

ANNUAL PERFORMANCE PLAN

2019/20



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PART A: STRATEGIC DIRECTION

STRATEGIC DIRECTION

The 4th democratic local government elections ushered in a 4th democratic local government in South Africa. This election on 3 August 2016 saw a high voter turnout of 73% as compared to the 57% realised in 2011. This high voter turnout highlights the interest that South Africans still have in Local Government and democracy. South African Local Government Association (SALGA) current leadership must defend this and continue to inspire service delivery and overall performance in local government.

Following the local government elections and the SALGA Provincial and National Conferences where new leadership was elected, SALGA developed a five year Strategic Plan for the period 2017-2022. This strategy aims to strengthen SALGA's role as the *protector* to defend local democracy and to enforce the rights of the local government sector as well as to constructively *disrupt* where the existing overall systems compromise the ability of local government to deliver on its mandate.

SALGA anticipates with this new posture, to inspire positive change that ultimately inspires service delivery in municipalities. This strategic plan asserts the notion that local government is the sector that is closest to the people. The country's development agenda embedded in the NDP will be achieved or lost largely on the success of local government. The sector must therefore be empowered, resourced and capacitated to assume its critical role of delivering quality services to the people.

In furtherance of building local democracy that is able to deliver the needs of our people the Constitution of the Republic of South Africa, 1996, entrenched local government as a fully-fledged wall-to-wall sphere of government in a system of cooperative governance in which the three spheres are distinctive, yet interrelated and interdependent. This is against the background that the most pervasive challenges facing our country as a developmental state is the need to redress poverty, inequality, underdevelopment and the marginalisation of people and communities, amongst others.

The constitutional architecture recognises that these challenges can only be addressed through a concerted effort by government in all spheres working together and integrating their actions in the provision of services and development of the country's space. Ultimately, the three spheres

must provide effective, transparent, accountable and coherent government for the Republic as a whole.

Section 163 of the South African Constitution (1996) calls for organised local government (OLG) to represent municipalities in the intergovernmental and cooperative governance system, by making provision for OLG to participate in the National Council of Provinces (NCOP). In section 67 and the IGR system more generally (section 154) and mandated legislation to set out the processes and procedures for doing so. (What has happened with this constitutional provision over the last 20 years and what does it mean for the new strategy)

Shortly after the country's constitution was adopted, municipalities formally established SALGA as a voluntary association at its inaugural congress held in what has become Mzunduzi Local Municipality from 21 – 24 November 1996. Members then mandated the organisation to:

- Represent, promote and protect the interests of local government in the cooperative governance and intergovernmental relations (IGR) system;
- Assist in the transformation of local government, particularly in establishing the structures, systems, policies and procedures for effective, accountable and people centered local government;
- Assist the sector to entrench a developmental culture, focused not only on service delivery but on transformation of spaces and places; and
- Knowledge sharing, peer learning and innovation in the quest to do things 'differently'.

Subsequent pieces of legislation and policy have continuously refined these mandates into what they have become today. The legislation that the Constitution mandated in section 163 was the Organised Local Government Act, which was enacted in 1997. This made provision for the recognition of a national association and provincial associations, and established the procedures by which OLG may nominate representatives to the NCOP, Financial and Fiscal Commission (FFC) and consult with the national and provincial spheres of government. The intergovernmental system has since evolved to specifically include OLG in the key formal structures of the intergovernmental system as outlined in the IGR Framework Act of 2005.

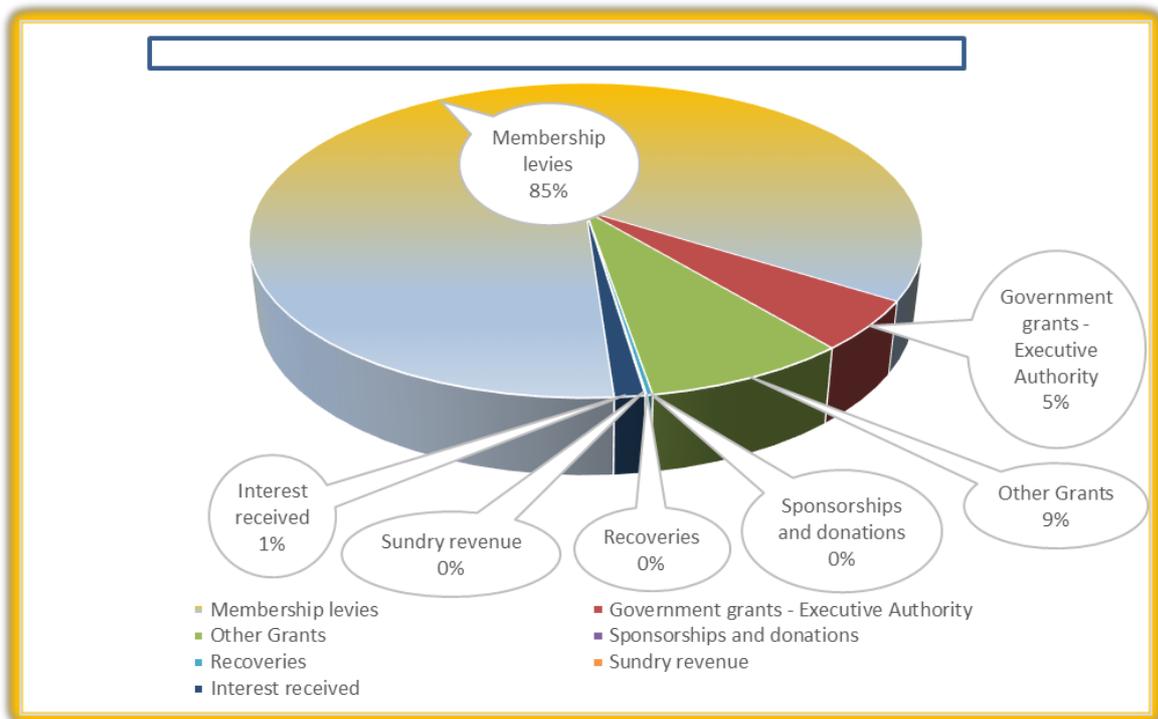
The formal recognition of SALGA as the national association and official representative of local government in South Africa effected by a ministerial gazette in 1998.

INTRODUCTION TO SALGA

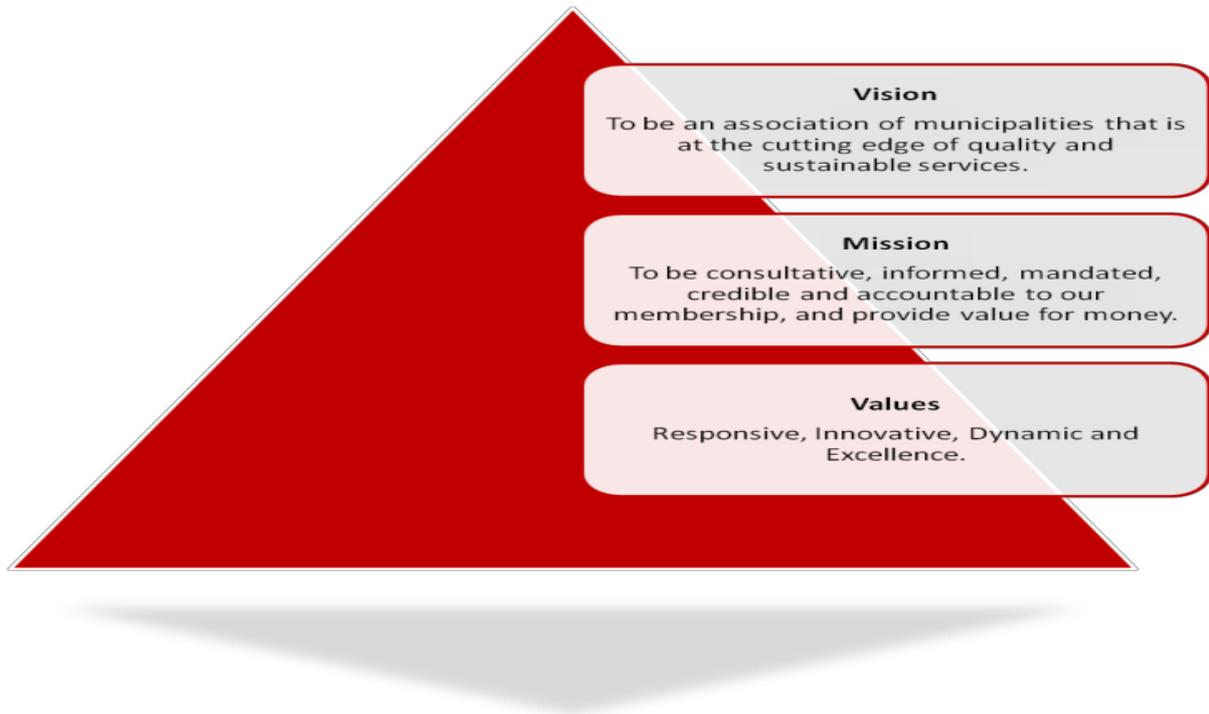
South African Local Government Association is an autonomous association of all 257 South African local governments, comprising of a national association, with one national office and nine provincial offices. Membership of the association is voluntary. SALGA accounts to its members in terms of the SALGA Constitution (as amended in 2016) and it's Governance Framework regulating its structures and mandating processes. The organisation has a National Executive Committee comprised of elected councillors (primarily mayors and office bearers in municipalities) that is responsible for the affairs of the organisation between Conferences and Members' Assemblies, which are the highest and second highest decision making bodies of the association respectively. Its administration is headed by a Chief Executive Officer appointed by the National Executive Committee.

SALGA is currently registered as a public entity listed under Schedule 3A of the Public Finance Management Act of 1999 (PFMA). It is therefore accountable for its revenue and expenditure in terms of the PFMA. It is called to account to Parliament annually on its performance and expenditure.

SALGA is funded through a combination of sources, the 2019/20 revenue mix is estimated and depicted in a graphical presentation below:



Vision, Mission and Values



Drawing from the founding principles that established SALGA in 1996, the following values and operating principles characterises our offering:

Values	Operating Principles
Responsive	Quick and flexible in responding to our members
Innovative	Exploring new ways of doing things and provide fresh and unconventional services to our members
Dynamic	To be flexible and adapt to change in order to service our members effectively and efficiently
Excellence	To serve our members with pride and excellence

Alignment to strategic mandate

SALGA derives its mandates from a variety of different pieces of legislation as highlighted below.

Legislative mandates

The Constitution of the Republic of South Africa (1996)

The Constitution entrenched local government as a fully-fledged wall-to-wall sphere of government in a system of cooperative governance in which the three spheres of government are distinct, yet interrelated and interdependent. Section 163 (a) and (b) of the Constitution called for the establishment of organised local government by national legislation in order to represent municipalities in the intergovernmental and cooperative governance system; to also representatively participate in the National Council of Provinces (NCOP) and to participate on matters relating to section 221 (1)(c) of the Constitution. Alongside the Constitution, a number of different pieces of legislation have subsequently set out obligations which organised local government must fulfil. Key among these are outlined in 3.1.2 to 3.1.12 below:

Organised Local Government Act (1997)

The Act recognises SALGA as a representative of organised local government, and established the procedures by which OLG may nominate representatives to the NCOP, Financial and Fiscal Commission (FFC) and consult with the national and provincial spheres of government. The intergovernmental system has since evolved to specifically include organised local government in the key formal structures of the intergovernmental system as outlined in the Intergovernmental Relations Framework Act of 2005. This Act has thus enabled SALGA to be the sole voice of local government in South Africa which has represented member municipalities ensuring that local government interests are protected while continuously guiding its vision and role in the intergovernmental system in our country.

Municipal Systems Act (2000)

The Municipal Systems Act (32/2000 as Amended in 2003, 2006 and 2011) provides that all municipalities must comply with any collective agreement/s concluded by organised local government within its mandate on behalf of local government in the bargaining council established by municipalities and suggests that all municipalities are bound by the terms of agreements negotiated by organised local government (recognised nationally, i.e. SALGA) with the trade unions.

This Act further provides that organised local government must:

- Develop common approaches for LG as a distinct sphere of government;
- Enhance co-operation, mutual assistance and sharing of resources among municipalities;
- Find solutions for problems relating to local government generally; and
- Facilitate co-operative government and IGR.
- Several other consultative requirements imposed.

Intergovernmental Fiscal Relations Act (1997)

The Act establishes a framework for local government including other spheres of government to promote and facilitate intergovernmental relations; to provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes and to provide for matters connected therewith.

One of the critical tools in intergovernmental planning and co-ordination is the public sector budget cycle; and local government's inputs are received through the participation of SALGA in the Local Government Budget Forum.

Other legislative mandates

Several other pieces of legislation where SALGA is expected to play a role in relation to its remit include, and are not limited to:

- Financial and Fiscal Commission Act;
- Water Services Act;
- Municipal Structures Act;
- Municipal Demarcation Act;
- Municipal Property Rates Act;
- Municipal Fiscal Powers and Functions Act;
- Municipal Finance Management Act;
- National Health Act (National Health Council);
- Disaster Management Act;
- Road Traffic Management Corporation Act;

SALGA mandate

SALGA has a clear strategic role to play in, representing the interests of local government within the system of government as a whole and supporting its members to fulfil their developmental obligations. As a full partner in government, SALGA is expected to be an active participant in the intergovernmental relations (IGR) system, to provide common policy positions on numerous issues and to voice local government interests, as well as provide solutions to the challenges facing local government more generally. SALGA’s mandate is therefore summarised as follows:



SALGA’s mandate is unpacked below:

- **Representation, Advocacy and Lobbying** refers to representing the interests of members in legislatures and other policy making and oversight structures. It also refers to engaging with various stakeholders, public debates etc in the interest of Local Government.
- **Employer Body** refers to being an effective employer representative for members. This employer representation is carried out in collective bargaining in terms of the Labour Relations Act in various structures including but not limited to those established in the South African Local Government Bargaining Council.
- **Capacity Building** refers to facilitating capacity building initiatives through among others; representing member interests in the Local Government Sector Education Authority (LGSETA).
- **Support and Advice** refers to the provision of tools and services that enable municipalities to understand and interpret trends, policies and legislation affecting Local Government and to implement the said policies and plans

- **Strategic profiling** refers to enhancing the profile and image of local government as an important and credible agent for the delivery of services. Profiling focuses within South Africa, the African continent and the rest of the world.
- **Knowledge and Information Sharing** refers to building and sharing a comprehensive hub of Local Government knowledge and intelligence that will enable informed delivery of other SALGA mandates. The knowledge hub is also a useful reference point for all who seek Local Government information.

Other key imperatives that impacts on Local Government's role

In pursuit of delivering on its mandates, the organization has located its activities within the context of major global and national development commitments.

Local Government White Paper (1998) on role of Organised Local Government

The White Paper on Local Government addressed a number of key aspects for ensuring and supporting the transformation of Local Government. It remains a defining policy document that has defined local government as we know it today. It formed a key foundation for local government legislation that has since been developed in the late 1990s and beyond.

Sustainable Development Goals - Vision 2030

Sustainable Development Goals (SDGs) define the development agenda at local level to be essentially about making municipal spaces more socially inclusive, economically productive, environmentally sustainable and resilient to climate change and other risks. The role of local government in the electricity distribution industry, including consideration of renewable energy, reticulation, municipal debt and tariff structures will be critical, as will its role in sustainable management of water and sanitation for all.

Goal 11 of the SDGs, which relates to making cities and human settlements inclusive, safe, resilient and sustainable, is particularly prominent for local government.

Of prominence in the SDGs is the positioning of cities as engines of economic growth. Growing urban inequality has profound spatial effects. On the one hand, rich people opt out of the public system and develop their own parallel systems such as gated communities, residential estates etc. On the other hand the urban poor are confined to precarious and environmentally

dangerous informal settlements. Urban planning has been ineffective and often, in fact, complicit in exacerbating these inequalities. Therefore, the success of the global sustainable development agenda, Sustainable Development Goals 2030 (SDGs) will be determined to a large extent in the world's cities, which lie at the fulcrum of employment creation, poverty eradication, inclusive economic growth and environmental sustainability.

The stark reality is that none of the major development challenges being debated under the post 2015 development agenda can be resolved without the active and leadership role of cities. The purpose of "Habitat III", the major global summit, formally known as the United Nations Conference on Housing and Sustainable Urban Development, held in Quito, Ecuador, on 17-20 October 2016, was intended to reinvigorate the global political commitment to the sustainable development of towns, cities and other human settlements, both rural and urban. The product of that reinvigoration, along with pledges and new obligations, referred to as the New Urban Agenda, will set a new global strategy around urbanisation for the next two decades.

Paris accord on climate change

The Paris Agreement is an agreement within the framework of the United Nations Framework Convention on Climate Change (UNFCCC) dealing with greenhouse gases emissions mitigation, adaptation and finance starting in the year 2020. The agreement calls for zero net anthropogenic greenhouse gas emissions to be reached during the second half of the 21st century. In the adopted version of the Paris Agreement, the parties will also "pursue efforts to" limit the temperature increase to 1.5 °C. The 1.5 °C goal will require zero emissions sometime between 2030 and 2050, according to some scientists. Governments committed to replacing fossil fuels almost entirely by clean energy in the second half of this century.

African Agenda 2063 – 'The Africa We Want'

Agenda 2063 – The Africa We Want - is a collective action plan which builds on lessons from Africa's past whilst taking advantage of opportunities available in the short, medium and long term so as to ensure positive socio economic transformation within the next 50 years. Through the Agenda 2063 aspirations, which were gathered from millions of Africans from all sectors, we can transform our cities. In transforming our cities we must pay particular attention to the skills revolution. The challenges facing African cities and urban areas require greater attention to Africa's greatest resource - its people. The continent's population is growing and is the most

youthful population in the world. Over a quarter of the world's population that is under 25 years old reside on this continent. This is a great advantage, if properly managed.

Over the past two decades, African states redoubled their commitment to development through NEPAD regional programmes on agriculture, infrastructure and knowledge creation. The experience from these programmes, together with the global commitments to sustainable development through SDGs have informed Africa's Vision 2063, as adopted by the African Union. At the core of Africa's Vision 2063 is a desire for and actions to achieve structural transformation.

A key shift since 1996, is Africa's drive for structural transformation. As defined by the African Development Bank and the United Economic Commission for Africa (UNECA), key elements of Africa's structural transformation should be:

- Reallocation of resources from less productive to more productive sectors and activities;
- An increase in the relative contribution of manufacturing to GDP;
- A declining share of agricultural employment to total employment;
- A shift in economic activity from rural to urban areas;
- The rise of a modern industrial and service economy;
- A demographic transition from high rates of births and deaths that are common in underdeveloped and rural areas to low rates of births and deaths often associated with better health standards in developed and urban areas; and
- A rise in urbanization. It is associated with a fundamental change in the structure of the economy and its drivers of growth and development.

National Development Plan (NDP), Vision 2030

The NDP, sets out a comprehensive plan to eliminate poverty and reduce inequality by 2030. It seeks to draw on the energy of its people, drive an inclusive economy and build key capabilities including the necessary skills and infrastructure. A key element essential for the success of all NDP objectives requires building the capacity of the state, and promoting leadership and partnerships throughout society. The following aspects of the NDP have a significant bearing on local government and SALGA:

On **economy and employment** we need to consider the following:

- Lowering the cost of living and improving the business environment;
- Focusing on sectors with strong domestic linkages;

- Better coordination within government; and
- Some reforms to improve the functioning of the labour market to reduce tension and ease access for young people.

We need a **capable and developmental state** that acts to resolve historical inequities through delivering better public services and facilitating investment, including improvement in administrative – political interface, long term skills planning, strengthening accountability and improved coordination for implementation (with emphasis on accountability at all levels)

In order to address **spatial settlement patterns**, at least the following areas should be addressed:

- Planning adequately for urbanisation;
- Finding an institutional location for spatial planning;
- Resolving fragmentation in public planning;
- Densifying cities which will require especially efficient buildings;
- Attracting investment into townships; and
- Finding different solutions to rural local government capacity.

On developing an **enabling economic infrastructure** we need to consider:

- Increasing infrastructure investment;
- Raising public infrastructure spending to 10% of GDP;
- Accentuating energy and water security, Freight logistics, Public transport, Support to the mining value chain, Urban reticulation systems, and ICT and broadband; and
- Setting out principles on financing, cushioning the poor, implement lessons on sequencing and prioritisation and address institutional and regulatory matters.

In order for **rural economies** to sustain we need to:

- Focus on improving small scale and commercial agriculture;
- Identify high potential agricultural land in former homeland areas that needs to be developed;
- Build links between small farmers and food consumers; and
- Fast-track land reform.

Environmental sustainability and resilience is critical. Therefore, there is a need to:

- Ensure the development of plans that cover all natural resources;
- Introduce an economy-wide price on carbon;
- Provide support for renewables, but need appropriate institutional arrangements; and
- Transition to a more energy efficient and lower carbon economy at a pace that makes

sense for us.

The NDP further identifies community safety, anti-corruption, social protection, health and wellness, as well as global and especially regional economic integration as vital for long term development, social cohesion and nation building. Finally, it outlines critical success factors if the 14 outcomes are to be realised:

- Focused leadership over a long period of time;
- Institutional reforms;
- Mobilisation of resources and agreeing on trade-offs; and
- Clarity on responsibility in each area.

Integrated Urban Development Framework (IUDF) – as approved by Cabinet in April 2016

The IUDF's overall outcome is to effect spatial transformation: reversing the inefficient spatial patterns in a way that promotes both social and economic development while protecting the environment. The IUDF proposes an urban growth model of compact, connected and coordinated cities and towns, which targets Coordinated Investments in People and Places. Land, transport, housing, and jobs are key structuring elements critical for the attainment of the outcome. The overall objective is to create efficient urban spaces by:

- Reducing travel costs and distances;
- Aligning land use, transport planning and housing;
- Preventing development of housing in marginal areas;
- Increasing urban densities and reducing sprawl;
- Shift jobs and investment towards dense peripheral townships; and
- Improve public transport and the coordination between transport modes.

The IUDF is premised on the understanding that integrated urban planning and management forms the basis for achieving integrated urban development, which follows a specific sequence of urban policy actions: integrated transport that informs targeted investments into integrated human settlements, underpinned by integrated infrastructure network systems and efficient land governance, which all together can trigger economic diversification and inclusion, and empowered communities, which in turn demand effective governance and (9) financial reform to enable and sustain all of the above.

Medium-Term Strategic Framework (MTSF) 2014-2019 - Back to basics programme for Local Government

The 2014-19 MTSF sets out the first phase of government's action plan to implement the NDP, with the back to basic programme (B2B) representing the local government action plan for the medium term. The B2B programme sets out five key pillars upon which local government performance will be based:

- Putting people first and engaging communities;
- Delivering basic services;
- Good governance;
- Sound financial management and accounting; and
- Building capacity and resilient institutions.

SITUATIONAL ANALYSIS

SALGA as an organisation continuously monitor internal and external events and trends that positively or adversely affect its mandated area of operation to ensure that timely changes are made as and when needed. The rate and magnitude of changes that currently affect the organisation are increasing as evidenced in the 2016 local government elections, the unstable global economic environment whose impact reverberates through to local level growing expectations from local government by communities and intolerance. The high expectations and intolerance often leads to violence against communities, municipal officials and councillors and other factors.

SALGA and its associates must be adept at adapting to new development or they will not survive. Hence the critical need to draw plans from a thorough analysis of the information that characterises the external and internal environments where it operates.

External environment

The planning and implementation of programmes led by provincial and national government continues to be fragmented, disjointed and uncoordinated. Sector departments still implement their programmes outside the Integrated Development Plan imperatives. This presents itself as a major external environmental challenge for SALGA. In order to obtain reasonable comprehension of what constitutes this external environment and to guide planning information, a combination of key factors that shape the macro environment relates to the political, economic, socio- cultural, technological, and environmental/geographical factors (PESTLEG).

Political factors relate to the extent to which government stability or instability and related factors may affect the immediate, medium-term and long-term plans of SALGA.

South Africa is currently a relatively politically stable country. Its democratic political system allows for local and national elections to be contested in an inclusive multi-party manner. Accordingly, the local government elections, held on 3 August 2016, ushered in a new reality in the country's local government landscape.

The departure from the traditional one-party domination in this arena towards a more inclusive representation of more political parties, the increase in hung municipalities and the emergence of

independent candidacy in municipalities demonstrated an element of maturity of the South African democracy, political tolerance or the vocalisation of the people's rights to vote. The year 2016 saw an emergence and disappearance in some instances of a number of parties and new trade federation unions who made their mark in the 2016 elections such as the Economic Freedom Fighters, Academic Congress, Kgatelopele Community Forum, Forums for service delivery etc.

The role that is played by politics at municipal level has impacted the following:

- Development and implementation of a succession planning and retention strategy to bring about stability and business continuity in a municipality as some officials leave resulting in the instability, erosion of expertise, loss of institutional memory and business discontinuity;
- Long-term planning, as immediate political interventions (electorate promises) or high expectations compete with long-term transformation programmes; and
- Service delivery through political interference on the administrative and executive leg in the municipalities.

The diversity of political players within the local government environment requires SALGA to reaffirm its stance as a non-partisan organization that serves all members regardless of which political party leads any of its municipal members. There are changes in the trade union landscape resulting from new unions being formed or more unions being active in the bargaining processes. In the near future, this may positively or adversely impact collective bargaining and related SALGA initiatives.

There are changes in the trade union landscape resulting from new unions being formed or more unions being active in the bargaining processes. In the near future, this may positively or adversely impact collective bargaining and related SALGA initiatives.

Economic factors that currently affect the country may have substantial long-term effects and immediately impact the communities and entities that SALGA engages as recipients of its services. The (OECD) projected a moderate economic growth pick in 2018-19 with investment supporting growth in 2019 on the assumption that business confidence increases and policy uncertainty fades.

The government budget deficit was reportedly overshooting due to major shortfalls in tax revenue and high spending in the areas of debt-servicing costs, education and defence. In this regard, government was cautioned by OECD to prioritise expenditure. Despite the widening deficit supporting short-term growth by partially sustaining household consumption through social grants, the rising debt makes consolidation imperative to maintain market confidence (OECD). Local government is not immune to these challenges.

There are however several indicators that denote the performance or the “health” of the country’s economy. At least the following are traceable in the SALGA environment: Economic growth; Demand and supply drivers; Tariffs/prices; Business/Job growth or unemployment; Inflation and interest rates, exchange rates, and production rates; Poverty and inequality. Prime among these is economic growth as the fiscal envelope continues to shrink against constant population growth.

Alongside those municipalities that boast a relatively sound financial base, some municipalities are a going concern while other municipalities, particularly in rural environments where local economic development is a mirage (due to historical, infrastructure or administrative challenges), resort to grants as a financial sustenance mechanism.

Although all municipalities have an obligation to contribute membership fees to SALGA, there is a number of those that cannot afford this requirement, and this has financial implications on the sustenance of the organisation. A comprehensive funding model to address the emergent financial risk is imperative to ensure an effective and sustainable financial approach to resources and advance service delivery.

Rates and taxes continue to increase against the backdrop of declining household income in some of the serviced communities. This over reliance on these poor communities results in growing consumer indebtedness and inability to pay for services leading to a consequent decline in revenue generation for municipalities. Furthermore, the general economic decline, fiscal constraints and large scale closure of business in many towns, emerging from the deceleration in the mining, manufacturing and agricultural sector output is another contributor to the decline in the revenue base. Accordingly, there is a need to implement a differentiated approach and advance reforms to the intergovernmental fiscal and grant system to incentivise and enable

better management of the urban system, rural/regional economies and targeted infrastructure funding to boost economic growth and competitiveness.

The current reality that ensues from the above is the ballooning outstanding debt from government, business and residents, resulting in over R140 billion debt owed to municipalities (gross debtors, interest growth). These amounts include debts older than 90 days, in which only about R27, 2 billion is realistically collectable.

Furthermore, the general economic decline, fiscal constraints and large scale closure of business in many towns, emerging from the deceleration in the mining, manufacturing and agricultural sector output is another contributor to the decline in the revenue base. Accordingly, there is a need to implement a differentiated approach and advance reforms to the intergovernmental fiscal and grant system to incentivise and enable better management of the urban system, rural/regional economies and targeted infrastructure funding to boost economic growth and competitiveness.

The global economy is highly concentrated in urban areas. However, in SA, as the case is with most sub-Saharan countries, many of those working in cities are informal settlement dwellers or detached commuters and /or operating as small informal traders. Therefore, potential tax bases of urban governments remain relatively small, creating fiscal imbalance to address the vast service delivery and economic infrastructure needs.

There is non-availability of natural resources and infrastructure in some municipalities that would serve as a launch pad for local economic development programmes. The inverse of this is that some municipalities are not doing enough to leverage on the unique natural assets within their respective areas of jurisdiction. There is also underutilisation of infrastructure in mining towns, agricultural or farming communities that would be a potential revenue generation opportunity towards vibrant local economies if adequately explored. Coupled with this reality, re-industrialisation is inadequately addressed and not integrated to advance local economies.

Furthermore, there are inadequate sector-based cutting-edge research programmes aimed at unlocking potential zones for advancing Local Economic Development (LED) programmes and to also provide an inclusive platform for all role players to ensure maximum participation.

Socio-cultural factors Cultural trends, demographics, population dynamics, and other variables must be addressed. The principal challenges of inequality, poverty, joblessness and the need for basic services still persist and manifest themselves in different ways in communities. Demographically, children and women constitute the bigger proportion of those affected by these social imbalances.

Many South Africans still live on the periphery of the main centres of opportunity, spend the majority of their salaries on transport to access work, and are generally marginalised in the mainstream economy.

Post democracy in 1994, South Africa underwent a period of reform in order to address inequalities and effect broad social change. As part of this, the Municipal Demarcation Board began determining the locations of local government boundaries in 1998. The traditional communal lands and rural villages were often split by municipal boundaries which failed to follow complex social boundaries. Contest between the government and traditional governance over land resulted in escalation of disputes. A duality in governance in traditional rural areas was thus created and rural communities were severely affected. (South African Journal of Geomatics, Vol. 2, No. 4, August 2013).

Furthermore, some communities and traditional leaders (in terms of their historical/traditional boundaries) are critically affected with dire dynamics and consequences, such as the instrumentalisation of ethnicity that results in community protests.

Mergers that result from the demarcation processes do not necessarily improve performance in merged municipalities. Instead, the less resourced or poorly performing municipalities affect the resources or performance of the erstwhile better-resourced or performing municipalities. Literature suggests that municipal boundary redetermination does not always yield the economies of scale or efficiency gains in the fiscal outcomes (FFC). The demarcation process can be very costly and disruptive in nature which can detract municipalities from their core business and result in unintended economic consequences such as increase in backlogs and more indigents. The disruptive effect of the merger can be seen in the expenditure and revenue figures for the City of Tshwane.

During the first post-merger year (2011/12), expenditures in the incorporated municipalities shot up, although most of these expenditures were not budgeted for, while revenues from the incorporated municipalities declined. The three municipalities did not contribute to an increase in the city's tax base, as the inherited municipalities were relatively poor and a large percentage of their populations was indigent. As a result, the city found itself with a huge deficit.

On spatial transformation and social cohesion, the local economic reality is still characterised by pervasive (and increasing) inequality. Some municipalities still service communities that are characterized by an increasing socio-economic gap, resulting in disparate services being rendered to these diverse communities in the same municipality. The exponential population growth due to internal migration and influx into the metropolitan areas and cities/towns continues to affect the existing infrastructure and services in those municipalities with the pull factor.

Technological factors external to SALGA that may affect the operations, local municipalities and the sector beneficially or adversely depend on the existence and efficacy of the country's Information and Communication Technology (ICT) policy framework.

Since 1994, the government has passed laws to regulate and liberate the ICT sector, which has seen a marginal growth in the sector but significant strides in liberalising the industry and spawning new technology capabilities and staying abreast of developments and trends. The laws were in the areas of telecoms, broadcast and Information Technology.

As a result, South Africa is endowed with a relatively larger and stable telecom infrastructure, able to service the growing urban populations and industries. In addition, Cabinet has approved a number of ICT policy papers, blue print and frameworks to facilitate access to information, technology, electronic services (e-government), as well as protection of that information from malicious access and usage. A monumental breakthrough is the establishment of the SKA in the Northern Cape as a strategic platform to advance IT capabilities.

According to a recent 2015 study, cell phone penetration continues to grow with current statistics sitting at 133% and unique ownership at 89%. Although the number of those who own smartphones is lower compared to developed countries South Africa has the highest number

with over 34% of the cell phones in the market regarded as smart phones. In 2013 the smartphone ownership was sitting at 22%, which means a 12% improvement within 2 years.

An investment in ICT (5th utility, free WiFi, etc.), data intelligence and innovation as a strategic enabler for efficient service delivery, economic growth & competitiveness and spatial transformation is key.

Currently, the IT infrastructure and solutions roll-out mainly focuses on the city region communities, while other communities still lack these. Although a lot has been done to enable the building of massive ICT infrastructure, a lot still needs to be done to increase access to the infrastructure. One of the major challenges is the high cost of infrastructure and data, unavailability of infrastructure in rural areas and lack of skills in our communities and the inability by some municipalities to afford the sourcing and servicing of IT solutions. There is a deemed duplication of powers and functions experienced at implementation level among various organs of state, which continues to affect the sector. This distresses the aspired process of integrated planning and implementation among role-players operating in the local government space.

Associated with the above is the need to conduct a periodic review of powers and functions across the sector to respond to the changing regulatory environment and implementation contextual dynamics. For example, those functions (and associated mandates or delegations), which have the most immediate developmental impact on citizens, may be reviewed to be a legal responsibility of local government. Part of the review process could include sourcing additional mandates to allow the organisation to enforce certain obligations from members in order to improve performance could be considered.

The newly established Legislation Review Committee in Parliament is a beneficial platform for tabling identified policy and legislation review areas affecting the sector. This requires an establishment of multi-functional local platforms to feed into this process, based on practical local implementation feedback.

Currently, there are no legal provisions for extending Section 106 and Section 71 reports to SALGA. This data could be utilized to inform intelligent planning and support interventions of the organisation. SALGA has a role to play in the implementation of co-operative government

functions, as captured in Chapter 2 (3) (a)-(d) of the Local Government: Municipal Systems Act, 2000, Act no 32 of 2000:

- a) Develop common approaches for local government as a distinct sphere of government;
- b) enhance co-operation, mutual assistance and sharing of resources among municipalities;
- c) find solutions for problems relating to local government generally; and
- d) Facilitate compliance with principles of co-operative governance and intergovernmental relations.

This is implemented alongside other role-players in the sector through an integrated approach, the success of which depends on clear mandates and a sound coordination system, in the form of the IGR system, which is currently functioning inadequately.

The misalignment of financial years between the spheres of government presents challenges on the planning, budget implementation and accountability of government. A review of applicable sections in the Public Finance Management Act, the Municipal Finance Management Act and associated legislation and regulatory framework is critical to ensure seamless processes.

Environmental/Geographical factors relate to circumstances associated with physical location, which affects municipalities and communities. They also address the impact of localized conditions on political, economic and social aspects of a society. This aspect of the PESTLEG is crucial for SALGA and municipalities, particularly for landing regional economies around tourism, farming, agriculture, etc.

Spatial planning, as a core element for sustainable development, is mainly intended to:

- a) Spatially redress inequalities by moving services and economic activities closer to the communities or communities closer to services and economic opportunities;
- b) Make better use of infrastructure through densification and integration of all communities.

There has been a number of fundamental changes in spatial planning and land use management as spatial development has slowly improved for the better, mainly in urban areas. However, the actual spatial transformation is still outstanding as the inherent past apartheid policies and infrastructure design still maintain, thus locking out most communities from cities, towns and developed areas. Economic opportunities and services are not strategically positioned close to where benefiting communities are.

Municipalities are not always empowered to guide land development initiatives due to existing historical private land ownership dynamics. The introduction of SPLUMA has presented local government with an opportunity to advance spatial transformation and development in both rural and urban environments.

Government at national level needs to determine policy on how land should be managed in order to resolve the current impediments and assist municipalities to unlock land for development and to realise spatial transformation.

With regard to environmental issues,

- Climate change resulting in drought, heat waves and shortages of water supply has adversely affected some municipalities. Although it has not been fully mitigated, community awareness and integrated management is improving;
- Water pollution continues to impact on healthy communities;
- Waste and recycling are not effectively managed;
- Renewable energy and energy efficiency are not mainstreamed in the agenda and budgets of municipalities.

Internal environment

Organizational structures, policy choices, resource deployment, internal constraints, and service delivery practices or models have an influence on public program performance. Therefore, an analysis, understanding and address of the current regional and national state of affairs in the organizational environment (systems, people, organizational design, resources, internal technology capability – SPORT) is critical in order to provide assurance to SALGA and its stakeholders that the operational priorities and strategic objective outcome goals espoused in the 2017-22 Strategic Plan will be realised.

Systems, processes and procedures

The first step in developing a holistic view of SALGA's organizational system is to define the higher-level system (sector in this instance) in which it exists and operates, including its role or purpose in that higher-level system by responding to questions such as:

- Where does SALGA fit in the scheme of things?

- What kind of role does it play?
- What value does it bring to the purpose of the higher-level system?

In terms of the above, SALGA

- Is clear about its mandate, roles and functions in the sector and across government;
- Is, however, deemed to be duplicating what COGTA and municipalities can or are doing;
- Needs to redefine its offerings to be outcomes and impact driven as this will enhance its value to its clients and to the sector at large;
- Needs to conduct self-introspection, unlearn and re-educate officials on what SALGA is and why it exists in order not to deviate from the mandate while reinforcing good achievements of the past.

SALGA innovation and thought leadership should be grounded on policy for ease of implementation and foster accountability across the board. For example, the diversification approach continues to be the preferred model for planning, financing, implementation of intervention programmes, etc. Currently, there is no platform or policy created to ensure its implementation because the current one-size-fits-all approach has proven to be an inadequate model for servicing municipalities.

In relation to performance in the IGR structures, SALGA needs to ensure an enhanced performance beyond just forum attendance. Likewise, SALGA should play a key intermediary role to reduce the disjuncture between the province and local government under the current state of affairs in order to entrench IDPs and to advance the transformation agenda. Furthermore, SALGA engages more with provincial and national departments and associated entities, instead of broadening its scope as it requires more partners in implementing its mandate, hence the need for structured identification and utilisation of strategic partnerships to advance SALGA capabilities across the board.

Knowledge management and information sharing to the benefit of key role-players (national office, provincial offices and municipal level) is not adequate. The creation of the Knowledge Hub and other platforms for coordination and engagement among municipalities (such as the Municipal Managers Forum) is plausible and should be enhanced to cater for learning networks and benchmarking across municipalities, locally and internationally.

People (human resource) management

The nature and function of SALGA as a thought leader compels the organisation to rely on an intelligent procurement of its human resource element. The proportionate representation of its human resource establishment, in terms of operational staff geared to deliver on SALGA's mandates on the one hand and support staff on the other hand, should be carefully balanced.

Currently, the organisation is represented at national and provincial levels, while the consumers of its service are at local level of government. Accordingly, SALGA has structured its human resource, particularly the specialised services, at national and provincial offices, with no structured footprints at the coalface. Furthermore, the need to secure more specialists at provincial offices remains a priority as some requisite expertise still remains at national level. Resourcing (people) of units at SALGA provincial levels is currently a blanket approach although provincial dynamics and magnitude of work differ.

More human resources are required to service the municipalities on a hands-on basis. Currently, SALGA services municipalities remotely due to lack of localised human resources in expert areas, such as legal advisory.

Associated with the above is the need for the organisation to assist municipalities to recruit quality and competent personnel into their administration, as this will ensure innovation and sustainability of intervention programmes and to also reduce demand pressure on national and provincial SALGA staff. Additionally, in order to reduce the duplication (finances and products) of outsourcing the same expert services by more municipalities within the same proximity in relation to expertise that is external to SALGA's mandate or area of expertise, there is a need to develop a policy on how these services are sourced and utilized using a pooled/shared services approach.

Organisational design, structure and functional areas

SALGA has opted to organize its business based on the different functions that are associated with its mandate and those supporting the implementation of its mandate. These are designed in a hierarchical structure, with eight distinct directorates, managers and staff members. The work coordination is centrally located with the Chief Executive Officer at the helm, supported by nine Provincial Executive Officers managing similar provincial structures.

Resource (physical and financial) management

Overall, the current SALGA resources prove inadequate to address or realize organisational outcomes. Resourcing (physical and financial) of provincial SALGA units is currently standardized regardless of the differing provincial dynamics and magnitude of work.

With regard to municipalities, a differentiated fiscal framework, including consideration of MFMA differentiated application for cities; districts/regional economies; and smaller B3 and B4 municipalities require proper lobbying based on a sound policy. This would include promoting an incentivized fiscal system based on performance, which increases conditionality and ring fencing in none or poor performing municipalities, while increasing discretion and space afforded to high performing and good governance municipalities.

Technology (internal to SALGA) management

Technology is a critical and fundamental strategic enabler, which provides the opportunity to transform an organisation and ensure that service is delivered efficiently and effectively. The 4th Industrial Revolution – digitalisation is what this generation understands as normal:

- Data and data usage arising from data driven technology changes who and how we govern, coupled with changes in energy production, sewage management, communication, urbanization, employment, governance;
- The Internet of Things (IoT) is expanding rapidly and relentlessly; and
- Vehicles, machines, street lights, wearables & host of other devices are being embedded with software, sensors, and connectivity at breakneck pace.

The implications and opportunities this presents for locally connected governance:

- For municipalities, it could mean looking at efficient land use and transport systems, alternative ways to provide essential services – water, electricity, sewage and governing with fewer and declining resources.
- Harnessing the potential provided by technology and digitalisation will enable us to:
 - a) Govern internally – using technology to improve efficiency whilst reducing labour and management costs
 - b) Govern externally – to engage with our citizens in real time and in ways that make sense to them
 - c) Provide services through new ways of planning providing and managing social and economic infrastructure
 - d) Manage debt and local revenue generation

- e) Enhance strategic or SMART governance, i.e. capable administration, sound financial practice, good governance, integrated municipal management, indicators, and IGR framework implementation
- f) Integrate Social and Economic Development – putting people first, service delivery, responsive government, spatial economic informants
- g) Ensure Spatial Transformation – Strategic SDFs, performance based LUMS, policy-based decision-making

In light of the opportunities and strengths of the sector and the ICT industry, SALGA and the municipalities can take advantage of emerging technology to improve the local government sphere of government and the value derived. Furthermore, there is a need to integrate all existing organisational internal systems (HR, Finance, etc.); in line with the organisational strategy and the ICT architecture and platforms; to ensure a digitally efficient organisation is prime in ensuring the reduction of duplicated systems and data management.

SALGA PLANNING APPROACH

Strategic goals and objectives

The recently developed Five – Year Strategic Plan for the period 2017-2022 is the central policy thrust for the development of the Annual Performance Plans for SALGA. The strategic goals contained in the strategic plan represent a long-term outcomes that SALGA will champion as a basis of driving service delivery, spatial transformation, growth and development in local government.

These goals becomes the basis for measuring local government success in a long term through their associated strategic objectives. They also serve as a focal point for partners and stakeholders to lead and participate in interventions that are geared towards transforming and developing local government.

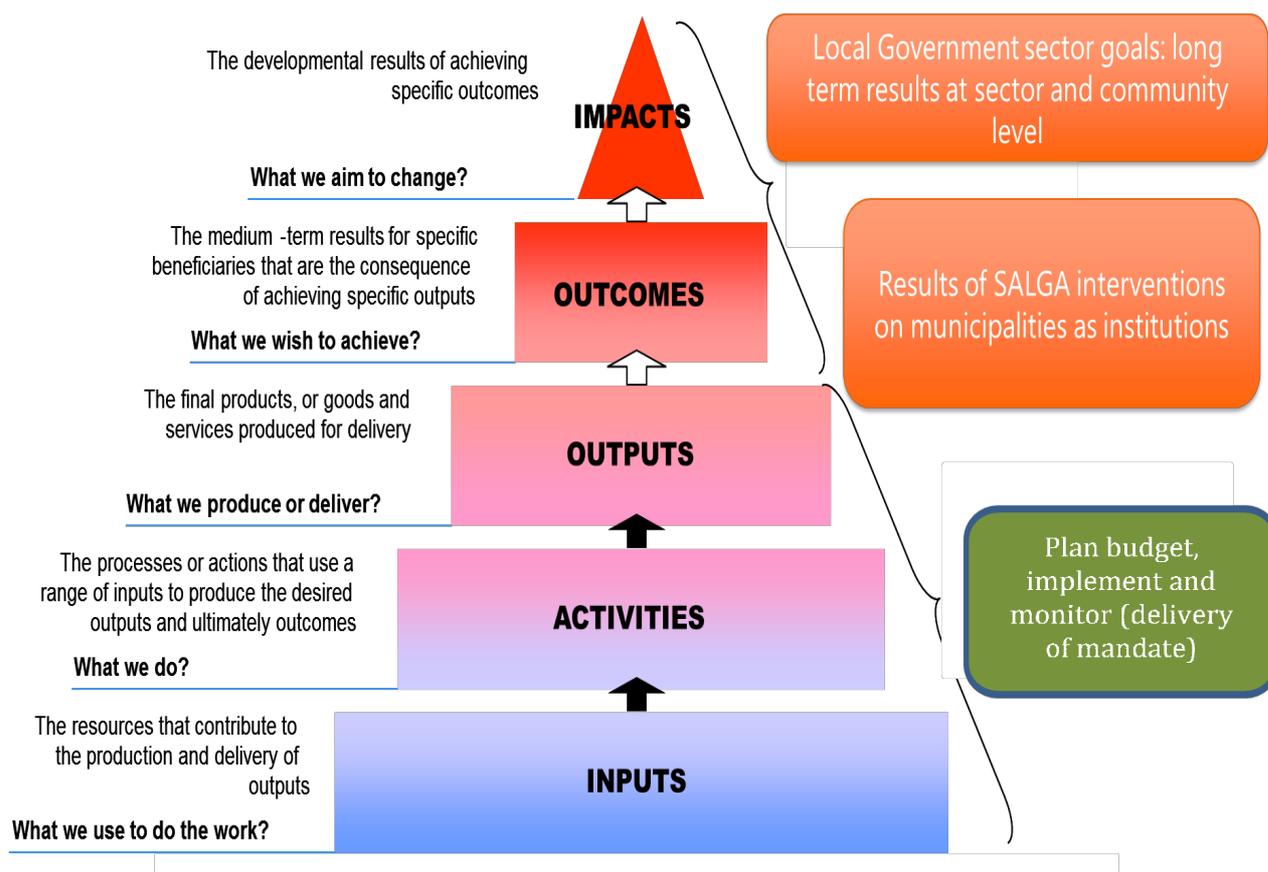
The table below depicts the goals and associated strategic objectives as identified in the SALGA Strategic Plan 2017-2022:

GOALS	STRATEGIC OBJRCTIVES
Goal 1 - Sustainable, Inclusive Economic Growth Underpinned by Spatial Transformation	<ol style="list-style-type: none"> 1. Strategic Objective 1 - To implement a sustainable Urban Development Programme 2. Strategic Objective 2 - To support regional economic strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion 3. Strategic Objective 3 - To promote high quality and reliable service provision and infrastructure investment 4. Strategic Objective 4 - To strengthen the role of local government in community development and social cohesion
Goal 2 - Good Governance & Resilient Municipal Institutions	<ol style="list-style-type: none"> 5. Strategic Objective 5 - To strengthen oversight and accountability and transparent leadership practices 6. Strategic Objective 6 - To Modernise governance systems and processes through the use of digital technology and exploration of new models of interface with communities 7. Strategic Objective 7 - To foster sound and productive labour relations 8. Strategic Objective 8 - To Professionalise Local Government
Goal 3 - Financial Sustainability of Local Government & Greater	<ol style="list-style-type: none"> 9. Strategic Objective 9 - To develop and support the implementation of financial strategies for the long-term sustainability and viability of local government 10. Strategic Objective 10 - To support innovative revenue

Fiscal Equity	enhancement strategies for local government 11. Strategic Objective 11 - To strengthen financial management systems and controls
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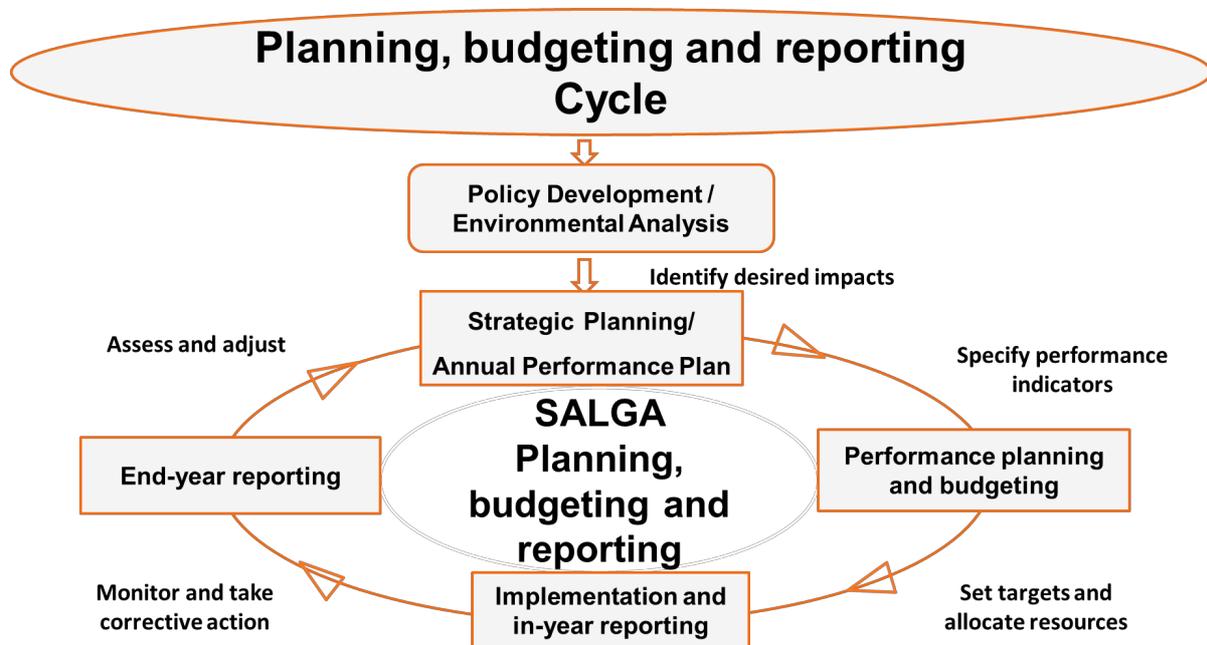
SALGA logic model

In 2010, the National Treasury published a “Framework for Strategic Plans and Annual Performance Plans” which attempts to align strategic and annual performance planning with emphasis on the outcomes oriented monitoring and evaluation approach. It has been prepared to give effect to existing policy and legal requirements such as the Constitution, PFMA, MFMA and the Government-wide Monitoring and Evaluation System. The diagram below presents the key performance information concepts aligned to the outcomes oriented approach.



Source: Framework for Strategic Plans and Annual Performance Plans, National Treasury: September 2010

SALGA being a schedule 3A public entity and governed by the PFMA, has adopted the above model in developing the 2019/20 Annual Performance Plan. The diagram below represent the organisation’s planning, budgeting and reporting cycle:



2019/20 APP planning process

Various planning sessions were facilitated throughout the organisation with the objectives to:

- Analyse the emerging trends and challenges that continues to hinder service delivery;
- Determine the state of local government;
- Analyse SALGA’s past performance; and
- Determine key deliverables for 2019/20.

The 2019/20 planning process commenced with the survey from member municipalities and stakeholders on what SALGA’s areas of focus should be for the 2019/20 financial year. A questionnaire was developed and circulated to municipalities in July 2018 to identify issues for SALGA’s intervention.

Upon receipt of feedback from municipalities with identified topics for SALGA’s intervention, those were packaged provincially for discussion in the SALGA governance structures. These topics also

informed the discussions in all the nine Provincial Members Assemblies (PMA) which took place between August and November 2018. The table below indicates the dates on which the PMAs were convened.

Province	PMA date
Eastern Cape	27 – 28 August 2018
Free State	13 – 14 August 2018
Gauteng	04 – 05 September 2018
KwaZulu-Natal	16 – 17 August 2018
Limpopo	07 – 08 August 2018
Mpumalanga	02 – 03 August 2018
Northern Cape	26 – 27 November 2018
North West	10 – 11 October 2018
Western Cape	20 – 21 August 2018

Each PMA emerged with asset of resolutions from the deliberations that took place during the sessions. The resolutions were therefore unpacked and considered in the Draft Annual Performance Plan which was packaged and presented at the SALGA’s second highest decision making body, the National Members Assembly (NMA) held on 10 – 12 December 2018. The NMA endorsed the draft APP and recommended that the plan be submitted to the relevant authorities once finalised.

SALGA invested energy in ensuring that the 2019/20 Annual Performance Plan (APP) reflect a new generation of annual performance. This APP follows the National Treasury Framework extensively and ensures that the measurement of this APP is clearly defines and can lead to the measurement of outcomes and impact in a long run.

PART B:
PROGRAMME/
SUB-
PROGRAMMES

PROGRAMME 1: SUSTAINABLE, INCLUSIVE ECONOMIC GROWTH UNDERPINNED BY SPATIAL TRANSFORMATION

Programme purpose

The main thrust is to foster integrated and sustainable urban development and management; regional economic growth inclusive of rural development and bring about social cohesion.

Strategic objective

- a) To implement a sustainable urban development programme.
- b) To support regional economic strategies and effective Land Use Management approaches as drivers for economies of scale and social cohesion.
- c) To promote high quality and reliable service provision and infrastructure investment in supportt of economic strategies.
- d) To strengthen the role of Local Government in Community Development and Social Cohesion.

Alignment to strategic objectives

PART C: LINKS TO OTHER PLANS

RISK REGISTER

In line with best practice, SALGA has conducted a robust Strategic Risk assessment following Enterprise Risk Management (ERM) process, founded on a framework that has been developed by National Treasury, organisationally embedded into Risk Management Policy, supported and approved by the NEC. SALGA identified five Strategic Risks which had potential to prevent the organisation in achieving its objectives for 2019/20 financial year.

The following are the identified Strategic risk and their mitigation strategies for 2019/20:

RISK TITLE	RISK BACKGROUND	ACTION PLAN
Risk 1 Inability to fund SALGA operations	a) Over dependence on a single revenue source i.e. membership levies leading to uncertainty on the ability of SALGA to continue as a going concern. b) The PFMA listing of SALGA places a number of obligations on the organisation including the limitation to look for alternative revenue streams by providing services for a fee resulting in over reliance on membership levies. c) Inadequate/ Ineffective Revenue Management which sometimes leads to inadequate collections levels in certain municipalities. d) Voluntary nature of SALGA membership may lead to some members withdrawing their membership and some refusing to pay membership levies due to political differences.	1. Diversify SALGA Revenue generating capacity by development of paid services model. 2. Engaging National Treasury and COGTA on listing SALGA properly. 3. Engagement with COGTA and Nation Treasury for support regarding SALGA revenue model.
Risk 2 Misunderstanding of SALGA's mandate by stakeholders.	a) Misunderstanding of SALGA's mandate by stakeholders leading to failed stakeholder expectations b) Inadequate profiling of SALGA c) SALGA website not timeously updated	1) Implementation the Integrated marketing, communication and stakeholder strategy. 2) Redesign and updating of the SALGA website
Risk 3 Misappropriation of SALGA intellectual property	a) Theft and or inappropriate use of SALGA developed products b) SALGA'S intellectual property not adequately patented	1) Knowledge Management Unit to identify all key innovations and products that's needs to be patented and engage Legal Unit for patenting.
Risk 4 Untimely and/or Irrelevant	a) Delay in providing requested support to the Municipalities. b) Non timely updating of SALGA staff knowledge on	1. Implementation of Personal / Professional development plans. 2. Resuscitate a log

RISK TITLE	RISK BACKGROUND	ACTION PLAN
support by SALGA to municipalities	current changes in the Local Government environment such as Mscoa, GRAAP, etc	<p>register for all the request that come from the members.</p> <p>3. Record and track all request from the members.</p>
<p>Risk 5</p> <p>Confusion amongst employees and stakeholders regarding their role in driving the new SALGA strategy.</p>	<p>a) A new five (5) year SALGA Strategic Plan and Annual Performance Plan have been developed. These emphasise among others, more focused targets, better outcomes and impact. This may require employees to do some things differently.</p> <p>b) Inadequate change management process to ensure that the organisation is ready to deliver its mandate and new strategy effectively</p>	<p>1. Implementation of the Change Management process as per Change Management Strategy.</p>

FINANCING THE PLAN

Overview

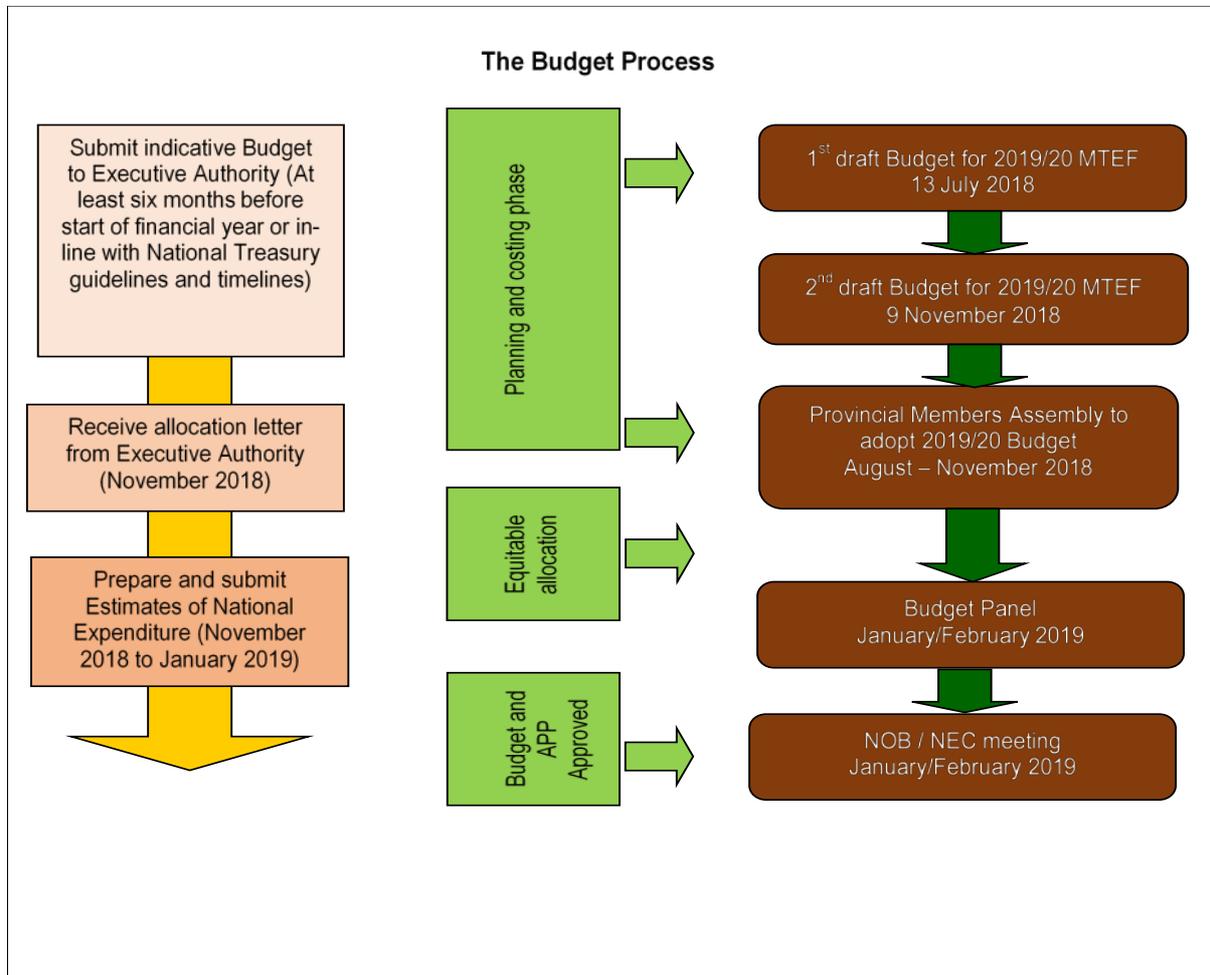
The organisation's budget is informed primarily by the organisational 5-year strategic plan 2017 – 2022 and the Annual performance for 2019/2020 together with the Budget management policy and the MTEF guidelines. Budget parameters were set based on prevailing and projected economic conditions as well as available resources for 2019/20. This represents the second year of the new 5 year strategy. These budget parameters are designed to ensure that the organisational budget is affordable; sustainable; realistic; and credible. SALGA is not immune to budgetary constraints that dictate priority areas for a specific planning year.

The budget has taken into account the published cost control measures as outlined on all National Treasury Instructions in respect of Cost Containment Measures. In order to deal equitably with competing demands from various business units for resources, the organisation's budget management policy established a *"Budget Panel"*. The 'Budget Panel' is a vital governance structure where the various competing needs are weighed assisted by the Model against realistic available resources; and organisational priorities as informed by Annual Performance Plan for the year 2019/20 and the Strategic Plan 2017 - 2022. The *"Budget Panel"* ensures **an equitable allocation of budget**.

SALGA is going through an intense Organisational Re-design and a process of developing a new Operating Model which have not yet been completed. The roll out of these projects will ultimately affect the method of budgeting that moves away from Business units into Clusters and also specific project by project basis.

Budget Process

The process to develop the budget is protracted and robust, which is best described diagrammatically below (highlighting the critical governance and administrative structures).



Key highlights

Projected revenue over the MTEF period are as follows:

Operating Revenue (Incl. Interest received)	2019/20 Financial year	2020/21 Financial year	2021/22 Financial year
Total Revenue	R 679 949 000	R 723 288 000	R 763 633 000

The costs per Objective are tabulated below:

PER OBJECTIVE R thousand	Audited Outcome			Revised estimate	Medium-term estimate		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Administration (Enablers)	237 112	275 470	233 099	268 454	280 527	294 593	310 467
Goal 1 - Sustainable inclusive economic growth and re	131 771	143 072	182 173	253 947	246 395	264 922	280 095
Goal 2 - Good governance and resilient municipal institu	90 255	133 222	109 302	105 184	104 426	112 281	118 214
Goal 3 - Financial sustainability of local government and	36 640	42 885	72 869	33 933	48 027	51 083	54 335
Total expense	495 778	594 649	597 443	661 518	679 375	722 879	763 111

Budget parameters

R thousand	Medium Term Estimates		
Budget Parameters	2019/20	2020/21	2020/21
Administrative Costs Growth Rate - Projected Consumer Price Index (CPI)	5.3%	5.5%	5.5%
Employee Costs Growth Rate - Projected Consumer Price Index (CPI plus 100 basis points)	6.3%	6.5%	6.5%
Operating Expenditure	R 679 375	R 722 880	R 763 111
Total Revenue (incl. Interest received)	R 679 949	R 723 288	R 763 633
Early Settlement Discount - Estimation based on prior year take up	R 8 000	R 8 000	R 8 000
Net Membership Levies	R 590 599	R 632 479	R 697 559
Government Grant - Executive Authority	R 34 954	R 36 877	R 38 905
Membership Levy Formula (Proposed)			
Metropolitan Municipalities	Flat Rate plus CPI plus 1% using 2018/19 base year	Flat Rate plus CPI plus 1% using 2019/20 base year	plus CPI plus 1% using 2020/21 base year
Districts & Local Municipalities	1% of Salary Budget, Minimum of R500k	1% of Salary Budget, Minimum of R500k	1% of Salary Budget, Minimum of R500k

Statement of financial performance

The Statement of Financial Performance sometimes referred to as an Income statement provides information on the financial performance of the entity during a specified period. Users of the statement use historic information to predict future trends, while investment and credit decisions are based on the particular parties' prediction of future events, such as the ability to generate cash flows from an existing resources base, an entity's historic performance is also used for these decisions. The table below depicts the projected financial performance for the 2019/20 MTEF as well as history for three prior years and the revised projected estimate for the 2018/19 financial year.

Statement of financial performance	Audited Outcome			Revised estimate	Medium-term estimate		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
R thousand							
Revenue							
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	495 754	554 920	561 524	585 720	597 499	642 379	708 959
Sale of goods and services other than capital assets	465 497	525 453	533 180	570 722	590 599	632 479	697 559
<i>of which:</i>							
<i>Administrative fees</i>	-	-	-	-	-	-	-
<i>Sales by market establishment</i>	465 497	525 453	533 180	570 722	590 599	632 479	697 559
<i>Other sales</i>	-	-	-	-	-	-	-
<i>Other non-tax revenue</i>	30 257	29 467	28 344	14 998	6 900	9 900	11 400
Transfers received	27 146	54 754	44 107	76 200	82 450	80 909	54 674
Total revenue	522 900	609 674	605 631	661 920	679 949	723 288	763 633
Expenses							
Current expenses	495 778	594 649	597 443	661 518	679 375	722 880	763 111
Compensation of employees	294 042	331 132	329 825	408 568	432 325	458 699	487 229
Goods and services	193 117	255 418	258 351	242 360	236 939	253 513	264 629
Depreciation	7 592	6 634	8 127	8 304	8 744	9 225	9 732
Interest, dividends and rent on land	1 027	1 465	1 140	2 286	1 367	1 442	1 522
Transfers and subsidies	-	-	-	-	-	-	-
Total expenses	495 778	594 649	597 443	661 518	679 375	722 880	763 111
Surplus	27 122	15 025	8 188	402	574	408	522

Revenue trends

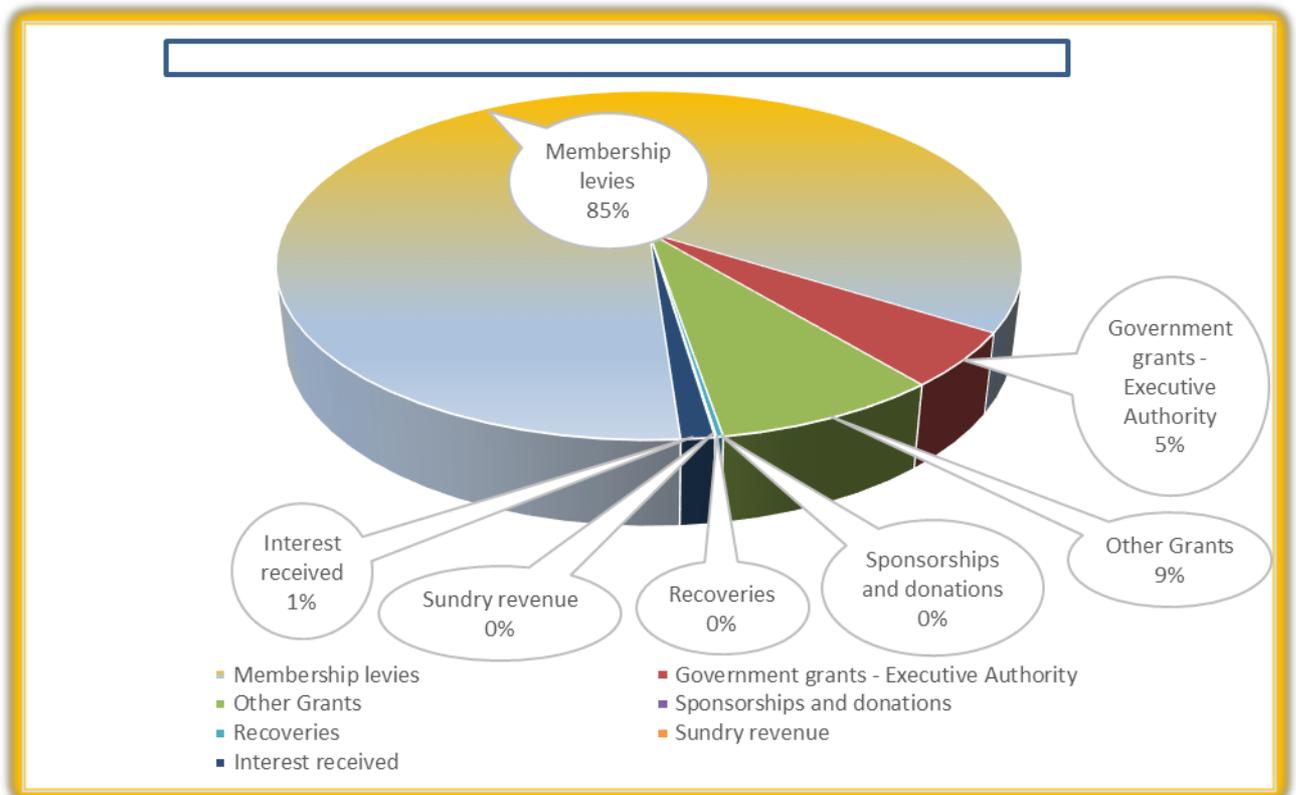
Revenue from membership levies remains the major contributor to the organisations total income comprising 85 percent of total revenue in the 2019/2020 financial year; the trend persists and increases over the MTEF period with membership levies comprising an average around 85 percent of total revenue over the MTEF period. This percentage is largely based on the assumption that National Treasury through Department of Cooperative Governance and Traditional Affairs re-instate the grant allocation to SALGA that was initially transferred in prior years. Membership levies growth rate in the 2019/2020 financial year is 4 percent; and growth for the two outer years 2020/21 and 2021/22 is 7 percent and around 8 percent, respectively. The membership levy formula has been kept the same as

prior years. The organisation is compelled to maximise the membership levy revenue stream in order to continue fulfilling its legislative mandate of representing the local government sphere at inter-governmental fora.

Revenue distribution (by revenue type)

SALGA's main source of revenue is membership levies and they contribute 85 percent to total income in 2019/20 financial year. The distribution of other revenue streams is illustrated on the graphic below.

Revenue distribution 2019/20:



Expenditure trends

The total projected operating expenditure for 2019/20 is R679 million with the main focus of the following goals:

- Goal 1) Sustainable, Inclusive Economic Growth and Spatial Transformation;
- Goal 2) Good Governance & Resilient Municipal Institutions;
- Goal 3) Financial Sustainability of LG and Fiscal Equity.

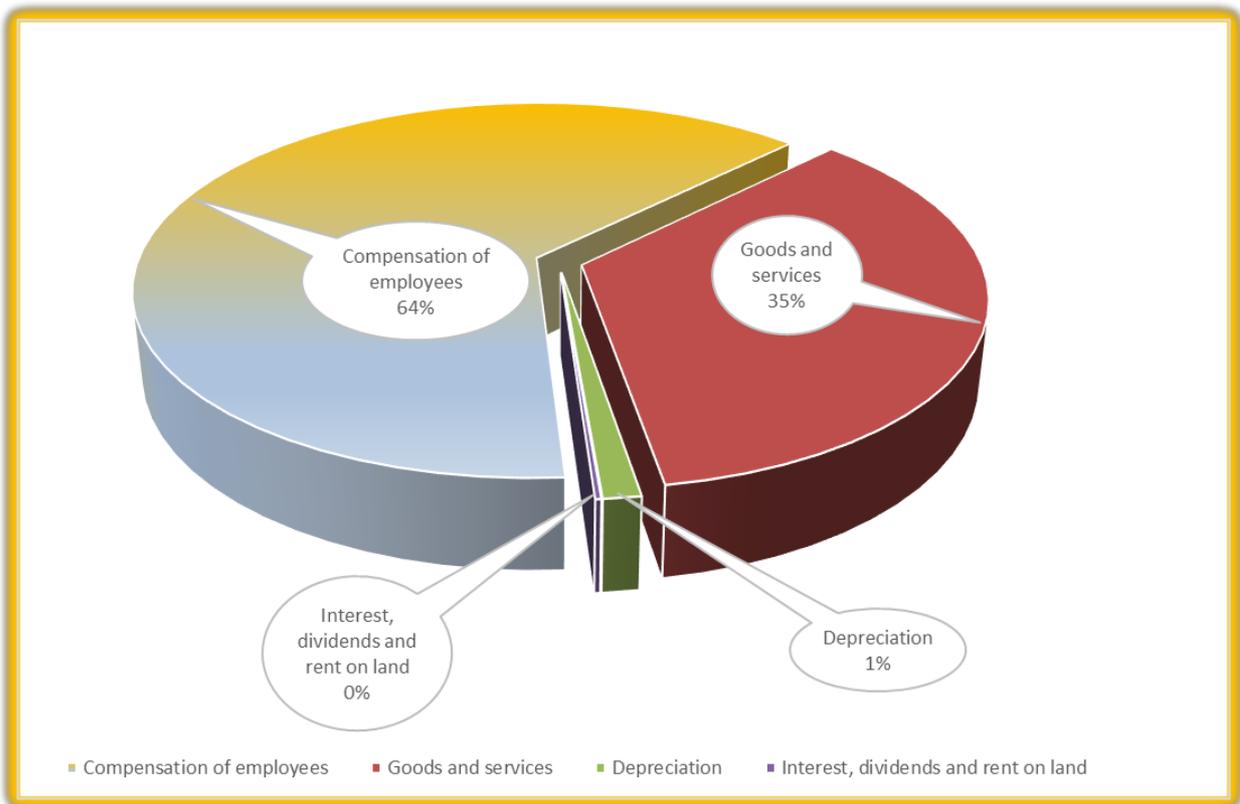
The identified enablers are:

- 1) ICT;
- 2) Data Intelligence;

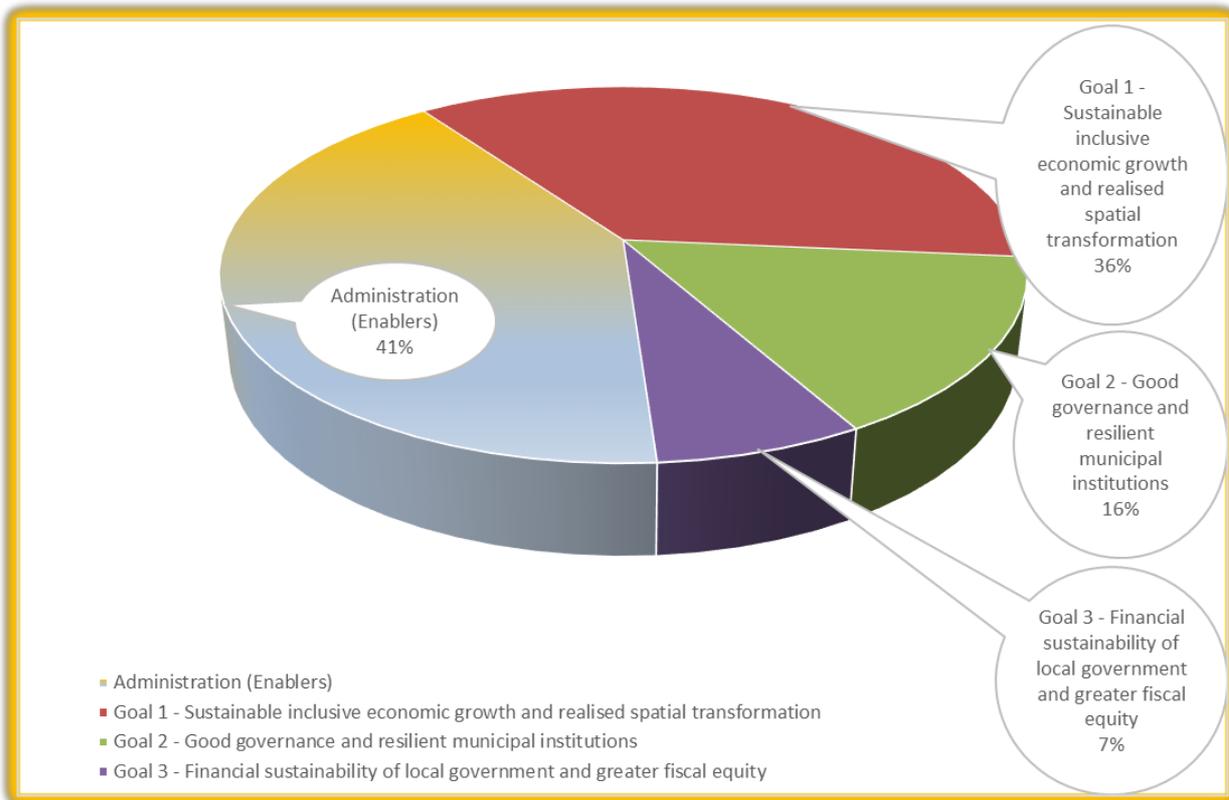
- 3) Innovation;
- 4) Research;
- 5) Efficient and effective administration;
- 6) Marketing and communication; and
- 7) Strategic Partnerships.

The distribution of operating expenditure by economic classification is illustrated on the graphic below.

Expenditure distribution 2019/20 per classification:



Expenditure distribution 2019/20 per classification:



Capital expenditure

Asset acquisitions	Revised estimate	Medium-term estimate		
		2019/20	2020/21	2021/22
<i>R thousand</i>	2018/19			
Acquisition of assets	14 064	115 471	117 018	118 720

The draft projected capital acquisitions for 2019/20 amount to R115 million and are driven with a main focus in procuring office buildings and also based on the projected replacement of equipment including personnel growth/requirements. The nature of SALGA’s capital acquisitions is operating capital such as furniture & fittings, IT equipment; and office equipment. New headcount additions to SALGA’s establishment attract these capital items since they are required as tools of trade for personnel. Also provisioned in capital additions for 2019/20 is the acquisition of SALGA offices in the various provinces to improve the cost savings through rental cost over the longer term and also to sub-let a portion of space to improve the organisation’s revenue streams.

Statement of financial position

The Statement of Financial Position, portrays the economic resources of an entity, the claims against these resources and the impact of transactions, events and circumstances on these resources and claims against resources, as well as the liquidity and solvency of the entity.

This information is useful for the prediction of the ability of the entity to generate cash and cash equivalents and the amounts, timing, and uncertainty of its future cash flows, as well as how successful the entity is likely to be in raising of funds. Information on liquidity and solvency is used to predict the ability of the entity to meet its commitments when they become due. Such information helps investors, creditors and others to identify the entity's financial strengths and weaknesses, and indicates the cash flow potentials of some economic resources and the cash needed to satisfy most claims of creditors.

Financial position	Audited Outcome	Audited Outcome	Audited Outcome	Revised estimate	Medium-term estimate		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Carrying value of assets	34 415	36 781	56 695	127 332	6 600	127 332	133 972
<i>of which:</i>							
Acquisition of assets	(9 716)	(9 818)	(19 636)	(437 100)	(52 600)	(61 100)	(64 263)
Investments	1 084	3 430	1 124	1 028	1 028	1 028	1 028
Receivables and prepayments	67 583	89 329	124 493	27 750	26 550	26 550	28 010
Cash and cash equivalents	120 199	130 270	89 059	276 392	256 808	256 808	270 932
Total assets	223 281	259 810	271 371	432 502	290 986	411 718	433 942
Accumulated surplus/(deficit)	136 363	151 388	159 576	354 970	215 900	336 632	358 856
Capital and reserves	2 260	2 260	2 260	2 260	2 260	2 260	2 260
Capital reserve fund	1 293	9 996	10 270	–	–	–	–
Finance lease	2 846	1 303	1 889	8 654	9 138	9 138	9 138
Deferred income	–	818	–	2 607	2 753	2 753	2 753
Trade and other payables	66 902	77 223	84 999	61 357	58 133	58 133	58 133
Provisions	13 617	16 822	12 298	2 654	2 802	2 802	2 802
Total equity and liabilities	223 281	259 810	271 371	432 502	290 986	411 718	433 942
Contingent liabilities	–	–	–	–	–	–	–

The draft statement of financial position reflects a financially stable organisation over the MTEF period with positive reserves at R216 million in 2019/20 and for the outer years to R337 million; and R359 million, respectively. The outlook remains consistent for both outer years, indicating that the organisation will be liquid over the MTEF cycle. The positive liquidity ratio also addresses the going-concern issue as previously raised by the Auditor-General. The organisation is projecting to generate positive cash-backed reserves, to manage the misaligned financial years with its members and eliminate the cash flow risk as a result of dependency on a single source of revenue.

Statement of cash flows

The cash flow statement provides information on the changes in financial position in order to assess the entity's investing, financing and operating activities and how the entity acquires and distributes cash and cash equivalents, as well as its ability to generate cash and cash equivalents and its need to utilize cash flows.

Statement of Cash Flows							
Cash flow data	Audited Outcome			Revised estimate	Medium-term estimate		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
R thousand							
Cash receipts from stakeholders	493 266	587 948	605 631	647 419	679 918	723 286	763 632
Tax receipts	-	-	-	-	-	-	-
Sales of goods and services other than capital assets	465 972	535 864	541 727	592 221	605 498	651 379	718 459
Transfers received	9 215	32 197	37 451	45 600	67 920	65 907	39 173
Interest and rent on land	18 079	19 887	26 453	9 598	6 500	6 000	6 000
Cash paid to stakeholders	517 169	565 746	497 521	537 106	455 802	480 870	507 318
Current payments	517 169	565 746	497 521	537 106	455 802	480 870	507 318
Compensation of employees	294 042	331 132	329 825	311 868	332 451	350 735	370 025
Goods and services	222 099	233 149	166 556	222 963	120 946	127 598	134 616
Interest and rent on land	1 028	1 465	1 140	2 275	2 405	2 537	2 677
Cash flow from operating activities	(23 903)	22 202	108 110	110 313	224 116	242 416	256 314
Cash flow from advancing activities (Financial Institutions)	-	-	-	-	-	-	-
Cash flow from investing activities	(9 716)	(11 920)	(19 636)	(437 100)	(52 600)	(61 100)	(64 263)
Acquisition of property, plant, equipment & intangible assets	(9 716)	(9 818)	(19 636)	(437 100)	(52 600)	(61 100)	(64 263)
Other flows from Investing Activities	-	(2 102)	-	-	-	-	-
Domestic	-	(2 102)	-	-	-	-	-
Cash flow from financing activities	(630)	(211)	585	(38 844)	(38 844)	(38 844)	-
Deferred Income	-	-	-	-	-	-	-
Borrowing Activities	-	-	-	(38 844)	(38 844)	(38 844)	-
Domestic	-	-	-	(38 844)	(38 844)	(38 844)	-
Foreign	-	-	-	-	-	-	-
Repayment of finance leases	(630)	(211)	585	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	(34 249)	10 071	89 059	(365 631)	132 672	142 472	192 052

The draft cash flow statement projects positive cash balances R133 million at the end of the 2019/20 financial year, and over the MTEF R142 million and R192 million at the end of the 2020/21 and 2021/22 financial years, respectively. Although the acquisition of capital assets during 2019/20 financial year projected positive cash balances are sustained. The cash generated via membership levies; sponsorship and all other income will be utilised in operations whilst the reserves and proceeds of sale of current properties will be used to acquire offices across various provinces over the MTEF.

Operational and financial sustainability

Organised Local Government is primarily funded by membership fees from municipalities. This keeps it accountable to the municipalities that constitute it. However, the functions performed by local government require wide-ranging, high-level and specialised human resources. For it to be effective, additional sources of funding will need to be accessed and more attention must be paid to account for donor funding. To this end, the organisation has developed a comprehensive 'Funding model' and presented the same to the Executive Authority and National Treasury over the past few years. However, to date the model has not been implemented despite the White Paper on Local Government providing that "National and provincial government are committed to assisting

organised local government, and have made provision for funding organised local government on a rand-for-rand basis out of the equitable share of national revenue to which local government is entitled”.

SALGA’s leadership is continually engaging with other spheres of government, for organised local government to be effective its activities as mandated by its members it must be adequately funded. Hence, the need for the review of the membership levy formula. SALGA recognises that the current funding model, which places heavy reliance on member municipalities to fund the organisation’s operations and programmes, is not optimal in light of the existing burden on municipalities to provide quality services with limited resources. However, in the interim, the status quo remains, with the organisation’s resource generating capacity being limited to what it can raise in membership levies. The purpose of developing the Funding model was to analyse the various activities currently performed by SALGA with specific reference to the relevant legislation and to determine a funding model that will enhance revenue thereby ensuring the sustainability of SALGA in future years. In analysing the activities undertaken by SALGA, cost drivers were identified. The funding model; has determined scientifically the following cost components that must be funded from the national budget; these are:

- mandatory governance costs;
- legislated inter-governmental relations participation; and
- restructuring and transformation of local government sector.

Cost Component	2019/20	2020/21	2021/22
Mandatory Governance costs	R 9 460 000	R 9 980 000	R 10 529 000
Legislated IGR participation	R 119 692 000	R 126 275 000	R 133 220 000
TOTAL	R 129 152 000	R 136 255 000	R 143 749 000
Less: Current government grant in financial model	(R 34 954 000)	(R 36 877 000)	(R 38 905 000)
TOTAL INCREASE REQUIRED	R 94 198 000	R 99 378 000	R 104 844 000

MATERIALITY SIGNIFICANCE FRAMEWORK

Strategic Objective

The SALGA Strategic Plan 2017-2022 focuses on three goals and seven strategic enablers to facilitate the delivery on the strategic agenda set by the SALGA National Conference. **Effective and Efficient Administration** is an enabler that addresses various interventions relating to:

- finance management
- overall administration management at SALGA;
- the Human resources; and
- internal ICT infrastructure.

Background

SALGA, as a schedule 3A public entity in terms of the Public Finance Management Act, 1999 (PFMA) is required to develop a “Materiality and Significance Framework”. The PFMA under section 54(2) provides that:

Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:

- (a) establishment or participation in the establishment of a company;*
- (b) participation in a **significant** partnership, trust, unincorporated joint venture or similar arrangement;*
- (c) acquisition or disposal of a **significant** shareholding in a company;*
- (d) acquisition or disposal of a **significant** asset;*
- (e) commencement or cessation of a **significant** business activity; and*
- (f) a **significant** change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.*

Section 55(2)(b)(i) of the PFMA provides that the annual report and financial statements of the public entity must:

Include particulars of-

- (i) any **material** losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.*

Furthermore, the National Treasury PFMA regulations provide the following;

Section/ Part	Content / Regulation
28.3.1	For purposes of material [section 55(2) of the Act] and significant [section 54(2) of the Act], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority.
29.1.1	The corporate plan must cover a period of three years and must include – a materiality/significant framework , referred to in Treasury Regulation 28.3.1
30.1.3	The strategic plan must include the materiality/significance framework , referred to in Treasury Regulation 28.3.1

Having considered the legislative background for the development and adoption of a “*Materiality and Significance Framework*”, such framework is to be used by SALGA to assess the materiality and significance of any transaction. The framework shall also form part of the Organisational Strategic Plan for the 2019/20 financial year.

Below is a brief discussion on the factors considered to arrive at the determined level of materiality and significance deemed appropriate or acceptable to SALGA as an organisation.

As the legislation does not define the words “materiality” or “significance” various sources have been used to arrive at a universal meaning of the terminologies.

a. Materiality

The statements of Generally Accepted Accounting Practice (GAAP) and the statements of Generally Recognised Accounting Practice (GRAP) on ‘*Presentation of Financial Statements*’ (IAS 1) par. 11 defines **material** as follows:

Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Paragraph 12 goes on further to elucidate that; “Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. *The Framework for the Preparation of Financial Statements* states in par. 25 that ‘users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information

with reasonable diligence. Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

Information may be both quantitatively and qualitatively material. Both the amount (quantity) and nature (quality) of information should be considered in setting the materiality figure.

b. Significance

The Concise Oxford dictionary defines “*significant*” as “*extensive or important enough to merit attention*”. The Oxford Advance Learner’s Dictionary defines “*significant*” as “*in a way that has special importance and to an important or considerable degree*”. The term is not explained in the accounting standards.

“Significant” could therefore be interpreted as of relative importance to the public entity as a whole. Thus, a transaction will be significant if conducting the transaction is vitally important in order to fulfil the public entity’s mandate and for it to operate effectively.

As with “material” there is no set rule for calculating a “significant” monetary value. The importance of the transaction i.e. the transaction’s impact on the public entity as a whole, as well as any possible impact the transaction could have on a decision or action taken by the public entity’s executive authority should be considered in the development of the materiality and significance framework.

c. Factors considered to determine the materiality and significance framework

The following factors have been considered by SALGA when setting the materiality and significance levels:

i. Nature of the public entity’s business

The nature of the public entity’s business may have an impact on the materiality and significance framework. The public entity should be guided by its public accountability and the sensitivity of the public entity’s accounts, activities and functions regarding matters of public interest. The public entity should also consider the impact of its materiality and significance framework, and therefore the information reported to its executive authority could have on decisions and actions taken by its executive authority.

ii. Statutory requirements

Non-compliance with laws and regulations is considered material (qualitative and quantitative).

iii. Risk associated with the public entity's business

There is an inverse relationship between materiality / significance and the level of risk. The lower the risk the higher the materiality / significance level and vice versa. The public entity needs to take into account various risks when developing a significance and materiality framework. These risks include:

- Operational risk – risks arising from the day-to-day operational activities which may result in a direct or indirect loss.
- Liquidity risk – risk that the organization may not be able to honour its obligations as they become due in the ordinary course of its business.
- Credit risk – risk that the credit advanced to our debtors might not be collectable.
- Human resource risk – risk to attract and retain scarce skills to enable the organization to deliver on its mandate.
- Legal and compliance risk – these risks include significant contractual relationships that the organization enters into such as lease contracts for office accommodation etc.
- Regulatory and compliance risk – the risk of incurring penalties or restrictions as a result of non-compliance with legal requirements.
- Information risk – the risk that confidentiality may be breached or the availability of information when required.
- Insurance risk – the risk that the entity is not adequately insured against losses and damage to property and equipment as well as claims against the organization.
- Technology risk – the risk that systems are not adequately monitored, accounted or serviced to deliver a service.
- Reputation risk – the risk of damaging the public entity's image.

iv. Quantitative and qualitative factors

When setting the materiality and significance framework, the organization must consider both the quantitative (amount) and qualitative (nature) factors that include:

Quantitative factors:

- Amount or extent of the item in relation to the financial information as a whole; and
- Special characteristics of the item;

Qualitative materiality focuses on the inherent nature of the item under consideration. These items do not necessarily influence the reasonableness of the financial information, but due to their nature they are of importance to the users of the financial information.

Qualitative factors:

- Statutory requirements; compliance with legislation, regulations, policy, internal control measures.
- Degree of estimation; the risk of material misstatement;
- Disclosure requirement; deviations from Generally Accepted Accounting Practice (GAAP), Generally Recognised Accounting Practice (GRAP) and International Financial Reporting Standards (IFRS).

v. Nature of the transactions

The public entity should consider the importance of the transaction, i.e. the transaction's impact on the public entity as a whole, as well as any possible impact the transaction could have on a decision or action taken by the public entity's executive authority in the development of the materiality and significance framework.

A distinction should be made between transactions that are operational in nature and transactions that are approved within a very specific framework, i.e. the annual budget, the public entity's corporate plan or strategic plan.

d. Determined level of Materiality and Significance

For the 2018/19 financial year the determined levels of materiality and significance are as follows:

i. Nature of the public entity's business

This aspect has been considered INSIGNIFICANT, as the nature of SALGA's business is not about to change in the foreseeable future.

ii. Statutory requirements

From prior year audit outcomes a "*clean audit*" in 2017/18 was obtained, for the sixth consecutive year or "*unqualified audit opinion*" for the eighth consecutive year, which has reduced significantly from 2007/08 financial year onwards. Consequently this aspect is considered SIGNIFICANT and does not matter on the audit outcomes. However, on another front such as the enabling legislation viz. the Organised Local Government Act the considerations are INSIGNIFICANT.

iii. Risks associated with the public entity's business

The determination in respect of risks is as follows:

- Operational risk – SIGNIFICANT due to likelihood of the incidence of fraud. None reported during the 2017/18 financial year audit and none expected for during the 2018/19 financial year.
- Liquidity risk – INSIGNIFICANT due to the past six financial years from 2012/13 improvements of collection levels of membership levies in comparison to prior years. This have built sufficient cash reserves that caters for at least 4 months operating expenditure for 2018/19.
- Credit risk – INSIGNIFICANT due to the extent of outstanding membership levies for periods longer than 12 months were only 4.06% and 1.80% for 2012/13 and 2013/14, respectively in relation to total membership levies invoiced.
- Human resource risk – SIGNIFICANT due to the high employee turnover rate, and the specialist nature of SALGA's work. The introduction of employee benefits conversion of contract from five year to permanent to all staff up to manager level during the 2014/15 financial year, has reduced the turnover rate.
- Legal and compliance risk – INSIGNIFICANT due to the nature of contractual agreements that SALGA normally enters into. These are normal lease agreements for office accommodation and use of office equipment.
- Regulatory and compliance risk – SIGNIFICANT as the compliance culture needs to be maintained from the 2012/13, 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18 achievements, "*clean audit*". Improvements are always necessary with regards to compliance.
- Information risk – SIGIFICANT as institutional memory or individual expertise is at risk as a result of the high staff turnover rate. The staff turnover rate has been reduced with the implementation of employee benefits and conversion of contracts during the 2014/15 financial year.
- Insurance risk – INSIGNIFICANT as the organisation insures all its assets and risk of losses have been transferred. Internal control measures have been introduced through the loss control policy to limit the losses incurred.
- Technology risk – SIGNIFICANT as the ICT staff are not security cleared although there were no reportable findings reported during the past eight years, since 2010/11 ICT audit.
- Reputation risk – INSIGINIFICANT as the organization has a capable management team and road-map in the form of the Strategic Plan.

iv. Quantitative and Qualitative factors

The quantitative level of materiality and significance for the 2018/19 financial year is based on the following:

Amount of the item to the financial information

The materiality is set at 0.5% of the total original operational expenditure budget. Therefore, the materiality level for the 2019/20 financial year is set at R 3 396 875 (being R679 375 000 X 0.5%).

Special characteristics of the item

The following are considered material due to their nature:

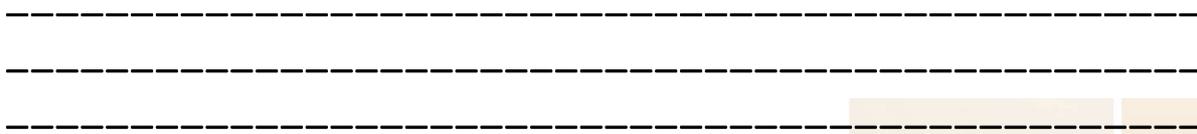
- Fruitless and wasteful expenditure;
- Irregular expenditure; and
- Losses of any form.

Statement of financial performance							
Statement of financial performance	Audited Outcome			Revised estimate	Medium-term estimate		
R thousand	2015/16	2016/17	2017/18	2018/19	2019/20	2018/19 - 2021/22	
Revenue							
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	495 754	554 920	561 524	585 720	597 499	642 379	708 959
Sale of goods and services other than capital assets	465 497	525 453	533 180	570 722	590 599	632 479	697 559
<i>of which:</i>							
Administrative fees	-	-	-	-	-	-	-
Sales by market establishment	465 497	525 453	533 180	570 722	590 599	632 479	697 559
Other sales	-	-	-	-	-	-	-
Other non-tax revenue	30 257	29 467	28 344	14 998	6 900	9 900	11 400
Transfers received	27 146	54 754	44 107	76 200	82 450	80 909	54 674
Total revenue	522 900	609 674	605 631	661 920	679 949	723 288	763 633
Expenses							
Current expenses	495 778	594 649	597 443	661 518	679 375	722 880	763 111
Compensation of employees	294 042	331 132	329 825	408 568	432 325	458 699	487 229
Goods and services	193 117	255 418	258 351	242 360	236 939	253 513	264 629
Depreciation	7 592	6 634	8 127	8 304	8 744	9 225	9 732
Interest, dividends and rent on land	1 027	1 465	1 140	2 286	1 367	1 442	1 522
Transfers and subsidies	-	-	-	-	-	-	-
Total expenses	495 778	594 649	597 443	661 518	679 375	722 880	763 111
Surplus	27 122	15 025	8 188	402	574	408	522

v. Nature of the transactions

In terms of the transactions per the revised annual budget for the 2017/18 financial year the determination is INSIGNIFICANT.

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Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
37	Strategic Enabler	Efficient and Effective Administration	Positive image of local government sector	A high performing organisation with credible perception	Unqualified audit opinion for the financial year ended 31 March 2020	Unqualified audit opinion for the financial year ended 31 March 2018	Unqualified audit opinion for the financial year ended 31 March 2019	Compliance all legislative requirements for public entities and SALGA policies by 31 March 2020	Compliance all legislative requirements for public entities and SALGA policies by 31 March 2021	Compliance all legislative requirements for public entities and SALGA policies by 31 March 2022	Compliance all legislative requirements for public entities and SALGA policies by 31 March 2023
38	Strategic Enabler	Research Knowledge Management Marketing and Communication Innovation Data Intelligence	A more responsive organisation with a strengthened agility to interpret and improve the environment for better outcomes in municipalities	Informed support to local government	Municipalities informed and updated on Local Government matters by 31 March 2020	Local government profiled by 31 March 2018	Local government profiled by 31 March 2019	Local government profiled by 31 March 2020	Local government profiled by 31 March 2021	Local government profiled by 31 March 2022	Local government profiled by 31 March 2023

PROGRAMME 4: STRATEGIC ENABLERS AND ADMINISTRATION

Programme purpose

To deliver on the three goals, SALGA's enablers need to be improved to ensure that resources are made available for efficient and effective delivery of SALGA programmes. The following are SALGA's strategic Enablers:

Strategic enablers

- a) Information Communication Technology (ICT)
- b) Data Intelligence
- c) Innovation
- d) Research and knowledge management
- e) Strategic profiling
- f) Effective and efficient administration
- g) Strategic partnerships

Alignment to strategic enablers

Input No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
34	Goal 3: Financial Sustainability of local government and greater fiscal equity	To support innovative revenue enhancement strategies for local government	Financially sustainable municipalities and greater fiscal equity	Municipal revenue diversified through innovative revenue sources	Relevant structures lobbied and municipalities supported on infrastructure sustainability by 31 March 2020	Research on alternative revenue generation opportunities by 31 March 2018	Alternative revenue generation streams by 31 March 2019	Guidelines on infrastructure financing, grants and operations for municipalities developed by 31 March 2020.	Awareness on infrastructure financing, lobbying on infrastructure grants and support on funding for repairs and maintenance by 31 March 2021.	Awareness on infrastructure financing, lobbying on infrastructure grants and support on funding for repairs and maintenance by 31 March 2022.	Awareness on infrastructure financing, lobbying on infrastructure grants and support on funding for repairs and maintenance by 31 March 2023.
35	Goal 3: Financial Sustainability of local government and greater fiscal equity	To develop and support the implementation of financial strategies for the long-term sustainability and viability of local government	Financially sustainable municipalities and greater fiscal equity	Reduction in debt growth rate in municipalities	% reduction in debt owed to and by municipalities by 31 March 2020	Municipal debt profile (identify recoverable and irrecoverable debt) by 31 March 2018	Municipalities supported to manage debt owed to and by municipalities by 31 March 2019	Municipalities supported to manage debt owed to and by municipalities by 31 March 2020	Municipalities supported to manage debt owed to and by municipalities by 31 March 2021	Municipalities supported to manage debt owed to and by municipalities by 31 March 2022	Municipalities supported to manage debt owed to and by municipalities by 31 March 2023

Input No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
36	Goal 3: Financial Sustainability of local government and greater fiscal equity	To develop and support the implementation of financial strategies for the long-term sustainability and viability of local government	Financially sustainable municipalities and greater fiscal equity	More equitable and reasonable allocation to local government sector	Improved allocation to LG from nationally raised revenue (equitable share and grants) by 31 March 2020	Review of the legislative, policy and regulatory framework by 31 March 2018	Reviewed fiscal reforms by 31 March 2019	SALGA position in terms of the division of revenue allocation for LG developed by March 2020	Develop a SALGA position in terms of the division of revenue allocation for LG by March 2020	Develop a SALGA position in terms of the division of revenue allocation for LG by March 2020	Develop a SALGA position in terms of the division of revenue allocation for LG by March 2020

PROGRAMME 3: FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT & GREATER FISCAL EQUITY

Programme purpose

Improvement of the financial health of municipalities through:

- A revised Local Government fiscal framework;
- Effective revenue management and enhancement;
- Access to alternative/innovative funding sources; and
- Sound financial management.

Strategic objectives

- a) To develop and support the implementation of financial strategies for the long-term sustainability and viability of local government.
- b) To support innovative revenue enhancement strategies for local government.
- c) To strengthen financial management systems and controls.

Alignment to strategic objectives

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
23	Goal 2: Good governance and resilient municipal institution	To strengthen oversight and accountability for effective, accountable and transparent leadership practices	Steadily growing local economies, significantly reduced poverty and relative politically stable communities	Oversight and accountability strengthened	Relevant structures lobbied on the consequences and accountability framework for municipalities to apply it as a guide by 31 March 2020	New Indicator	Consequences and Accountability framework developed by 31 March 2019.	Report on the lobby process on the consequences and accountability framework by 31 March 2020	Consequences and Accountability framework implemented in municipalities by 31 March 2021.	Consequences and Accountability framework implemented in municipalities by 31 March 2022.	Consequences and Accountability framework implemented in municipalities by 31 March 2023.
24	Goal 2: Good governance and resilient municipal institution	To strengthen oversight and accountability for effective, accountable and transparent leadership practices	Steadily growing local economies, significantly reduced poverty and relative politically stable communities	Local government empowered by effective regulatory environment to deliver on its mandate	SALGA coordinates all its IGR activities and obligations as informed by the SALGA IGR Strategy by 31 March 2020	New Indicator	Annual impact assessment report on the level of SALGA's influence in IGR processes by 31 March 2019.	Impact assessment report on SALGA's participation and influence in IGR processes by 31 March 2020	Annual impact assessment report on the level of SALGA's influence in IGR processes by 31 March 2021.	Annual impact assessment report on the level of SALGA's influence in IGR processes by 31 March 2022.	Annual impact assessment report on the level of SALGA's influence in IGR processes by 31 March 2023.
25	Goal 2: Good governance and resilient municipal institution	To strengthen oversight and accountability for effective, accountable and transparent leadership practices	Steadily growing local economies, significantly reduced poverty and relative politically stable	Reduction of disclaimer municipalities to a maximum of 10% of municipalities by 2022	Municipalities supported as per the municipal audit support programme by 31 March 2020	Implement the Municipal Audit Support Programme to selected municipalities, as per the	Municipal Audit support Programme is implemented by 31 March 2019	Implementation report on governance pillar of the Municipal Audit Support Programme by 31 March 2020	Municipal Audit support Programme is implemented by 31 March 2021	Municipal Audit support Programme is implemented by 31 March 2022	Municipal Audit support Programme implemented by 31 March 2023

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
			communities			AG Audit Report by 31 March 2018					
26	Goal 2: Good governance and resilient municipal institution	To strengthen oversight and accountability for effective, accountable and transparent leadership practices	Steadily growing local economies, significantly reduced poverty and relative politically stable communities	More equitable support and welfare for all public office bearers	Improved councillor welfare dispensation (benefits, salary and capacity building) by 31 March 2020	Lobby issues related to councillor welfare and support to CoGTA and the Independent Commission for the Remuneration of Public Office Bearers by 31 March 2018.	Reforms for councillor support and welfare to ensure equity by 31 March 2019.	Lobby relevant structure for reforms for councillor support and welfare to ensure equity by 31 March 2020	Lobby issues related to councillor welfare and support to relevant stakeholders by 31 March 2021.	Lobby issues related to councillor welfare and support to relevant stakeholders by 31 March 2022.	Lobby issues related to councillor welfare and support to relevant stakeholders by 31 March 2023.

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
27	Goal 2: Good governance and resilient municipal institution	To Modernise governance systems and processes through the use of digital technology and exploration of new models of interface with communities	Steadily growing local economies, significantly reduced poverty and relative politically stable communities	Better management of municipal community interface thus reducing community protests	Enhanced citizen participation in municipal governance by 31 March 2020	New Indicator	Innovative mechanisms and smart technologies to enhance inclusive governance and public participation by 31 March 2019	Integrated framework towards enhanced inclusive governance and public participation rolled out by 31 March 2020	Rolled out integrated framework towards enhanced inclusive governance and public participation by 31 March 2021	Rolled out integrated framework towards enhanced inclusive governance and public participation by 31 March 2022	Rolled out integrated framework towards enhanced inclusive governance and public participation by 31 March 2023
28	Goal 2: Good governance and resilient municipal institution	To foster sound and productive labour relations	Functional, accountable and resilient municipalities that are financially stable	Labour peace and stability in municipalities	Municipalities complying with a multi-year Salary and Wage Collective Agreement	A multi-year Salary and Wage Bargaining Strategy Approved.	Multi-year Salary and Wage Collective Agreement Signed	Monitor compliance on the implementation of the multi-year Salary and Wage Collective Agreement by 30 March 2020	Commission investigations on the feasibility of a five (5) year multi-year salary agreement by 30 March 2021.	Monitor the implementation of the five (5) year Salary and Wage Collective Agreement by March 2022.	Monitor the implementation of the five (5) year Salary and Wage Collective Agreement by March 2023

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
29	Goal 2: Good governance and resilient municipal institution	To foster sound and productive labour relations	Functional, accountable and resilient municipalities that are financially stable	Labour peace and stability in municipalities	Number of municipalities represented on labour related matters by 31 March 2020	Municipalities represented on labour related matters (advise, arbitrations, mediations and conciliations	Municipalities represented on labour related matters (advise, arbitrations, mediations and conciliations.	Municipalities represented on labour related matters by 31 March 2020	Municipalities represented on labour related matters (advise, arbitrations, mediations and conciliations by 31 March 2021	Municipalities represented on labour related matters (advise, arbitrations, mediations and conciliations by 31 March 2022	Municipalities represented on labour related matters (advise, arbitrations, mediations and conciliations by 31 March 2023
30	Goal 2: Good governance and resilient municipal institution	To foster sound and productive labour relations	Functional, accountable and resilient municipalities that are financially stable	Labour peace and stability in municipalities	Negotiations facilitated at the SALGBC on pension Fund Restructuring by 31 March 2020	Negotiations of Pension Fund Restructuring at the SALGBC facilitated.	Negotiations of Pension Fund Restructuring at the SALGBC facilitated.	Collective agreements on Wage Curve and Pension Fund Restructuring in local government concluded by 31 March 2020	Monitor the implementation of collective agreements on Wage Curve and Pension Fund Restructuring in local government concluded by 31 March 2021	Monitor the implementation of collective agreements on Wage Curve and Pension Fund Restructuring in local government concluded by 31 March 2022	Monitor the implementation of collective agreements on Wage Curve and Pension Fund Restructuring in local government concluded by 31 March 2023
31	Goal 2: Good governance	To Professionalise Local	Functional, accountable and resilient	Professionalised human resources	Number of municipalities supported on	PMS Support Programme	PMS Support Programme implemented	Performance Management System	Customised Performance Management	Customised Performance Management	Customised Performance Management

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
	e and resilient municipal institution	Government	municipalities that are financially stable	management and development in local government	PMS support by 31 March 2020	implemented in municipalities and cascaded.	in municipalities and cascaded by 31 March 2019	support programme implemented in municipalities and cascaded by 31 March 2020	t (PMS) intervention to selected municipalities by 31 March 2021	t (PMS) intervention to selected municipalities by 31 March 2022	(PMS) intervention to selected municipalities by 31 March 2023
32	Goal 2: Good governance and resilient municipal institution	To Professionalise Local Government	Functional, accountable and resilient municipalities that are financially stable	Capable councillors and officials that are able to deliver on the local government mandate	Number of councillors and officials capacitated on various capacity building programmes by 31 March 2020	Capacity building programmes rolled out to Cllrs and officials on various local government related matters by 31 March 2018	Capacity building programmes rolled out to Cllrs and officials on various local government related matters by 31 March 2019	Integrated capacity building programmes to councillors and officials rolled out by 31 March 2020	Roll-out and monitor integrated Capacity building programmes to Cllrs and officials on various local government related matters by 31 March 2021	Roll-out and monitor integrated Capacity building programmes to Cllrs and officials on various local government related matters by 31 March 2022	Roll-out and monitor integrated Capacity building programmes to Cllrs and officials on various local government related matters by 31 March 2023

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
33	Goal 2: Good governance and resilient municipal institution	To Professionalise Local Government	Functional, accountable and resilient municipalities that are financially stable	Professionalised human resources management and development in local government	Number of municipalities supported on post profiling by 31 March 2020	Support municipalities in developing and implementing human capital strategies aligned to the HRM&D strategy by 31 March 2020	Post profiling support provided in municipalities by 31 March 2019.	Post profiling support and reassessment of human capital management in selected municipalities by 31 March 2020	Provision of post-profiling support in municipalities and reassessment of Human Capital Management in selected municipality through automated profiling tool by 30 March 2021.	Provision of post-profiling support and profiling assessment report published by 30 March 2022.	Provision of post-profiling support and profiling assessment report published by March 2023

PROGRAMME 2: GOOD GOVERNANCE & RESILIENT MUNICIPAL INSTITUTIONS

Programme purpose

Investing in good governance and modernisation of government approaches, strengthening community interface mechanisms, sound labour relations and Professionalisation.

Strategic objectives

- a) To strengthen oversight and accountability for effective, accountable and transparent leadership practices.
- b) To modernise governance systems and processes through the use of digital technology and exploration of new models of interface with communities.
- c) To foster sound and productive labour relations
- d) To professionalise Local Government.

Alignment to strategic objectives

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
1	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To implement a sustainable Urban Development Programme	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Enabling policy and legislative framework for infrastructure service provision	Relevant structures lobbied on the implementation of housing framework by 31 March 2020	Develop proposals to address misalignment of policy as relevant to different sectors by 31 March 2018	SALGA input on accreditation policy/framework for municipalities in Human Settlement by 31 March 2019	Consolidated outcomes report on implementation of the housing accreditation support plan and mechanisms for housing funding by March 2020	Implementation Plan to support accreditation by March 2021	Implementation Plan to support accreditation by March 2022	Implementation Plan to support accreditation by March 2023
2	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To support regional economic strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Efficient management of space and land in municipalities	Spatial transformation index reviewed by 31 March 2020	Research to determine appropriate indicators to measure spatial transformation 31 March 2018	Benchmark report on city transformation index developed by 31 March 2019	Report on the review of spatial transformation developed by 31 March 2020	Report on spatial transformation index by 31 March 2021	analysis of data collected for spatial transformation report by 31 March 2022	5 year review of spatial transformation index 31 March 2023

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
3	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To promote high quality and reliable service provision and infrastructure investment (capacity and renewal) in support of economic strategies (energy, water, sanitation, 5th utility)	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Enabling policy and legislative framework for infrastructure service provision	Relevant structures lobbied on the roll out of the Energy Summit implementation plan by 31 March 2020	Develop proposals to address misalignment of policy as relevant to different sectors by 31 March 2018	SALGA inputs on the role of municipalities in renewable energy and other alternative sources of energy by 31 March 2019	Consolidated outcomes report on the roll out of the Energy Summit Implementation Plan application for year 1 by 31 March 2020	SALGA Energy Summit, Implementation plan executed by 2021	SALGA Energy Summit, Implementation plan executed by 2022	SALGA Energy Summit, Implementation plan executed 2023
4	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To promote high quality and reliable service provision and infrastructure investment (capacity and renewal) in support of economic strategies (energy, water, sanitation, 5th utility)	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Enabling policy and legislative framework for infrastructure service provision	Dept. of Water and Sanitation lobbied on the proposed legislative/ policy changes by 31 March 2020	New Indicator	SALGA inputs to new water Act submitted to department of water affairs by 31 March 2019	Proposal developed on legislative/ policy gap identified on Water and Sanitation by 31 March 2020	Proposal identifying policy and legislative gaps is developed and submitted to Department of Water and Sanitation and related inter-governmental structures submitted by	Proposal identifying policy and legislative gaps is developed and submitted to Department of Water and Sanitation and related inter-governmental structures submitted by	Proposal identifying policy and legislative gaps is developed and submitted to Department of Water and Sanitation and related inter-governmental structures submitted by

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
		utility)							March 2021	March 2022	al struct submitte by March 2023
5	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To promote high quality and reliable service provision and infrastructure investment (capacity and renewal) in support of economic strategies (energy, water, sanitation, 5th utility)	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Enabling policy and legislative framework for infrastructure service provision	Differentiated instruments for devolving the environmental function to municipalities by 31 March 2020	New Indicator	Protocol that outlines the legal mandate of local government in environmental management produced as a framework for implementing protocol between municipalities and provinces, and tabled with DEA by 31 march 2019	A model on implementation protocols for Environmental Management is developed for the three municipal categories by 31 March 2020	Implementation protocols between provinces and municipalities concluded	Environmental performance benchmarking report/dashbo ard	Environn al performanc benchmarking report/d: board

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
6	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To promote high quality and reliable service provision and infrastructure investment (capacity and renewal) in support of economic strategies (energy, water, sanitation, 5th utility)	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Optimal institutional arrangements for sustainable infrastructure services	Mechanism for cooperation between SALGA, Eskom and municipalities on devolution of electricity by 31 March 2020	Develop proposal(s) and recommendations on local government sector reform (industry wide, service authority, and service provider) by 31 March 2018	Inputs on challenges relating to constitutional authority for electricity distribution by 31 March 2019	Framework of cooperation between SALGA and Eskom developed by 31 March 2020	Components of Framework of cooperation between SALGA and Eskom implemented	Components of Framework of cooperation between SALGA and Eskom are being implemented	Components of Framework of cooperation between SALGA and Eskom are being implemented
7	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To promote high quality and reliable service provision and infrastructure investment (capacity and renewal) in support of economic strategies (energy, water, sanitation, 5th utility)	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Optimal institutional arrangements for sustainable infrastructure services	Relevant structures lobbied on devolution of transport function by 31 March 2020	New Indicator	Inputs to Transport MINMEC on devolution of transport function by 31 March 2019	A transport resource guide is developed to advise municipalities on devolution of transport function by 31 March 2020	Support and advise identified municipalities on devolution	Support and advise identified municipalities on devolution	Support and advise identified municipalities on devolution

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
		utility)									
8	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To support regional economic strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Municipalities receiving targeted and increased sector support whereby services improve	Number selected municipalities supported on Waste management through operation Phakisa by 31 March 2020	Liaise with appropriate sector departments to ensure that they provide dedicated support (in terms of section 154) to municipalities by 31 March 2018	Sector departments and other relevant institutions engaged to enable support to municipalities by 31 March 2019	Collaboration with relevant stakeholders to support implementation of Waste Phakisa project by 31 March 2020	SALGA collaboration with DEA to support the implementation of Waste Phakisa targets	SALGA collaboration with DEA to support the implementation of Waste Phakisa targets	SALGA collaboration with DEA to support the implementation of Waste Phakisa targets
9	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To promote high quality and reliable service provision and infrastructure investment (capacity and renewal) in support of economic strategies (energy, water, sanitation, 5th	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Enabling fiscal framework for Capex and Opex of municipal infrastructure services	Number of selected municipalities supported on Climate Change Finance by 31 March 2020	New Indicator	Local Government Climate Change Finance Strategy developed by 31 March 2019	Climate Change Finance support mechanisms is developed together with its implementation plan by 31 March 2020	Climate Finance Strategy implemented by March 2021; Financing proposals submitted to Global climate finance facilities	Climate Finance Support Strategy Impact report	Climate Finance Support Strategy Impact report

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
		utility)									
10	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To support regional economic strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Efficient management of space and land in municipalities	Co-operation and partnership agreements for regional economic development in the Karoo and other selected small towns outside the Karoo by 31 March 2020	Conduct research identifying the functional regional economies in municipalities by 31 March 2018	Framework for the categorisation of regional economies developed by 31 March 2019	Outcome report on the implementation of the Karoo region cross-boundary Regional spatial development framework by 31 March 2020.	Identify towns prioritised for investment at sub-national level by 31 March 2021	Develop an investment strategy for selected prioritised towns by 31 March 2022	Evaluate efficiency created through investment strategies regional economies by 31 March 2023.
11	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To support regional economic strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Efficient management of space and land in municipalities	Rural development programmes facilitated in selected municipalities by 31 March 2020	New Indicator	New Indicator	Outcome report supported provided to municipalities on rural development programmes by 31 March 2020.	Engagement through IGR platform on rural development support programmes by 31 March 2021	Engagement through IGR platform on rural development support programmes by 31 March 2022	Engagement through IGR platform on rural development support programmes by 31 March 2023
12	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To support regional economic strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Efficient management of space and land in municipalities	Municipalities receiving support on rural development programmes by 31 March 2020	New Indicator	Framework to facilitate spatially	Rural densification implemented in	Selected municipalities supported on	Documented case studies on the rural	Evaluate implementation of the

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
	Economic Growth and underpinned Spatial Transformation	strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion	economic growth underpinned by spatial transformation	and land in municipalities	densification by 31 March 2020.		targeted rural densification developed by 31 March 2019	selected municipalities by 31 March 2020.	the implementation of spatially targeted rural densification by 31 March 2021	densification programme by 31 March 2022	targeted rural densification programme by 31 March 2023
13	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To support regional economic strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Efficient management of space and land in municipalities	Differentiated SPLUM support in selected municipalities by 31 March 2020	Develop proposals to address misalignment of policy as relevant to different sectors by 31 March 2018	SPLUMA capacity building programmes implemented by 31 March 2019	SPLUM differentiated support and capacity building implemented in selected municipalities by 31 March 2020	Support provided to Municipalities to municipalities on SPLUM implementation by 31 March 2021	Support provided to Municipalities to municipalities on SPLUM implementation by 31 March 2022	Document report on the support provided to municipalities by 31 March 2020
14	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial	To support regional economic strategies and effective Land Use Management approaches as	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Efficient management of space and land in municipalities	Land release framework lobbied with relevant department and IGR structures by 31 March 2020	Develop a framework for land release prepared in consultation with sector departments, especially DPW,	Land release framework for cities and towns developed by 31 March 2019	Selected municipalities support based on land release framework by 31 March 2020	Phased implementation of framework on land release in selected municipalities by 31 March	Phased implementation of framework on land release in selected municipalities by 31 March	Evaluate progress made by municipalities on land management for effective

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
	Transformation	drivers of economies of scale and social cohesion				NT, RDLR and DHS by 31 March 2018			2021	2022	development by 31 March 2023
15	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To support regional economic strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Improved local economic development through investment promotion	Relevant stakeholders lobbied on the creation of public employment in municipalities by 31 March 2020		New Indicator	Municipalities supported on public employment creation programmes by 31 March 2020.	Municipalities supported on public employment creation programmes by 31 March 2021.	Municipalities supported on public employment creation programmes by 31 March 2022.	Municipalities supported on public employment creation programmes by 31 March 2023.
16	Goal 1: Sustainable Inclusive Economic Growth and underpinned Spatial Transformation	To support regional economic strategies and effective Land Use Management approaches as drivers of economies of scale and social cohesion	Municipalities with sustainable and inclusive economic growth underpinned by spatial transformation	Improved local economic development through investment promotion	Recommendations from the Trade and Investment Study implemented in selected municipalities by 31 March 2020	New Indicator	Packaged trade and investment opportunities for municipalities by 31 March 2019	Selected municipalities supported to promote, package and retain trade and investment initiatives by March 2020	Spatial targeted investment programme implemented in selected municipalities by 31 March 2021	Strategic investment programmes aligned to key sector programme finalized by 31 March 2022	Comprehensive report on spatial targeting investment programme completed by 31 March 2023

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
17	Goal 1: Sustainable Inclusive Economic Growth and Realised Spatial Transformation	To strengthen the role of Local Government in Community Development and Social Cohesion	Sustainable inclusive economic growth leading to social cohesion and healthy communities	Defined impact of community development initiatives	Index of indicators for measuring impact of community development programmes	Develop indicators to measure performance on community development social cohesion and reduction of vulnerability (measurement of access to municipal services by vulnerable groups and disaster risk reduction) by 31 March 2018	Social cohesion / community Development Indicators published by 31 March 2019	Data towards an index for Municipal Health, Safety, Vulnerable groups and Social Cohesion defined by 31 March 2020	Data towards an index for Municipal Health, Safety, Vulnerable groups and Social Cohesion defined and agreed upon by 31 March 2021	Publish a report based on the index for Municipal Health, Safety, Vulnerable groups and Social Cohesion by 31 March 2022	Publish a report based on the index for Municipal Health, Safety, Vulnerable groups and Social Cohesion by 31 March 2023
18	Goal 1: Sustainable Inclusive Economic Growth and Realised Spatial Transformation	To strengthen the role of Local Government in Community Development and Social Cohesion	Sustainable inclusive economic growth leading to social cohesion and healthy communities	Sustainable provision of municipal health services	Number of municipalities supported based on MHS Norms and Standards supported	Develop and implement a program of action on health (focusing on HIV/AIDS, poverty eradication, safety and security in communities and the effects of disaster to	Funding model for municipal health services by 31 March 2019	20 Municipalities supported based on MHS Norms and Standards by 31 March 2020	15 Municipalities supported based on MHS Norms and Standards by 31 March 2021	10 Municipalities supported based on MHS Norms and Standards by 31 March 2022	5 Municipalities supported based on MHS Norms and Standards by 31 March 2023

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
						municipalities by 31 March 2018					
19	Goal 1: Sustainable Inclusive Economic Growth and Realised Spatial Transformation	To strengthen the role of Local Government in Community Development and Social Cohesion	Sustainable inclusive economic growth leading to social cohesion and healthy communities	Sustainable provision of municipal health services	Number of municipalities supported on coordination and implementation of HIV,TB and STI Response programmes	Develop and implement a program of action on health (focusing on HIV/AIDS, poverty eradication, safety and security in communities and the effects of disaster to municipalities by 31 March 2018	Local Government response report to HIV and AIDS, TB and STI by 31 March 2019	24 municipalities supported on coordination and implementation of HIV,TB and STI Response programmes by 31 March 2020	24 municipalities supported on coordination and implementation of HIV,TB and STI Response programmes by 31 March 2021	24 municipalities supported on coordination and implementation of HIV,TB and STI Response programmes by 31 March 2022	24 municipalities supported on coordination and implementation of HIV and STI Response programmes by 31 March 2023
20	Goal 1: Sustainable Inclusive Economic Growth and Realised Spatial Transformation	To strengthen the role of Local Government in Community Development and Social Cohesion	Sustainable inclusive economic growth leading to social cohesion and healthy communities	Improved safety and security in municipalities	Number of municipalities supported in safety planning	Develop and implement a program of action on health (focusing on HIV/AIDS, poverty eradication, safety and security in communities and the effects	Status report on the implementation of White Papers relating to Public safety and security in LG by 31 March 2019	27 municipalities supported in safety planning by 31 March 2020	30 municipalities supported in safety planning by 31 March 2021	33 municipalities supported in safety planning by 31 March 2022	36 municipalities supported in safety planning by 31 March 2023

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets		
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs
						of disaster to municipalities by 31 March 2018					
21	Goal 1: Sustainable Inclusive Economic Growth and Realised Spatial Transformation	To strengthen the role of Local Government in Community Development and Social Cohesion	Sustainable inclusive economic growth leading to social cohesion and healthy communities	Vulnerable groups mainstreamed in municipalities	Percentage of municipalities supported to mainstream issues of vulnerable groups on policy and programme implementation by 31 March 2020	Develop and implement a program of action on health (focusing on HIV/AIDS, poverty eradication, safety and security in communities and the effects of disaster to municipalities by 31 March 2018	SALGA proposals on access and inclusion of vulnerable/designated groups by 31 March 2019	25% of municipalities supported to mainstream issues of vulnerable groups on policy and programme implementation by 31 March 2020	25% of Municipalities supported with mainstreaming of vulnerable groups as cross cutting issues into policies, strategies, programmes and other initiatives into their core planning and service delivery processes	25% of Municipalities supported with mainstreaming of vulnerable groups as cross cutting issues into policies, strategies, programmes and other initiatives into their core planning and service delivery processes	25% of Municipalities supported with mainstreaming of vulnerable groups as cross cutting issues into policies, strategies, programmes and other initiatives into their core planning and service delivery processes
22	Goal 1: Sustainable Inclusive Economic Growth	To strengthen the role of Local Government in Community	Sustainable inclusive economic growth leading to social	Improved access to Sports, Recreation, Arts,	Number of municipalities supported on issues of sports & recreation,	Develop and implement a program of action on health (focusing on	SALGA proposals on Sports, Recreation, Arts, Culture	Relevant structures engaged on local government	9 municipalities in the red on the spending of MIG for	9 municipalities in the red on the spending of MIG for	9 municipalities in the red on the spending

Output No	Strategic Goal	Strategic Objectives	Impact	5 year Outcomes	2019/20 Key Performance Indicator	Audited Actual Performance		2019/20 Projected Outputs	Medium Term Targets			
						2017- 18	2018-19		2020/21 Projected Outputs	2021/22 Projected Outputs	2022/23 Projected Outputs	
	and Realised Spatial Transformation	Development and Social Cohesion	cohesion and healthy communities	Culture and Heritage in municipalities	arts, culture and heritage by 31 March 2020	HIV/AIDS, poverty eradication, safety and security in communities and the effects of disaster to municipalities by 31 March 2018		and Heritage by 31 March 2019	mandate for sport & recreation, arts, culture and heritage by 31 March 2020	Sport supported	Sport supported	MIG for Sport supported