Date	BALANCE R'000	% of actual income received against budgeted
Grant from DPLG	19,894,000	14,620,000	5,374,000	73
Levies	92,000,000	72,238,825	19,761,175	79
Donor Funding	36,789,000	4,500,000	32,289,000	12
Conferences & Seminars	12,000,000	-	12,000,000	-
Other	33,960,000	1,342,216	32,617,784	4
Total Income	194,743,000	92,751,041	101,991,956	48

### FINANCIAL REVIEW

#### SUMMARY OF EXPENDITURE AGAINST BUDGET

Total Expenditure	194,943,000	118,789,833	75,853,167	51
Personnel	66,680,000	51,103,518	15,576,482	77
Administration	21,980,000	14,637,077	7,342,923	67
Capital	29,500,000	1,939,498	27,560,502	7
Programme cost (Prov)	35,582,000	26,298,683	9,283,317	74
Programme cost (Nat)	40,901,000	24,811,057	16,089,943	61

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**CONCLUSION**

- ❖ SALGA hosted its National Conference from 22 to 26 April 2007, during the conference it also celebrated ten years of existence
- ❖ SALGA continues to play a key role in UCLGA activities and recently ten countries in the Southern Region requested Mayor Mascondo to assist in establishing the Southern Region structure of UCLGA
- ❖ SALGA's prominence and stature continues to grow, and this is supported by its standing invitations to Extended Cabinet meetings, support by the Executive. SALGA was prominently mentioned in the state of the nation address and the budget speech
- ❖ We are continuously challenged though by the listing as schedule 3A Public Entity and poor response from donor community
- ❖ Our involvement to 2010 FIFA Soccer World Cup has been very limited up to now

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