



SALGA

South African Local Government Association

COUNCILLOR
INDUCTION

**A HANDBOOK FOR
MUNICIPAL
COUNCILLORS, 2011**

HANDBOOK

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Foreword

The South African Local Government Association (SALGA) is indeed proud to produce this edition of the Councillor Handbook with the support of the Department of Cooperative Governance (DCoG) and the German Agency for International Cooperation's (GIZ) Strengthening Local Governance Programme (SLGP) as well as to roll the programme with DBSA and LGSETA.

Many municipalities across the country will witness the ushering in of a new cadre of councillors whose main responsibility will be to play a crucial role in accelerating service delivery to their respective communities. Moreover, councillors will be increasingly called upon to lend positive impetus to the process of public participation in the affairs of their municipalities, be the political custodians of good governance and accountability, and to vigorously advocate for the needs of their constituents – hence the publication of this Handbook to aid them in the challenging tasks that await them.

It is our view that this Handbook, which is an integral component of the Councillor Induction Programme, will inculcate in councillors a broad understanding of their roles and responsibilities, the legislative framework, policies and procedures, and the express mandate of a developmental local government system in South Africa.

In using this Handbook as a constant source of information during their term of office, councillors must be acutely mindful that in spite of the significant progress that has been acknowledged in all

areas of service delivery, much more has to be done to counter the effects of poverty, increase the pace of job creation, and to give meaning and effect to local economic development programmes.

In wishing you every success in all your endeavors to create a better life for all South Africans and all in South Africa, we are confident that all councillors will discharge their responsibilities with the highest degree of integrity in this time where all including foreigners must be safe and feel safe. South Africans expect all municipalities to be at the cutting edge of quality and sustainable services.

Special appreciation is expressed to the Electoral Institute for the Sustainability of Democracy in Africa (EISA) for the preparation of the Handbook. EISA has provided invaluable knowledge and expertise in the field of local governance and municipal development. We would also like to thank GIZ's SLGP for making this project possible.

I am sure that through our dedication and working hard together as councillors and communities we shall do more for better communities. Good luck!

**Amos Masondo,
Chairperson, SALGA**



Minister's message of support



The Councillor Induction Programme (CIP) is indeed a monumental milestone in our country's history. It comes against the backdrop of and is testimony to a very robust democratic local government elections ever held since the advent of democracy on 27th April 1994 as well as the 17-year history of democratic local government in our country.

On May 18th 2011, yet another new chapter was scrolled in South Africa.. The people of South Africa across race, class and gender, young and old, from urban to rural, came out in their multitudes, at times defiant of adverse weather conditions, to make but one bold and yet profound statement; **"We are taking our future into their own hands!!"**

Across the length and breadth of the country, no less than 57% of the estimated over 22, 7 million eligible voters came out to cast their ballots, thus reclaiming their rightful place in our society, that of being masters of their own destiny. The fact that this was the biggest local government election's voter turnout, an increase from 47% in last local government elections held in 2006, with especially young and first time voters coming out in their droves, was a testament to the fact that, ours is a constitutional democracy that is maturing and enduring.

The people are growing alive by the day to the fact that the time for taking matters that affect them for granted is over. Be it about service delivery they shall be there. Be it the fight against crime and corruption they shall be in the front trenches. Be it about creation of decent jobs especially at a local level they shall make their voices heard. Be it about ensuring the provision of decent education and ensuring the provision of quality health services for themselves and their children, they shall make their mark. Their voice was loud and clear, they are there to make participatory democracy be about themselves, by themselves and for themselves.

This CIP should therefore ensure that the newly elected Councillors do indeed live up to the hopes and aspiration that the millions of our people have trusted upon them with regard to the values of service delivery, care and support for the most vulnerable, Batho Pele; dedication and commitment to good governance and transparency all of which ought to result in the realisation of a better life for all. As DCoG, working closely with SALGA and other stakeholders, we remain committed to ensuring that we build **a new cadre of a councillor**. A cadre who will work smarter, harder and faster to deliver to our people. A cadre who will listen, consult and work closely with the communities at all times. A cadre committed to a better life for all!!

The newly elected Councillors stand in a better stead than their predecessors to take us there faster. They have learnt the necessary lessons over the past 17 years of our democracy as well as 17 years of democratic local government. They are also fortunate in that they come at a time when the government led by President Jacob Zuma has made it clear that every public office bearer shall be closely held accountable; monitoring and evaluation performance shall be tightened. Accordingly, clearly defined outcomes shall be used to measure Ministers, MEC's, Mayors, and Councillors. Accountability shall be the name of the game.

Through the Report on the State of Local Government in South Africa that DCoG published in September 2009, we have done a comprehensive diagnosis of the challenges faced by Local Government. We have thus accordingly put in place the LGTAS to address those challenges systematically and consistently. We have also set out clear outcomes that we seek to achieve by 2014, which have become a Service Delivery Agreement between the President and the Minister; the Minister and the provincial MEC counterparts, the MEC and the Mayors. In essence, we have laid the solid basis for close cooperation between the various spheres to deliver quality on the basis of a common and shared vision. **It is now time for action - delivery, delivery and more delivery!!**

I would like to assure you all of our unwavering commitment as DCoG to provide the necessary support at all times to make sure that training and development on all matters that will make councillors work better are carried out. We are more than convinced that working together we can do more and shall therefore do all in our power to make sure that indeed local government is everybody's business and that all become part of it.

**Hon Nathi Mthethwa,MP,
Minister of Police and Acting Minister of COGTA**

A pledge from the Director-General: DCoG



It is indeed a great privilege and honour to welcome each and every one of you that has been elected to serve in your respective municipal council as a councillor, and in so doing, to ensure that you improve the lives of all those that live in your municipal area. The Department of Cooperative Governance would also like to congratulate the South African Local Government Association (SALGA) in spearheading the development of this very comprehensive manual, and which will serve as a basis to induct all councillors that will be assuming office in this third term of democratically elected municipal councils. Noting that approximately two-thirds of the 9088 councillors during this term will be first-time councillors, this manual will therefore serve as a point of reference and guide to these political leaders in the local sphere of government.

The Department views this manual as part of various other interventions that will be put in place to ensure that all councillors are appropriately capacitated and trained, so that they are able to meet the ever-changing needs of all communities. The Department, working closely with SALGA, will introduce various training initiatives over the next few years to ensure that councillors are able to address challenges relating to oversight responsibilities and professional development, as well as financial management and administrative competencies.

To address the challenges relating to the delivery of services and to restore the confidence of communities in their municipalities, the Department, in collaboration with all stakeholders in the local government fraternity, developed the Local Government Turnaround Strategy (LGTAS). The LGTAS, with clear targets for 2014, is intended to stabilise local government and to ensure that municipalities respond to the needs of their communities by delivering quality services in an efficient manner. Your role as councillors in ensuring that the LGTAS is implemented in the manner that it was intended therefore becomes an uncompromising priority. I wish you well and every success in this regard.

In conclusion, I hereby pledge the continuous support of my Department to assist and advise you on any matter that falls within the ambit of the Department. We look forward to continuous and fruitful engagements with yourselves as we, together, embark on this journey of providing a responsive, accountable, effective and efficient local government system.

Mr Elroy Africa,
Director-General, DCoG

Preface

First and foremost, I take this opportunity to congratulate you on being elected to your municipal council. I believe that once the excitement of the election subsides you may well have a sense of apprehension at the responsibility entrusted on you as you are now part of the democratic local governance system of the Republic of South Africa.

The 2011 local government elections have ushered in a new cadre of councillors, many of whom are women. SALGA acknowledges that this is a critical time for the local government sector as municipalities are increasingly faced with resistance from communities on service delivery matters. While there are compelling reasons for services not being adequately delivered in certain areas, the strengthening of the capacity of councillors and officials remains a key factor. The elections provided an opportunity to re-look and re-think systems so that local government is able to deliver on its mandate.

Being mindful of the capacity constraints of the political and administrative echelons of municipalities, SALGA has initiated this Councillor Induction Programme and Handbook as a programme aimed at appropriately equipping councillors with the required knowledge and expertise. The Handbook covers among others:

- the policy and legal framework guiding local government
- the role of cooperative governance and municipalities' important role in this respect
- the roles and functions of councillors
- key municipal processes, such as the municipal Integrated Development Planning, municipal budgeting and financial management, performance management, public participation, personal and leadership skills, as well as meeting procedures.

It is expected that this Handbook will help you attain a clear understanding of the local government environment and processes, and address the challenges of local development.

Xolile George,
CEO, SALGA



In wishing you a successful, meaningful and fulfilling term as an elected representative, the following excerpt from the preamble to the Municipal Systems Act, 32 of 2000 (hereafter referred to as the Systems Act) is worth citing:

Whereas the system of local government under apartheid failed dismally to meet the basic needs of the majority of South Africans;

Whereas the Constitution of our non-racial democracy enjoins local government not just to seek to provide services to all our people but to be fundamentally developmental in orientation;

Whereas there is a need to set out the core principles, mechanisms and processes that give meaning to developmental local government and to empower municipalities to move progressively towards the social and economic upliftment of communities and the provision of basic services to all our people, and specifically the poor and the disadvantaged;

Whereas a fundamental aspect of the new local government systems is the active engagement of communities in the affairs of municipalities of which they are an integral part, and in particular in planning, service delivery and performance management;

Whereas the new system of local government requires an efficient, effective and transparent local public administration that conforms to constitutional principles;

Whereas there is a need to ensure financially and economically viable municipalities;

Whereas there is a need to create a more harmonious relationship between municipal councils, municipal administrations and the local communities through the acknowledgement of reciprocal rights and duties;

Whereas there is a need to develop a strong system of local government capable of exercising the functions and powers assigned to it.

I am no doubt certain that within and with reference thereto you shall not only have an enjoyable time in serving your people but leave an indelible mark and legacy of servanthood for the good of all.

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Abbreviations

BOT	Build/Operate/Transfer
CBO	Community based organisation
CBP	Community-based Planning
CDW	Community Development Workers
CFO	Chief Financial Officer
CoGTA	Department of Cooperative Governance and Traditional Affairs
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of Southern Africa
DCoG	Department of Co-operative Governance
DG	Director-General
DIRCO	Department of International Relations and Co-operation
DMAs	District Management Areas
EISA	Electoral Institute for the Sustainability of Democracy in Africa
EPWP	Extended Public Works Programme
FFC	Financial and Fiscal Commission
GDP	Government Delivery Priorities
GGLN	Good Governance Learning Network
GIZ	German Agency for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
ICT	Information and Communication Technologies
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
INEP	Integrated National Electricity Programme
IRCH	International Relations Clearing House
IRPS	International Relations, Peace and Security Cluster
ITP	Integrated Transport Plan
KPA	Key Performance Area
KPI	Key Performance Indicators
LED	Local Economic Development
LGTA	Local Government Transition Act, 209 of 1993

LRED	Local/regional Economic Development
LGTAS	Local Government Turn Around Strategy
MDG	Millennium Development Goal
MDB	Municipal Demarcation Board
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act, 56 of 2003
MIG	Municipal Infrastructure Grant
MSA 1998	Municipal Structures Act, 1998
MSA 2000	Municipal Systems Act, 2000
MTAS	Municipal Turn Around Strategy
MTSF	Medium Term Strategic Framework
NCOP	National Council of Provinces
NEC	National Executive Committee
NGO	Non government organisation
NHTL	National House of Traditional Leaders
NSDP	National Spatial Development Perspective
NT	National Treasury
PA	Performance Agreement
PCAS	Policy Co-ordination and Advisory Services
PCC	Presidents Co-coordinating Council
PCC	Presidents Coordinating Council
PGDS	Provincial Growth and Development Strategies
PLGA	Provincial Local Government Associations
PMS	Performance Management System
POA	Programme of Action
PR	Proportional Representation
RSC	Regional Services Council
SALGA	South African Local Government Association
TLGF	Traditional Leadership and Governance Framework Act, 41 of 2003

Context in which all will work

State of development of local government to 2011

Prior to the 1996 RSA Constitution and the transition to democratic local government, local authorities, as they were then known, were mere creatures of statute created by provincial governments. Although the different provincial ordinances led to a great variety of procedures, structures and processes, the municipalities established in terms of the ordinances had a common feature. Given their lack of constitutional status they possessed only such rights and powers as were expressly or impliedly granted to them by the legislature. It rendered all their actions, including the passing of by-laws, administrative actions, thus making them subject to judicial review. Municipalities, it can be said, thus existed at the mercy of the provinces.

When the process of democratisation commenced in 1990 with the unbanning of the liberation movements, local governments were legally subordinate and comprised of a multiplicity of fragmented institutions which were racially segregated and, as a result, provided massively unequal services to the different communities. The transformation of local government was directed at removing the racial basis of government and making it a vehicle for the integration of society and the redistribution of municipal services from the well-off to the poor. This process occurred in three phases. The first, a pre-interim phase, commenced with the coming into operation of the Local Government Transition Act (LGTA), 209 of 1993 and the establishment of the negotiating forums in local authorities pending the first local government election. The second phase began when the first local government elections were held in 1996, establishing integrated municipalities, although these were not yet fully democratically elected. The third and final phase commenced with the local government election on 5 December 2000, establishing the current municipalities. Underpinning the transition process were the interim Constitution of 1993 and the final Constitution of 1996.

The January 2010, Cabinet Lekgotla approved an outcomes based approach to service delivery. There are twelve outcome areas, and for each outcome, a draft series of strategic outputs and activities. The President in the State of Nation Address on the 11th of February 2010 announced the outputs for each of these outcomes for the period 2010-2014. A high level Performance Agreement and a fully detailed and negotiated Delivery Agreement is expected to be developed by each Minister and Department with key partners who need to co-operate to deliver these outputs.

The overall objective of the outcomes based approach is to improve service delivery through two key interventions. First, the aim is to introduce a more strategic approach through outcomes which reflect the focus of government, which can be regularly reported on to Cabinet. Second, the approach seeks to introduce a more systematic planning, monitoring and evaluation focus, starting with outcomes and then working backwards to identify the required outputs and activities to achieve the outcome. It must clarify logical links between the outcome and its outputs and activities and identify measurable indicators at activity, output and outcome level.

The January 2010, Cabinet Lekgotla approved an outcomes based approach to service delivery.

Outcome 9 commits the Minister of CoGTA to develop a local government system which is efficient, effective, responsive and accountable. This outcome forms the basis of the CoGTA Minister's Performance Agreement (PA) which is to be cascaded through local government Members of Executive Council (MECs) and mayors. The Ministry for CoGTA has developed 7 outputs as they have been agreed upon between the Minister and President and these constitute the Delivery Agreement for outcome 9. These are:

- ✚ implementation of the differentiated approach to municipal financing, planning and support
- ✚ improving access to basic services
- ✚ implementation of the Community Work Programme
- ✚ action supportive to Human Settlement outcomes
- ✚ deepen democracy through a refined ward committee model
- ✚ administrative and financial capability, and
- ✚ single window of co-ordination.

The Minister's Performance Agreement commits him to achieve the following:

- ✚ the delivery of basic services which include water, sanitation, electricity and waste management
- ✚ creation of several hundred thousand job opportunities by 2014 through the Community Work Programme, as part of the 4.5 million job opportunities to be created through the Extended Public Works Programme (EPWP)
- ✚ transformation of administrative and financial systems of local government, which includes supply chain management
- ✚ the filling of six critical senior municipal posts, namely Municipal Manager, Chief Financial Officer, Town Clerk, Town Engineer, Human Resources Manager and the Communications manager as the basic minimum for every municipality
- ✚ that all municipalities in the country achieve clean audits by 2014, and
- ✚ building municipal capacity to enable municipalities to collect 90% of their revenues.

Delivery agreements are not performance agreements - "It is an agreement between all the key stakeholders who need to work together in order for an outcome to be achieved" (Presidency). The delivery agreement must essentially clarify the problem, identify what needs to be done to address it and identify the resources needed for the problem to be addressed. All the outcomes are inter-departmental and/or intergovernmental in nature and require agreement between stakeholders and partners to work together.

Phases of development and priorities of local government

Local government in South Africa entered a new era with the adoption of the 1996 Constitution. The Constitution introduced, for the first time in our history, wall-to-wall local government system by providing that municipalities "must be established for the whole of the territory of the Republic". One of the major innovations of the 1996 Constitution was the elevation of local government to a sphere of government, firmly establishing local government's autonomy. Thus, a municipality now has the right to govern, on its own initiative, the local government affairs of its community. While the national and provincial governments may supervise the functioning of local government, this must be done without encroaching on the institutional integrity of local government. The Constitution further allocates the functional areas of local government competency in Schedules 4B and 5B.

The Constitution introduced three categories of local government: single tier Category A municipalities and two-tier local government in Category B and C municipalities where a

Delivery agreements are not performance agreements - "It is an agreement between all the key stakeholders who need to work together in order for an outcome to be achieved"

Category B municipality shares jurisdiction with a number of Category C municipalities. A metropolitan municipality has exclusive municipal executive and legislative authority in its area.

Subsequent to the adoption of the Constitution, a comprehensive policy was developed to give effect to the new constitutional vision of local government, which led to the adoption of the White Paper on Local Government by Cabinet in March 1998. The White Paper spelt out a framework and programme which would radically transform the existing local government system. The cornerstone of the White Paper was the notion of developmental local government, which was defined as “local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.”

Currently the developmental mandate of local government is effected through metropolitan municipalities in the eight largest urbanised and industrialised centres in the country. They are charged with addressing the key challenges outlined in the White Paper on Local Government, namely the legacy of urban apartheid by establishing a basis for equitable and inclusive metropolitan governance and development. They have legislative competence over all the areas listed in Schedules 4B and 5B of the Constitution.

National overview of local government

Outside the metropolitan areas, the local government mandate is pursued by two-tier local government: 226 local municipalities grouped into 44 district municipalities, sharing the functional competencies listed in Schedules 4B and 5B. The allocation of responsibilities between the two tiers of local government is prescribed by the Municipal Structures Act, 117 of 1998 (hereafter referred to as the Structures Act), which must take into account need to provide municipal services in an equitable and sustainable manner. The Structures Act (as adjusted by MECs) does so by allocating district municipalities’ functions with the those not listed then falling in the purview of local municipalities.

The transformation of South Africa from a society rooted in discrimination and disparity to a constitutional democracy founded upon freedom, dignity and equality continues to pose particularly profound challenges at local government level. It is here that acute imbalances in personal wealth, physical infrastructure and the provision of services are often most patent. The establishment of non-racial municipalities did not eliminate the divisions of the past. The provision of services and the distribution of resources are key challenges that the legacy of apartheid still pose for local government.

Given the fact that poverty is experienced locally, municipalities are confronted daily with the consequences of apartheid. This is especially the case as they are the providers of primary services which are essential to the dignity of everyone who lives in their area of jurisdiction. Thus, local government is the key site of delivery and development and is central to the entire transformative project of the new South Africa. It is therefore a key mandate of local government (with the support of provincial and national government) to eliminate the disparities and disadvantages that are a consequence of the policies of the past and to ensure, as rapidly as possible, the upgrading of services in the previously disadvantaged areas so that equal services will be provided to all residents.

The allocation of responsibilities between the two tiers of local government is prescribed by the Municipal Structures Act, 117 of 1998

Local government turnaround strategy

The importance of local government

Local Government plays a key role in the reconstruction and development effort in our country. The aims of democratising our society and growing our economy can only be realised through an effective and efficient Local Government system that forms part of a developmental state.

The establishment of a South African developmental state is based on the vision of the state and society working together at all levels to advance social justice, economic growth and development. Developmental Local Government is central to building the developmental state.

Nine years into the new Local Government system, however, there are worrying trends and signs that are undermining the progress and successes achieved thus far.

The Local Government Turnaround Strategy (LGTAS) is, therefore, aimed at counteracting those forces that are undermining our Local Government system. Root causes for some of these problems include:

- ✎ Factors. linked to the system of Local Government
- ✎ Policy and legislative factors
- ✎ Political factors
- ✎ Weaknesses in systems monitoring responsibility taken for actions
- ✎ Shortages of capacity and skills
- ✎ Weak intergovernmental support and oversight
- ✎ Issues associated with the intergovernmental economic system.

Restoring confidence

With this in mind, the key question government undertook to address with a range of role-players in 2009 was: “What is the state of Local Government in 2009, and what must be done to restore the confidence of our people in this sphere of government by 2011 and beyond?”

In order to address this question, nine provincial assessments of each of the 278 municipalities were conducted by the Department of Co-operative Governance and Traditional Affairs (CoGTA) during the course of 2009, led by the Minister, Mr Sicelo Shiceka, in association with the respective MECs responsible for Local Government. The purpose of the assessments was to determine the key problems in different areas and to establish the root causes. From these assessments, the consolidated State of Local Government Report¹ was compiled and consultations conducted with stakeholders.

Subsequently, the motivational force for the LGTAS was developed. The aim of this countrywide programme was to mobilise government and society at large to deal with the factors undermining Local Government and to restore good performance in the country’s municipalities.

This strategy represents the views of a wide variety of stakeholders who participated in what is probably the most consultative process ever undertaken on Local Government in this country.

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¹ State of Local Government Report, CoGTA 2009, available on website: www.dplg.gov.za

The LGTAS applies largely to those forces undermining Local Government, including those municipalities who have evidence of performance failures, or difficult social and economic circumstances to manage. The report points to the need for a number of adjustments and reforms in the leadership, policy, regulatory and oversight environments of municipalities.

Government is motivated to turn municipalities around from local bodies struggling with failure to ones that are confident in their abilities to execute their service delivery mandates. It will rise to the challenge of ensuring that municipalities are sites of excellence, with office-bearers and public servants who are efficient and effective, and carry out their duties with civic pride.

Overall vision for local government

The Constitution (1996) and the White Paper for Local Government (1998) state, “Developmental Local Government is Local Government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.”

The LGTAS acknowledges and confirms this overall vision for Local Government and is based on the following key assumptions:

- **Local Government is everyone’s business.** Municipalities can be made to work better for everyone by everyone.
- **The structure of Local Government system remains.** Notwithstanding certain changes that may have to be effected, the overall architecture of the system of Local Government is still sound.
- **The Local Government system is still new and evolving.** The new system of Local Government was always intended to be phased in over time and the current problems must be seen as part of an effort to learn and correct as we continue with implementation.

The ideal

An **ideal municipality** in our system will strive to contribute to building a developmental state in South Africa and draw from the constitutional and legal framework established. It would fulfil the following functions:

- Providing democratic and responsible government for local communities
- Being responsive to the needs of the local community
- Ensuring sustainable service delivery to communities
- Promoting social and economic development
- Promoting a safe and healthy environment
- Encouraging the involvement of communities and community organisations in the matters of Local Government
- Facilitating a culture of public service and accountability among its staff
- Assigning clear responsibilities for the management and coordination of these administrative units and mechanisms.

The outcomes of meeting the objectives of such a municipality include:

- The provision of household infrastructure and services
- The creation of integrated and inclusive cities, towns and rural areas with good living conditions
- Local economic development
- Community empowerment and distribution

“Developmental Local Government is Local Government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.”

An ideal municipality in our system will strive to contribute to building a developmental state in South Africa and draw from the constitutional and legal framework established.

These outcomes should create a healthy local environment in which vulnerable groups are supported and protected. It should also reduce the growing social distance between government and communities.

This sets the standard for the turnaround strategy. Municipalities must aspire to deliver on these outcomes. The rest of the state and society must ensure that there is an enabling environment and proper support for municipalities to deliver effectively.

Current profile of municipalities and service delivery

The government's priority since 1994 has been meeting the basic needs of the millions of South Africans living in poverty. In line with the Millennium Development Goals, government's target is to ensure that by 2014 all households have access to the minimum standard for each basic service.

Targets for service delivery

The table below depicts the current targets set by the South African government, in order to accelerate service delivery to meet basic needs and promote growth.

Minimum standards for basic services

Sector	Minimum standard 2014 target
Water	All households to have access to at least clean piped water 200 m from household.
Sanitation	All households to have access to at least ventilated pit latrine on site.
Electricity	All households to be connected to national grid.
Refuse Removal	All households to have access to refuse removal services at least once a week.
Housing	All existing informal settlements to be formalised with land-use plans for economic and social facilities and with provision of permanent basic services.
Other, e.g. education, health, roads, transport, sports and recreation, street trading, parks and community halls	Standards for access for all other social, government and economic services must be clearly defined, planned and, where possible, implemented by each sector working together with municipalities in the development and implementation of Integrated Development Plans (IDPs).
Source: Vision 2014	

A related 2014 goal is to decrease unemployment and poverty by half.

A related 2014 goal is to decrease unemployment and poverty by half. By obtaining labour-intensive services and the use of labour-intensive methods to maintain and build infrastructure, municipalities both broaden participation in the local economy and create work opportunities for the poor.

It is important to point out that current standards and expectations for service delivery may have to be reviewed. Highly urbanised areas with formal settlements can reasonably expect their own standpipes, while tiny rural areas, such as Bizana in the Eastern Cape, may need their service delivery to focus on greater access to state-provided boreholes or rain tanks and water harvesting, and alternative energy sources for cooking, such as bio-fuels.

Progress regarding access to priority services

Municipalities have contributed significantly to reducing infrastructure backlogs and delivering services. Despite this progress, there are still significant restrictions to faster service delivery. These relate to municipal capacity and the ability of the state to provide adequate infrastructure, particularly in areas of rapid growth or which are geographically remote. It would also be important to focus on the governance arrangements in traditional areas, where access to land for dwellings and access to municipal services are often not coordinated, leaving citizens without access to basic services.

In a community survey conducted in 2007, it was found that the provinces that struggle the most with reaching service delivery targets are the Eastern Cape; KwaZulu-Natal and Limpopo, with Mpumalanga not far behind. Poor access to refuse removal services in a number of provinces also reflects the vulnerable prevailing socio-economic conditions, particularly in the more rural provinces.

The marked differences in poverty, wealth and institutional capacity in South Africa's 278 municipalities has made it necessary to begin tailoring policies and approaches to suit their circumstances. Municipalities play a key role in spatial development. They must plan and manage their built environments in ways that promote social cohesion, inclusive growth and sustainable development.

Classification systems

The 278 municipalities in the country have different capacities and are faced with different social and economic challenges, which determine the responsibilities that they are able to deliver on.

The Constitution provided for the legislative framework for Local Government and established three categories of municipality:

A – Metros

B – Local Municipalities

C – District Municipalities

Eight Metropolitan (Category A), 226 Local Municipalities (Category B) and an additional 44 District Municipalities (Category C) were established.

The marked differences in poverty, wealth and institutional capacity in South Africa's 278 municipalities has made it necessary to begin tailoring policies and approaches to suit their circumstances.

What are the main problems and their root causes?

There are a range of problems and challenges, which are not applicable equally across the board to all municipalities. Also, some problem areas may come from outside municipalities and require solutions beyond their scope.

The following key thematic areas have been identified:

- ✎ Service Delivery – the delivery of basic services in municipal areas, such as primarily water, sanitation, refuse removal, electricity and roads.
- ✎ Spatial conditions – including geographic considerations, such as characteristics of urban areas; conditions in former “Homeland” or “Bantustan” areas, e.g. Ciskei; location of poverty; and types of economies in the area, such as mining or agriculture.
- ✎ Governance – elements such as political leadership, institutional organisation, administration, capacity and skills, oversight and regulation, and monitoring and reporting.
- ✎ Financial Management – municipal budget and income management, e.g. from water, rates and electricity charges. The Intergovernmental financial system distributes grants to municipalities for service delivery. These include the Equitable Share (ES) and the Municipal Infrastructure Grant (MIG).
- ✎ Local Economic Development (LED) – refers to the approach a municipality and region may take to encouraging investment by big business, small local business development, tourist industries or large-sector economy management in mining, manufacturing or farming.
- ✎ Labour Relations – the way the management and workforce of municipalities work together.

Core areas of concern

- ✎ Serious leadership and governance challenges in municipalities, including weak responsiveness and responsibility to communities.
- ✎ The financial management of many municipalities is very poor.
- ✎ Many municipalities are unable to deliver basic services or grow their economies.
- ✎ The legacy of apartheid spatial development patterns and inequity continues.
- ✎ There is inadequate human resource capital to ensure professional administration and positive relations between labour, management and councils.

These findings, whether they relate to the external environment or problems of municipalities’ own making, have fuelled public perception and concern within government that the entire Local Government system is in distress.

The root causes of much of municipal failure:

- ✎ Inappropriate national and provincial government policies, practices and burdensome requirements
- ✎ Socio-economic conditions prevailing in many municipalities, which are not being adequately addressed by macro, micro-economic and industrial policies and plans of the state
- ✎ Political parties that are undermining the integrity and functioning of municipal councils through intra and inter-party conflicts and inappropriate interference in councils and administration
- ✎ A breakdown of values at societal level, which is breeding unethical behaviour, corruption, culture of non-payment and lack of accountability
- ✎ Communities that are engaging in destructive forms of protest, including withholding payment of local taxes and services
- ✎ Those municipalities that are not geared for delivering basic services and are not responsive and accountable enough to residents, including failure to involve communities in their own development
- ✎ Absence of communications resources, e.g. people, technology and equipment processes, and no accountability for how and when municipalities communicate to communities.

These realities have led to many negative responses towards those municipalities that are struggling with complex social and legacy-based issues, or that are failing in performance or governance. The LGTAS is a high-level government-wide response to stem this tide. It is an effort to stabilise Local Government and put municipalities back on a path of responsive and accountable service delivery.

How will we tackle these problems?

Five strategic objectives are identified that will guide the LGTAS interventions and support framework:

- ✎ Ensuring that municipalities meet the **basic service needs** of communities
- ✎ Building clean, effective, efficient, **responsive and accountable** Local Government
- ✎ Improving performance and **professionalism** in municipalities
- ✎ Improving national and provincial policy, oversight and support
- ✎ Strengthening **partnerships** between Local Government, communities and civil society.

These objectives have been identified as the key drivers to rebuild and improve the basic requirements for a functional, effective and efficient developmental Local Government.

In achieving these objectives, we will **mobilise government and society** to protect and enhance the Local Government system by addressing the forces undermining the system and addressing relevant areas for improvement.

The LGTAS is a high-level government-wide response to ... stabilise Local Government and put municipalities back on a path of responsive and accountable service delivery.

Key interventions

- ✚ National Government, including state enterprises, will organise itself better in relation to Local Government.
- ✚ Provinces will improve their support and oversight of Local Government.
- ✚ Municipalities will reflect on their own performance and identify their own tailor-made turnaround strategies².
- ✚ All three spheres of government will improve Inter-Governmental Relations (IGR) in practice.
- ✚ Political parties will promote and enhance the institutional integrity of municipalities.
- ✚ A good citizenship campaign will be designed and launched, at the core of which is Ubuntu. All citizens, including public officials at all levels, those in the private sector, trade unions, professional bodies and traditional leaders will be guided in their actions by a common set of values.

LGTAS implementation priorities

The immediate pre-2011 priorities

- ✚ Addressing immediate financial and administrative problems in municipalities
- ✚ Regulations to stem indiscriminate hiring and firing
- ✚ Ensuring and implementing a transparent municipal supply chain management system
- ✚ Strengthening ward committee capacity and implementing a new ward committee governance model
- ✚ National and provincial commitments in IDPs
- ✚ Differentiated responsibilities and simplified IDPs (agreements with individual municipalities on the ideal scope of functions to be provided and how best the state can support service delivery through intergovernmental agency arrangements)
- ✚ Funding and capacity strategy for municipal infrastructure
- ✚ Intergovernmental agreement with metros on informal settlement upgrade, including alignment of MIG (cities) and housing subsidy grants
- ✚ Reviewing and rearranging capacity grants and programmes, including Siyenza Manje support
- ✚ Upscaling the community works programme to ensure ward-based development systems
- ✚ Implementing the Revenue Enhancement – Public Mobilisation campaign
- ✚ Launching the “good citizenship” campaign, focusing on governance values to unite the nation and mobilise involvement in local development affairs
- ✚ Preparations for next term of Local Government to inspire public confidence.



² Municipalities will receive guidelines on structuring their Turn-Around Strategies; the five thematic areas will provide a guide to key focus areas for intervention.

The post-2011 priorities – Vision 2014

- ✎ A single election for national, provincial and local government
- ✎ Access by all citizens to affordable basic services
- ✎ Eradication of all informal settlements
- ✎ Clean cities, by managing waste in such a way that employment and wealth are created
- ✎ Significantly reduced Infrastructure backlogs
- ✎ Access to water, sanitation and electricity for all schools, clinics and hospitals, and other public facilities
- ✎ At least one sporting facility for each of the wards
- ✎ The necessary ICT infrastructure and connectivity for each municipality
- ✎ All provinces and municipalities to have clean audits
- ✎ Violent service delivery protests to be eliminated
- ✎ Municipal debt to be reduced by half
- ✎ Empowered and capacitated organs of people's power (street, block/section, village and ward committees)
- ✎ Trained and competent councillors, traditional leaders, officials, ward committee members, community development workers and community activists.

Implementation of the Local Government Turnaround Strategy (LGTAS)

One of the main aims of the LGTAS is to renew the vision of developmental Local Government. To do this, the LGTAS seeks to improve the organisational and political performance of municipalities and, in turn, the improved delivery of services. The goal is to improve the lives of citizens and progressively meet their social, economic and material needs, thereby restoring community confidence and trust in government.

Implementation of the LGTAS Strategy will be based on the attitude that **there must be a differentiated and targeted support system for Local Government**. Measures will be taken to ensure that in those parts of the country, especially rural areas, where severe poverty and underdevelopment exist side by side with weak municipal capacity, there is a dedicated focus to enlarge municipal capacity.

A differentiated support system will, therefore, be established to manage the support system to be provided by the LGTAS. The support system will focus on two interrelated streams:

- ✎ Institutional measures to facilitate improved delivery of infrastructure and services
- ✎ Structural, policy, legislative and capacity-building measures over the longer term

	National Sphere	Provincial Sphere	Local Sphere
Service Delivery	1.1 Remove constraints to service delivery	Strengthen regional planning and identify constraints Participate in reviews, consultations and oversight	Strengthen collective municipal plans Consultations on free basic services Mobilise urgent support for provision of basic services
	1. Better Planning and Oversight over Local Service Delivery	Ensure the necessary resources are allocated to address service delivery MDG priorities within the defined timeframes (2014)	Budget and grant reviews Monitor MIG expenditure and infrastructure planning

	National Sphere	Provincial Sphere	Local Sphere
Service Delivery	<p>Continue to strengthen intergovernmental and municipal planning – the IDP must be followed by all, and be applicable to all spheres of government, SoEs and stakeholders outside government</p> <p>1.4. Radically redress apartheid spatial planning: urban/rural divide, townships and suburbs</p> <p>1.5. Spatial Development Frameworks must enable municipalities to know and guide what is happening in every part of a municipal space</p>	<p>Regional intergovernmental and sector coordination</p> <p>Regional role in development planning and coordination</p> <p>Oversight and approval of IDPs</p>	<p>IDPs must be endorsed by community organisations and stakeholders as local social compacts</p> <p>Strengthen community oversight and monitor service delivery projects</p> <p>Implement support programmes for improved spatial planning</p>
	<p>1.6. Restructure the MIG</p> <p>1.7. Establish a special purpose vehicle for infrastructure development</p>	<p>Oversight and support for infrastructure investment management</p>	<p>Implement support programmes for improved MIG performance</p>
	<p>1.8 All small business must be registered, so that taxation may be enforced</p>	<p>Improvement of monitoring and enforcement measures</p>	<p>All small business must be registered, so that taxation may be enforced</p>
Governance	<p>2.1 Establish a single point of entry for support, monitoring and intervention in Local Government</p>	<p>Provincial CoGTAs must be the single point of coordination for Local Government</p> <p>Intergovernmental communication and information systems</p> <p>Consultation</p> <p>Oversight and support</p> <p>Monitoring and reporting</p>	<p>Intergovernmental communication and information systems</p> <p>Implementation systems</p> <p>Compliance</p>
	<p>2.2. Improve communication between government and communities by institutionalising communication structures, processes and systems for structured, direct and regular communication with local communities</p>	<p>Participation and oversight</p>	<p>Council to implement and oversee</p>

		National Sphere	Provincial Sphere	Local Sphere
	3. Deepen People-centred Government through a Refined Model of Ward Committees	3.1. Priorities of all three spheres of government must find expression in the work of ward committees	Ward committees must be coordinated at a municipal, district, provincial and national level	Ward committees must be coordinated at municipal, district, provincial and national level
Local Economic Development	4. Urgent Application of LED across Local Government Sphere	Application of LED framework and ongoing monitoring of LED in municipalities	Regional economic growth assessment	Support programmes to assess LED approaches and work with ward committees on economic products
		Intergovernmental focus from DSD; Rural Development, dti, CoGTA and District Health System	Intergovernmental support for LED	Support programme for LED
		Develop policy on ward-based economic planning	Ensure alignment of provincial economic plans with municipal and ward-based economic plans	Facilitation of ward-based economic planning Each ward to have at least one economic development product
Labour Relations	5. Strengthen Local Labour Relations to support Developmental Local Government	5.1. Develop a tool to monitor the functionality of the LLFs	Oversight role	Revive LLFs

Intervention framework

Outline of the specific priorities required to ensure successful implementation of the LGTAS.

The intervention areas identified above provide an overview of critical actions required. Detailed plans and inputs from stakeholders will also inform the process going forward.

Introducing the handbook

Local government is regarded as the sphere of government closest to the people. As a result, municipalities are at the coalface of deepening democracy and accelerating the delivery of services.

The 2011 local government elections are an important milestone as South Africans went to the polls for the third time since democratic independence to elect their municipal representatives. This juncture provides an excellent opportunity for the newly elected councillors to fulfil their mandates to the best of their abilities and to deliver quality services and promote development to improve the lives of all South Africans.

The building of capacity and extension of the expertise of the new cadre of municipal councillors is at the core of SALGA's Skills Development and Capacity Building Initiative. This Handbook for Municipal Councillors is part of this overall programme. The objective of the Handbook is twofold:

- ✎ Providing an induction programme for newly elected municipal councillors through addressing the key areas of expertise and values that they will be expected to display while conducting their mandate and responsibilities.
- ✎ Acting as a very practical resource document that highlights important policies and legislation, systems and processes relevant to the day-to-day work of all councillors.

The objective of the Handbook is to provide councillors with specifics on how they can best fulfil their mandate. It places a strong emphasis on actual processes rather than theory, but recognises that the work of councillors needs to be contextualised within the overall policy and legal framework guiding local government and constitutional requirement of co-operative governance and intergovernmental relations.

Chapter 1 sets out the functions of key structures and office of councils, such as the mayor, speaker and municipal councillor. It also gives an overview of the core municipal processes: Integrated Development Planning, Municipal Budgeting and Financial Management, Performance Management and Public Participation. The section on public participation and citizen involvement is very crucial and looks at ways how councillors could effectively interact, communicate and consult with communities and how citizens participate and influence the work of councils through structures such as ward committees. The chapter also addresses, in some detail, meeting procedures for councillors, an important personal skill that councillors are required to have. Allegations of corruption and financial maladministration can result in a very negative perspective of councillors and municipalities. Councillors are the custodians of public money and as such they need to conduct financial activities of the municipality in a professional, open, transparent and accountable way. They should fight corruption in tendering and hiring. They are required, in terms of the Code of Conduct, to declare all their assets and business interests. Any potential conflict of interest must be declared.

Chapter 2 provides an overview of the roles and responsibilities of councils and councillors and addresses the fundamental responsibility of representation.

"We have to make people's experience of local government a pleasant one, as it touches their homes and their lives directly, every day."

Excerpt from President Zuma's State of the Nation Address to Parliament on 10 February 2011.

Chapter 3 highlights the great importance of personal and leadership skills. A good councillor is one who exhibits leadership qualities and is not afraid to make decisions that are in the best interests of the municipality. Leadership skills are based on a system of values that includes integrity, commitment and professionalism. As a leader of their community, councillors may be required to manage conflict and resolve disputes. Serving on standing committees requires commitment to schedules, time management and the ability to ensure that they function effectively.

Despite some new councillors' relative inexperience they all have been greatly recognised by the public, through being chosen as elected representatives to serve on the municipal council. Political leadership is also reflected in the way that councillors monitor implementation. This includes providing guidance to municipal officials, requesting periodic reports and ensuring that they follow procedure and are held accountable for their actions. This requires a thorough knowledge of the functions of the municipal officials. Non-interference in the administrative functions of council officials is however one of the key requirements of their mandate and adhering to this reflects both maturity and professionalism.

Chapter 4 highlights the importance of intergovernmental co-operation between the three spheres of government – local, provincial and national – and emphasizes the need of the three spheres to closely work together.

Chapter 5 focuses on protocol and international co-operation, while **chapter 6** provides a list of all municipalities and their contact details.

When working with this Handbook, councillors should not feel intimidated by the extent and depth of the information contained in its pages, but rather see it as a tool that provides an opportunity for them to carry out their mandate to the best of their ability and realise government's programme of action to achieve a better life for all South Africans.

1

Systems and structures of local government

1.1 What is a municipality?

The world over, local governments are premised on the notion that the municipal institution belongs to the inhabitants of the locality. In South Africa, this position is legislated. The Systems Act, defines a municipality as comprising of its political structures, its administration and the community of the municipality.

The legislation thus makes it clear that communities are an integral part of municipal governance of local government affairs. It demands that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance.

Community participation is thus key to the functioning of local government. One of the constitutional objects of local government is to encourage the involvement of communities and community organisations in local government. Community participation, in various forms and to varying degrees, is now a legal requirement in nearly every key municipal process. To this end, a municipal council must develop mechanisms to consult the community and community organisations in performing its functions and exercising its powers.

Council, executive committee, mayoral committee, and the relationship between them

As indicated, a municipality consists of the political structures, administration and community of the municipality. The political structures include the municipal council, executive structures (that is the executive committee and the executive mayor), and committees of the council.

Each municipality must have a municipal council. The Constitution vests both the legislative and executive powers of a municipality in the municipal council. All councillors are involved in making decisions about how the council is run, what services the council should provide, and how the council should spend its money. Full council is made up of all the councillors in the municipality and is responsible for setting the council's overall policy and budgetary framework. This includes making decisions about major council strategies, agreeing the council's annual budget and approving the level of council tax each year.

Most other decisions are made by committees of council or are delegated to office bearers in terms of council's system of delegations.

The legislation thus makes it clear that communities are an integral part of municipal governance of local government affairs. It demands that a municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance.

Mayor / Executive Mayor

After the election of an executive committee, the council must elect one member of the executive committee as mayor of the municipality. A mayor is elected for the duration of that person's term as member of the executive committee. One person may serve a maximum of two consecutive terms as mayor in the same council. The mayor presides over meetings of the executive committee and performs functions assigned to him or her by the municipal council or the executive committee. These duties include any ceremonial duties.

The municipal council of a municipality that is of the 'executive mayor type' may choose to elect an executive mayor. The executive mayor is also under a duty to report on all his or her decisions to the municipal council. Even though the role of executive mayor is still 'open' and will therefore largely depend on what powers and functions the municipal council will delegate to him or her, it is clear that the executive mayor will be the 'executive head' of the municipality. Section 7(b) of the Structures Act speaks of "the exercise of executive authority through an executive mayor in whom the executive leadership of the municipality is vested and who is assisted by a mayoral committee". The executive mayor is responsible for running the municipality on a day-to-day basis.

Committees of Council

The functionality of the internal governance arrangements in a municipality is to a large extent determined by the functionality of its committee system. The Structures Act provides that a municipality, taking into account the extent of its functions and powers, the need for delegation and the resources available, may establish committees.

Clearly, a municipality has substantial discretion on how to structure its committee system. Importantly, the manner in which a municipality uses that discretion can have consequences for the capacity of the council to hold the executive to account, which directly affects the quality of governance in the municipality and ultimately the sustainability of such a municipality. The important role of committees in assisting the council and executive (mayor) to perform their functions effectively should thus be clearly understood and utilised for that purpose, so as to ensure good governance in the municipality.

Executive Committee

The Structures Act provides that a municipality may establish an executive committee if it is of a type that is empowered to establish an executive committee and the municipality has more than nine councillors. The council may make by-laws that prescribe the rules and orders for the establishment, composition, procedures, powers and functions of its executive committee.

The executive committee is the 'principal committee' of the municipal council. The Structures Act underscores this principle by stating that the executive committee receives reports from the other committees of the council (that is committees established in terms of sections 79 and 80) and either disposes of these matters in terms of its delegated powers or forwards the report with a recommendation to the full council.

In principle, meetings of the executive committee are open to the public. An executive committee may, however, close any or all of its meetings if it is reasonable to do so, having regard to the nature of the items on the agenda. The general rule is that these meetings must be open to the public (including the community), having regard to the nature of a municipality.

Mayoral Committee

Mayoral committees only exist in municipalities that have a mayoral executive system and an executive mayor. A mayoral executive system is a system of municipal government which allows for the exercise of executive authority through an executive mayor in whom the executive leadership of the municipality is vested and who is assisted by a mayoral committee.

In municipalities with more than nine council members, the executive mayor must appoint a mayoral committee from among the councillors. They remain in office for the term of the executive mayor who appointed them. This mayoral committee is tasked with assisting the executive mayor. It dissolves automatically when the executive mayor vacates office.

The size of the mayoral committee, which is determined by the executive mayor, is subject to a number of criteria. Firstly, there may be as many members as may be necessary for effective and efficient government. Secondly, the deputy executive mayor must be a member of the mayoral committee. Finally, no more than 20 percent of the councillors, or ten councillors, whichever is the least, may be appointed. The municipal council may designate some of the tasks of the executive mayor that he or she must exercise together with the mayoral committee. In this way, the council may bend the decision-making structure slightly towards a more 'collective' executive, bearing in mind the important difference that the mayoral committee is appointed by the executive mayor, whereas the executive committee is elected by the council.

A mayoral committee may close any or all of its meetings to the public if it is reasonable to do so because of the nature of the items on the agenda. Section 20(2) of the Systems Act provides that the municipal council or a committee of the council must ensure that meetings on certain topics are always open. While this is not a requirement for the mayoral committee, as it is not a committee of the council, it is suggested that it should as far as possible be open to the public, having due regard to the nature and composition of a municipality as inclusive of communities.

Section 79 Committees

In terms of section 79 of the Structures Act, a municipal council may establish one or more committees necessary for the effective and efficient performance of its functions or the exercise of any of its powers. The council appoints the members of these committees, and may dissolve the committee or remove a member at any time. The council must determine the functions of a section 79 committee and may determine its procedures.

The functions of the committee should flow immediately from the terms of reference drawn up for the committee in terms of section 53 of the Systems Act. The council may delegate powers to the committee in terms of section 59 of the Systems Act and appoint its chairperson. Section 79 committees may co-opt advisory members who are not councillors, provided they have the authorisation of the council. Examples of committees that are often configured as section 79 committees are appeal committees and rules or disciplinary committees.

The advantage of a section 79 committee is that council may empower the committee to investigate any aspect of council business, council structures and office bearers' executive actions and make recommendations about how it should be changed. They can also "call in" decisions made by the mayoral or executive committee and ask that these decisions be reconsidered before they are put into practice.

Mayoral Committee

Section 79 Committees

Section 80 Committees

Section 80 Committees

Section 80 of the Structures Act provides for the appointment of committees to assist the executive committee or executive mayor. These committees are appointed by the council but their chairpersons are appointed by the executive committee or the executive mayor. The chairperson must be a member of the executive committee or the mayoral committee. The executive committee or executive mayor may delegate powers and duties to the committee but remains responsible for the exercise of those powers. Decisions of the section 80 committee may be altered or revoked by the executive committee or mayor, subject to any rights accrued.

There cannot be more section 80 committees than there are executive committee members or mayoral committee members. Clearly, a municipality of the plenary type cannot make use of section 80 committees. Section 80 committees would generally be linked to specific portfolios with names such as 'corporate services', 'community services' or 'economic development'.

The main difference between a section 79 committee and a section 80 committee is that a 79 committee reports to council while a section 80 committee does not report to the council but to the executive committee or executive mayor, in the manner prescribed by the executive committee or executive mayor.

1.2 Policy and legal framework guiding local government

Introduction

This section provides an overview of the legal environment as applicable to the operations of local government. It outlines the principles that govern the development of laws, the local governing structures that have been established by law and the application of the laws in the day-to-day function of a municipality. It also seeks to highlight individual councillor's legal obligations with respect to their duties as public servants. The section does not provide the detailed content of each specific Act and councillors are advised to consult specific documents where necessary.

The principles that guide the formation of local government laws

The Constitution provides for **three spheres of government**, namely **national, provincial and local** government. It also establishes local government as a **distinctive sphere of government**, which is inter-dependent, and interrelated with national and provincial spheres of government.

Municipalities fall within the local government sphere and there are presently 278 municipalities across the country.

Local municipalities have a constitutional obligation to:

- ✚ ensure sustainable, effective and efficient municipal services;
- ✚ promote social and economic development; and
- ✚ encourage a safe and healthy environment by working with communities in creating human settlements in which all people can lead uplifted and dignified lives.

Municipal councils are central to local democracy and are meant to represent the collective interests and provide leadership to the whole community. Developmental local government underpins the programmes and projects that councils undertake. Municipal councils are central to local democracy and are meant to represent the collective interests and provide leadership to the whole community.

A **developmental local government** approach implies that a municipality has a duty to structure and manage its administration to give priority to the basic needs of the community, and to promote the social and economic development of the community.

A municipality also has a duty to participate in national and provincial development programmes in the spirit of cooperation to promote development. Co-operative governance is particularly important where there are national or provincial programmes that may not be easily implemented without the participation of the local municipalities. Examples of provincial or national programmes are the EPWP and the Housing Subsidy Scheme.

There are eight (8) metropolitan councils, 44 district councils and 226 local councils in South Africa.

Developmental Local Government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.

White Paper on Local Government, 1998

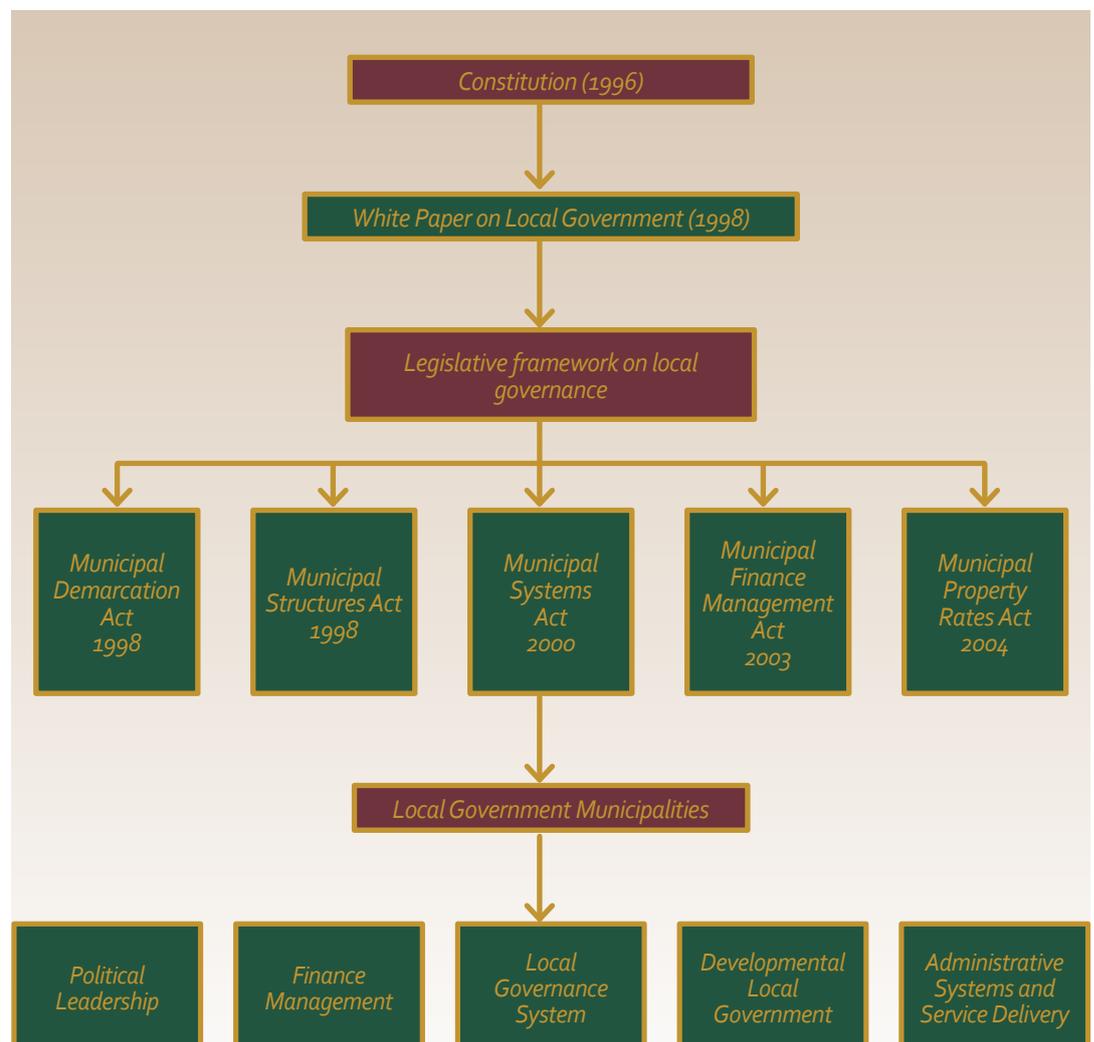
1.3 The legislative framework

What are the relevant laws?

A number of laws that apply to municipalities have been passed by parliament since the establishment of South Africa's democracy.

Legislation provides for the more general provisions in a legal framework. It informs regulations (developed and published by the executives of national or provincial government) which specify how the legislation is to be implemented. Municipalities have the authority to pass by-laws to regulate in more detail what kind of activity is permitted or not permitted within their jurisdiction, but in doing so must be conscious of national and provincial legislation, and cannot contradict it.

As a public official, a councillor should review and be familiar with the provision of these local government laws and their amendments. The municipal laws seek to support the application and upholding of the Constitution.



Source: DCoG – Local Government Fact Book 2003/2004.

The White Paper on Local Government, 1998, was the first national policy framework for local government in the post-apartheid period. It provided the policy guidelines for development of bills that became the Municipal Structures Act, 117 of 1998 and the Municipal Systems Act, 32 of 2000 after being passed by parliament.

All legislation can be found on the South African Government Information site at www.info.gov.za or the government printer's office.

The **Constitution** establishes local government as a separate sphere of government responsible for service delivery, and imposes a specific set of responsibilities on the national and provincial spheres of government to support and strengthen the capacity of municipalities.

The **White Paper on Local Government, 1998** is a policy document that established the basis for a new developmental local government system that is committed to working with citizens, groups and communities to create sustainable human settlements that provide for a decent quality of life and meet the social, economic and material needs of communities. This developmental role for municipalities requires them to structure and manage their administrations, budgeting and planning processes and to prioritise the basic needs of the community. Various Acts of parliament were promulgated to support the principles adopted in the White Paper.

The **Municipal Demarcation Act, 27 of 1998** provides the criteria and procedures for the determination of the municipal boundaries. The Demarcation Board is an independent authority set up to perform this role. Consideration may be given to financial viability of an area, integration of racial divisions and alignment with provincial divisions among others before determining a local municipal boundary.

The **Local Government: Municipal Structures Act, 117 of 1998** clarifies the status of municipalities and provides the framework for the establishment of municipalities in accordance with the requirements and criteria relating to categories and types of municipalities. It further determines the appropriate division of powers and functions between categories of district and local municipalities and regulates governance structures and electoral systems for newly demarcated municipalities.

The **Local Government: Municipal Systems Act, 32 of 2000** sets out the internal systems of municipalities that enable municipalities to operate in such a way that they move progressively towards the social and economic upliftment of local communities and ensure universal access to essential services that are affordable to all.

The council of a municipality should provide without favour or prejudice, democratic and accountable government for communities, residents and ratepayers.

Municipal Systems Act, 32 of 2000 Chapter 2, paragraph 15

The **Local Government Municipal Systems Act, 32 of 2000** also presents the legal nature of the municipalities and the entities that it can and cannot set up to conduct its duties within the functions and powers assigned. A municipality is therefore a 'corporate entity' that has legal responsibility for its own actions and can be sued or can sue.

While the municipalities are headed by political party representatives, the internal systems for administration of a municipality have a set of governance mechanisms that must be followed regardless of the political party in office. The Systems Act provides the law on how a municipality should govern its activities. Requirements such as the development of IDPs, Performance Management Systems (PMSs) and the constitutional requirement for public participation are outlined in the Systems Act (see Chapter 4 for more detail on these processes). The rights and duties of officials, councillors and residents are also covered in the Act.

The Constitution

*The White Paper on
Local Government, 1998*

*The Municipal
Demarcation Act, 27 of
1998*

*The Local Government:
Municipal Structures
Act, 117 of 1998*

*The Local Government:
Municipal Systems Act,
32 of 2000*

*The Local Government:
Municipal Systems Act,
32 of 2000*

The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA)

The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA) regulates financial management and provides uniform treasury norms and standards for the local sphere of government. Its objective is to secure sound and sustainable management of the financial affairs of municipalities and other institutions. The MFMA also requires for the alignment between the municipal budget and the IDP.

The Local Government: Municipal Property Rates Act, 6 of 2004

The **Local Government: Municipal Property Rates Act, 6 of 2004** regulates the levying of property rates by all municipalities and affects properties that previously fell outside municipal boundaries.

Source: Adapted from – *Local Government Fact Book 2003/2004*

Other important laws that apply to and are meant to enhance the effectiveness of local government are the following:

The Intergovernmental Relations Framework Act, 13 of 2005

The **Intergovernmental Relations Framework Act, 13 of 2005** facilitates co-ordination in the implementation of policy and legislation between national government, provincial government and local government, and all organs of state within those governments. It promotes coherent government, effective provision of services; monitoring implementation of policy and legislation and realisation of national priorities.

The Division of Revenue Act (enacted annually)

The **Division of Revenue Act (enacted annually)** provides for the 'equitable division of revenue to be raised nationally among the national, provincial and local spheres of government.' This is basically a budgeting instrument detailing how national revenue (collected through taxes) is shared amongst the spheres of government to support the implementation of the various government programmes. The revenue is generally referred to as the 'equitable share' and at local government level is usually used to subsidise the costs of providing basic services to the poor.

The Organised Local Government Act, 52 of 1997

The **Organised Local Government Act, 52 of 1997** was passed to give recognition to one national organisation representing the majority of the municipalities in each province. SALGA is the officially recognised structure for local government to discuss and represent the concerns of its members. The legislation states that the national organisation must:

- be politically inclusive
- be provincially representative
- have a balance between urban and rural municipalities.

The Promotion of Administrative Justice Act, 3 of 2000

The **Promotion of Administrative Justice Act, 3 of 2000** (and amendments in 2003), provides for specific procedures to ensure that any administrative action is lawful reasonable and procedurally fair. An administrative action is defined as an action taken or failure to take a decision by an organ of state (when exercising a constitutional power or other public power or function) that adversely affects the rights of any person. Anyone who feels their rights are being adversely affected can ask for written reasons for any decision, and even seek redress from the government institution concerned or the courts. This is a complicated law that has a number of exclusions and conditions. The Act has far-reaching implications in that councils must be able to strongly defend their decisions and show that the benefits of their actions outweigh any possible negative effects on the rights of their citizens.

The Local Government: Municipal Property Rates Act, 6 of 2004

The **Promotion of Access to Information Act, 2 of 2000** is intended to 'give effect to the Constitutional right of access to any information held by the state and any information that is held by another person and that is required for the exercise or protection of any rights; and provide for matters connected therewith'.

Finally, councillors should also familiarise themselves with the **International Relations Policy Framework, 1998** (though this was not enacted into legislation), and current discussions around the ways that municipalities might best interact with other nations and international forums. While the Department of International Relations and Cooperation has played a pivotal role in taking South Africa back to key international forums, thereby enabling municipalities to tap into the know-how and expertise of other nations, experience has shown a lack of capacity and experience in conducting **municipal international relations**.

Key roles for municipalities when conducting international relations

- Prepare a plan for municipal international relations to support priorities as part of the IDP process.
- Submit this plan and details of any official international visit or international relations agreement to SALGA, DCoG and the Department of International Relations and Cooperation.
- Prepare an annual record and evaluation of all international cooperation arrangements and events in which the municipality has been involved in for public scrutiny and submission to national, provincial, and organised local government.
- Ensure that municipal international relations activities are adequately resourced and that councillors and officials participating in international relations are properly briefed and trained.

The Local Government: Municipal Property Rates Act, 6 of 2004

SALGA

SALGA plays a core role in a variety of areas related to local government transformation and as a national representative body of local government. The new SALGA strategy responds to the challenges facing organised local government, addresses past weaknesses and drives forward the process of consolidating the transformation process of local government.

SALGA's role

In line with its constitutionally defined mandate, SALGA sets out its role as follows:

- represent, promote and protect the interests of local government;
- transform local government to enable it to fulfil its developmental role;
- enhance the role of provincial local government associations as provincial representatives and consultative bodies on local government;
- raise the profile of local government;
- be recognised by national and provincial governments to be the national representative of local government and consultative body in respect of all matters concerning local government;
- ensure full participation of women in local government;
- act as the National Employers' Organisation for the municipal and provincial member employers;
- regulate the relationship between the members and the employers within the meaning of section 213 of the Labour Relations Act, 66 of 1995;
- provide legal assistance to its member in its discretion in connection with matters, which affect employee relations.

SALGA's mandate

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

The Organised Local Government Act, 52 of 1997 recognises SALGA and the nine provincial local government associations (PLGAs) as representatives of organised local government. The Act allows organised local government to designate up to ten part-time representatives to the NCOP in the national parliament, and to further nominate two persons to the FCC, which advises the Finance Ministry on budget issues. SALGA participate in intergovernmental structures and are therefore able to influence national and provincial legislation and to gauge the impact of such legislation on local government.

As a full partner in government, SALGA is expected to be an active participant in the various intergovernmental forums, to provide policy direction and substantive positions on numerous issues, and to articulate and defend all local government interests.

Role of councillors in SALGA

SALGA is a political body created to represent, protect, safeguard and promote the interests of local government. As a full partner in government, SALGA is expected to be an active participant in the various intergovernmental forums, to provide policy direction and substantive positions on numerous issues, and to articulate and defend all local government interests.

At national level, the National Executive Committee (NEC) is the highest decision-making structure of SALGA after the Conference and National Members Assembly and is comprised of councillors elected at the National Conference of SALGA. Thus, councillors make up the body of SALGA. Every province has councillor representation on the NEC. The NEC exercises the authority of SALGA in between its National Conference and Members Assembly, so it is responsible for the day-to-day executive functions, including representing local government in various intergovernmental forums such as the NCOP and MinMECs.

At the provincial level, the Provincial Executive Committees are comprised of councillors elected at the Provincial Conference and exercises the day-to-day executive functions of the provincial association, including representation in provincial intergovernmental relations (IGR) structures.

The most important governance structure for consultation in the decision-making process of SALGA is the Working Groups (national and provincial). The National Working Group is comprised of the National and Provincial Working Group chairpersons, while the Provincial Working Groups are comprised of councillors from municipalities in the province concerned.

The Working Groups discuss and develops policies, strategies and programmes to address critical local government issues; facilitate co-ordination and inclusive decision-making between SALGA and its provincial and municipal members; and make strategic and policy recommendations to the National Executive Committee or Provincial Executive Committee. Councillors who are part of the working groups may be called on from time to time to participate in political and intergovernmental structures as mandated by SALGA.

Establishment of municipalities

Municipal categories

The Structures Act provides categories of municipalities. The Constitution provides for three categories of municipalities.

The Demarcation Board, established in accordance with section 2 of the Local Government: Municipal Demarcation Act, 27 of 1998, determined the areas for which category A, B and C municipalities were to be established.

A councillor should be aware of the category of his or her municipality as there are provisions for different council structures or executive leadership systems for each category.

Category A is the **metropolitan municipality**, which has exclusive authority to administer and make rules in its area. A councillor should be aware of the category of his or her municipality as there are provisions for different council structures or executive leadership systems for each category. A metropolitan municipality can have up to a maximum of 270 councillors.

Category A municipalities

Category B refers to a **local municipality**, which shares the authority in its area with the district municipality of the district in which it falls. Local councils with more than seven councillors are divided into wards. A ward is a defined geographic area within a municipality. A district or local municipality may have no less than three but no more than 90 councillors.

Category B municipalities

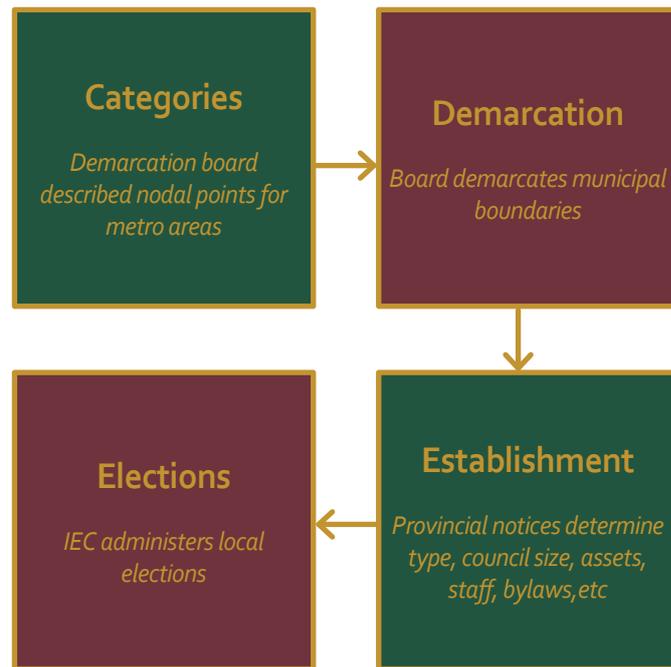
Category C refers to a **district municipality** which has authority to administer and make rules in an area that includes more than one local municipality. Within each Category C municipality, there are a number of smaller Category B municipalities. As Municipal B and C categories share responsibility for service delivery, local municipalities, through their designated councillors, have representation on district councils. The primary task of these councillors is to represent the interests of their local councils. District municipalities play a supportive role to local municipalities.

Category C municipalities

There are, however, areas within a district municipality that do not fall within the area of a local municipality. These areas are referred to as District Management Areas (DMAs).

‘Wall-to-wall’ municipalities were demarcated in order to ensure that all areas of the country have access to development and governance. In an attempt to address the various developmental needs of different parts of the country, municipalities were classified into three categories.

The following diagram outlines the process to establish new municipalities:



Chapter 5 of the Structures Act deals extensively with the relationship between district and local municipalities. In general, district municipalities are responsible for the local government functions that are more efficiently carried out on an area-wide basis, such as integrated development planning for the whole area, potable water supply, bulk supply of electricity, wastewater and sewage disposal, solid waste disposal, roads, and facilities that service the entire district. There are provisions for adjustments in the division of functions and powers where there is a need to do so, which are generally initiated by the provincial MEC for local government in a given province.

The Municipal Demarcation Board

The Municipal Demarcation Board (MDB) was established on 1 February 1999.

The MDB derives its mandate from:

- The Constitution of the Republic of South Africa, 108 of 1996
- The Local Government: Municipal Demarcation Act, 27 of 1998
- Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)

All municipalities within the country have been provided with specific boundaries depicted in maps by the MDB. The municipal boundaries express the transformation of local government in South Africa by having physical areas that are not classified by race.

Key functional areas of the MDB

The determination and re-determination of municipal boundaries

The MDB has the sole responsibility to determine and re-determine the boundaries of Category A, B and C municipalities. When the MDB determines a municipal boundary, its objective must be to establish an area that would:

- enable the municipality to fulfil its constitutional obligations;
- enable effective governance;

For more information contact the MDB:

Fax: 012 342 2480

info@demarcation.org.za

www.demarcation.org.za

- ✎ enable integrated development; and
- ✎ have a tax base as inclusive as possible of users of municipal services in the municipality.

Ward delimitation for election

The MDB has the sole responsibility to delimit wards for every new term of office of municipal councils i.e. every five years.

The categorisation of metropolitan areas

The boundaries of a metropolitan municipality are determined in terms of the Demarcation Act, 27 of 1998.

Capacity assessments

The Constitution allocates certain functions to local government. These functions are divided between district and local municipalities and can be adjusted between them. The MDB assesses the capacity of municipalities to perform their functions before a function is adjusted by the MEC.

District management areas

There are certain areas within district municipalities that may not be viable to be part of a Category B municipality based on the location of that particular area in relation to other areas falling within that municipality. The size of the population would also not qualify the area to be demarcated as a Category B municipality. These areas are categorised as district management areas and are governed by the district municipality alone. Section 6 of the Structures Act empowers the MDB to declare such areas and to withdraw its declarations.

Municipal ward committees

Councils need to establish mechanisms to promote public participation. In the case of local municipalities, these consist of ward committees.

Metropolitan and local municipalities of certain types may have **ward committees**. Those councils with one or a combination of the following systems may not have ward committees. In metropolitan municipalities, the council may elect to have ward committees or a sub-council participatory system. A sub-council participatory system is an option available to Category A municipalities only. A sub-council consists of a number of wards clustered together and the councillors of each ward participate as members of the sub-councils. The sub-council plays an advisory role to the metropolitan council.

Ward participatory systems and sub-council participatory systems

A **ward** is a defined geographical area electing ward councillors who represent that area on council. These councillors make up half of the elected representatives in council. The other half of councillors are elected through proportional representation (PR) as party representatives. Wards can be established in both metropolitan and local municipalities. Most of these municipalities have wards, but those that do not elect their councillors purely on a proportional representation basis.

Councils with a **ward participatory system** may establish ward committees, but if so, they must be established in each ward of the municipality.

The boundaries of a metropolitan municipality are determined in terms of the Demarcation Act, 27 of 1998.

A ward is a defined geographical area electing ward councillors who represent that area on council

Ward committees consist of the ward councillor as chairperson, and not more than ten persons from the ward, and are meant to enhance participation in local government.

In metropolitan municipalities only, the council may elect to have a ward participatory system or a sub-council participatory system, or a combination of both. In a sub-council participatory system, a number of wards are clustered together to form an area for a sub-council, which is composed of ward councillors and other councillors. The full council may delegate certain duties and powers to the sub-council structure. Sub-council participatory systems are generally used in order to manage council business in a large council more effectively.

The structures of municipalities

All municipalities consist of:

A municipal council

A municipal council is composed of the **councillors** (either representing a party or independent) who are democratically elected by registered voters within the municipal jurisdiction. The municipal council is the political structure within a local municipality. As a councillor this will be your base for the full term of an elected municipal council period. The council is headed by the **mayor** and usually administered by the **speaker**. The council is responsible for all the decisions of a municipality unless it has delegated a specific power. A councillor may be assigned to serve on any of the council committees.

Municipal administration

Municipal administration is the organisation that delivers municipal services to local residents and consists of **officials** who are employed by the municipal council. The head of the administration is the **municipal manager**, who is hired by the council and who in turn hires the administrative staff needed to implement the functions of the municipality. Municipalities have the option of establishing or acquiring an interest in a separate **municipal entity**. The new entity can perform a specific function on the municipality's behalf. Chapter 10 of the MFMA outlines the conditions under which a municipality can set up a municipal entity. Entities have mainly been used by metropolitan municipalities to offer services such as garbage collection or maintenance of roads.

Municipal council executive leadership systems

The municipal council is the political structure within a local municipality. It will serve as the base for all councillors for the full term of an elected municipal council period.

There are three potential executive systems that set out the possibilities for structuring the leadership on council.

1. Plenary Executive System

This system is used in small municipalities that consist of less than nine councillors. In a plenary system, executive powers are exercised by a full meeting of the municipal council. In other words, the municipal council takes all executive decisions regarding the business of the municipality. It may delegate executive responsibilities to any councillor or to any committee.

All municipalities consist of:

- A municipal council
- Municipal administration
- Municipal council executive leadership systems

Like all municipal councils, those with the plenary executive system must elect one of their members as chairperson of council, who is then called the mayor. The mayor is elected by the council to co-ordinate the work of the council. He or she is the political head of the council. The mayor performs any ceremonial duties and functions delegated to him or her by the council.

2. Collective Executive System

Only municipalities with more than nine council members may have a collective executive system. In this system, the municipal council elects an executive committee, and then delegates executive responsibilities to that committee. This team approach is the key strength of the collective executive system. The executive committee can take decisions on matters that fall within its delegated powers.

Most of the existing municipal councils have established executive committees to increase the efficiency of the decision-making process. In the collective executive system, the municipal council must elect one member of the executive committee as the chairperson of that committee, who is then called a mayor. The election of executive committee members should be consistent with democratic principles; parties in council should be fairly represented. The simplest way to elect the executive committee is by using a proportional system. If a political party has won 70 percent of the seats in council, then 70 percent of the members of the executive committee must be drawn from that party.

3. Mayoral Executive System

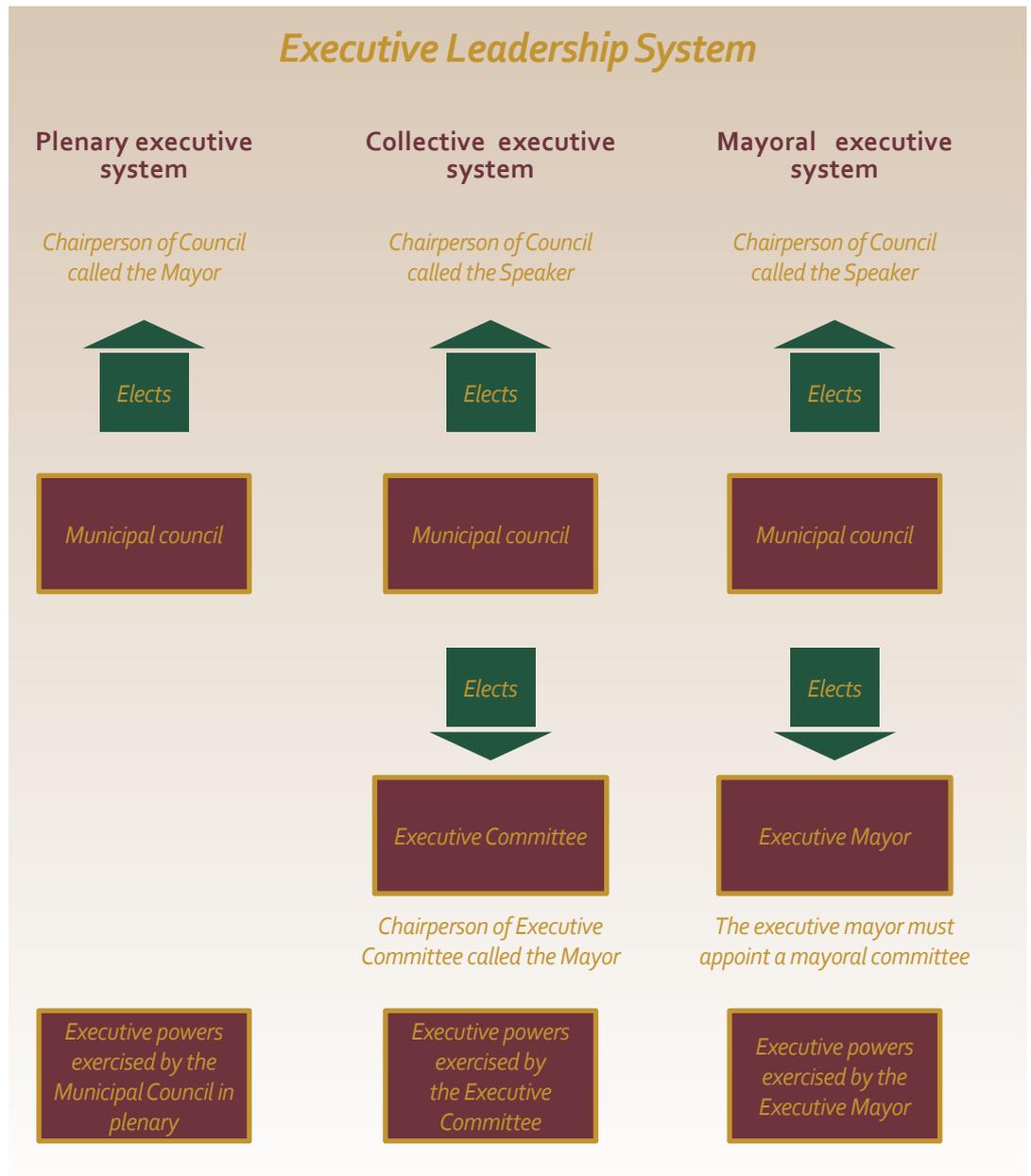
The mayoral executive system allows for the exercise of executive authority through the executive mayor. In this system, the municipal council elects one member of the council as the executive mayor and delegates executive powers and duties to that person. If the municipal council has more than nine members, its executive mayor must establish a mayoral committee. The mayoral committee consists of councillors appointed by the executive mayor to serve on the mayoral committee. The executive mayor may choose to appoint any councillor to serve on the mayoral committee.

The number of councillors on the mayoral committee must be the number for efficient and effective government, and no more than 20 percent of the councillors on the municipal council, or ten councillors, whichever is the least, may be appointed to the mayoral committee.

The mayoral executive system differs from collective executive system in the following ways:

- In the mayoral executive system, the municipal council delegates executive powers and duties to an individual councillor, the executive mayor. The executive mayor then appoints the mayoral committee. Although the executive mayor may delegate responsibilities to members of the mayoral committee, the executive mayor remains accountable.
- In the collective executive system, the municipal council delegates executive powers to the whole executive committee. The council elects the executive committee on a proportional basis according to the party representation in the council.

In both the collective executive system and the mayoral executive system the municipal council elects one of the municipal councillors to be the chairperson of the municipal council, namely the speaker, who presides at council meetings.



Source: www.local.gov.za/dcd/dcdlibrary/types_mun/mun_systems.html

Council committees

The council is responsible for all the decisions of a municipality, but it may delegate specific functions to committees as provided for in Part 5: Section 79 of the Structures Act. Section 80 of the Act specifies procedures for establishing committees in a council with an executive committee or executive mayor. A councillor may be assigned or elected to serve on any of the council committees.

The committees established by council are often called **standing** or **portfolio committees** and often correspond with the key functions or departments for the municipality, for example:

- Municipal Infrastructure
- Roads, Transport & Civil Works
- Development Planning
- Finance
- Health and Social Development
- Public Safety

The council is responsible for all the decisions of a municipality

- ✚ Housing
- ✚ Sports, Recreational, Arts & Culture
- ✚ Environment & Tourism
- ✚ Local Economic Development

The function of the portfolio committees is to **develop policies and to review them** for consideration by the council. The portfolio committees are usually chaired by the member of the executive committee who is responsible for that portfolio. The relationship between the chairpersons of portfolio committees and heads of the relevant departments must be cordial. There are times when officials may participate in portfolio committee meetings relevant to their department if there is an item that needs their contribution.

Other types of committees needed for the effective functioning of council, such as an internal auditing committee, may also be established. All political parties participate in various committees. The composition of the committee is informed by the proportional representation of political parties.

Functions and powers of municipalities

Local government is the sphere of government closest to the people and is therefore better placed than national or provincial government to efficiently carry out many tasks dealing with services and community development. Locally elected councillors should have a better understanding of local needs than national and provincial politicians.

The functions and powers of municipalities are described in Chapter 7 of the Constitution. The Constitution gives local government the executive authority and legislative authority (through passing by-laws) to administer various public services listed in Schedule 4, part B and Schedule 5, part B). The Constitution also defines the responsibilities of provincial and national government. However, the Constitution allows local government to administer other services than those listed through agreement with the relevant province, or if legislation is passed that gives other responsibilities to local government.

Local government is the sphere of government closest to the people and is therefore better placed than national or provincial government to efficiently carry out many tasks dealing with services and community development.

Responsibilities of local government

The responsibilities of local government can be generally categorised as follows:

- ✚ Infrastructure and basic services - this includes water and sanitation, electricity and gas reticulation, refuse removal, storm water management, municipal roads, municipal public transport, street lighting, among others.
- ✚ Social and welfare services - while primarily an area of provincial responsibility, municipal functions that fall in this category may include child care facilities, municipal health services, establishment and maintenance of public parks and other recreational facilities. Other community-based social services are often in practice provided by municipalities (especially the larger municipalities).
- ✚ Administration and public order- this includes fire-fighting services, building regulations, control of nuisances, air and noise pollution, traffic and parking; larger municipalities often have established 'metro police' to assist with enforcement in these areas.
- ✚ Municipal planning - the development plans of a municipality are the basis for directing and managing land use and infrastructure provision, and they should help plan for public investment whether the particular service is provided directly by the municipality or by province. For example, the housing subsidy programme has been implemented by province, but effective implementation relies on municipal planning.

A municipality can exercise its executive and legislative power by:

- *Developing and adopting policies, plans, strategies and programmes;*
- *Developing and passing its bylaws; and*
- *Monitoring and where appropriate, regulating municipal services where those services are provided by service providers other than the municipality.*

Source: Chapter 3, section 11 of the Municipal Systems Act, 32 of 2000

Reference

Section 34 of the Municipal Structures Act, 117 of 1998 specifies the circumstances under which a municipal council may dissolve itself.

A municipal council therefore has very specific functions and powers as an autonomous level of government.

Every municipality must strive, within its financial and administrative capacity, to achieve the following objectives:

- ✚ provide democratic and accountable government for local communities;
- ✚ ensure the provision of services to communities in a sustainable manner;
- ✚ promote social and economic development;
- ✚ promote safe and healthy environments; and
- ✚ encourage the involvement of communities and community organisations in matters of local government.

A municipality should perform all the functions above except where this function is already being undertaken by a district municipality. Functions can be reassigned by the minister if the municipality in which the power is vested lacks the capacity to perform that function or exercise the power.

Dissolution of council

The term of a municipal council may be not more than five years, as determined by the national legislation.

A municipal council may dissolve itself at a meeting called specifically for this purpose. It is to adopt a resolution dissolving the council which must be supported by at least two-thirds of the members:

- ✚ a council may dissolve itself when two years have passed since the council was elected;
- ✚ the MEC for local government in the province has to put a notice in the Provincial Gazette and may dissolve the council if the Electoral Commission in terms of the Demarcation Act is of the view that a boundary determination affects the representation of voters in the council; or
- ✚ if the council has not been able to fulfil its obligations in terms of legislation (Section 139 of the Constitution).

The MEC must have the concurrence of the national Minister and notice of the dissolution has to be tabled in the NCOP and approved by it.

Developing policies and by-laws

A councillor may be required as a member of council to take a decision on a specific issue through a vote count. In such situations, a councillor may find it helpful to have a considered opinion on the issue before casting their vote. A policy position formulated after investigation and consultation on the matter may help you make an informed decision. For example, an informal trader's policy may be developed after examination of all the aspects, negative and positive, of having informal traders in central business areas.

By-laws may be proposed after a policy position made and would be targeted at enabling a municipality to enforce a certain decision within the municipal powers. By-laws can be revised if they are no longer applicable.

What is policy?

Policy designates a process. This process includes the elaboration of programmes by different role-players and the way the programmes are then implemented. Participation in policy formulation and implementation is imperative to improve service delivery.

Local political leaders can actively strengthen their ability to make policy judgments through deepening their understanding of the dynamics in the local area, anticipating changes and learning from past practice.

How do policies assist local government?

Policies assist the municipality to:

- reflect a response to current situations and challenges that confront local communities and local governments;
- respond to predicted future possibilities;
- serve as an agreement to work towards certain aims between councillors, officials and residents;
- present broad checks and balances to ensure that the vision for the municipality is in the minds of law-makers, planners implementers and beneficiaries; and
- set guidelines that provide direction for development plans and other matters.

How are policies made?

The development of public policy is a dynamic and ongoing process. It consists of several key components. The development of policy is generally described as a policy cycle. These are the relevant components of policy making.

The components of policy making

1. Identification of policy issue for review

This is where the problem is defined and a policy process is determined to be necessary to address the problem.

2. Consultation

This step is to design a consultation process that offers the community a genuine opportunity to have a say in the policies that will affect them. Through consultation, the quality of policy making is improved and implementation is smoother.

3. Transition phase: drafting a document

During this phase a written version of the enabling framework is produced, based on the policy. Depending on the scale and nature of your policy, this document must include:

- a brief analysis of the issues the policy seeks to address;
- identification of the specific performance measure or target to which the policy will contribute;
- a comparison of the advantages and disadvantages of the options considered including key evidence and data; and
- a clear and fully justified recommendation detailing why the policy should be endorsed or approved.

Definition

A policy is a plan of action for tackling political issues. It is often initiated by a political party in government, which undergoes reforms and changes by interested actors (for example, opposition parties and lobby groups).

4. Co-ordination

Co-ordinating policy is important for facilitating consistency with the local government's overall strategy, priorities and objectives. A policy that is properly 'joined-up' across the departments and council is more able to meet the needs of the local community. This step ensures that policy advice provided to the mayor and then the council is organisationally aligned and strategically co-ordinated.

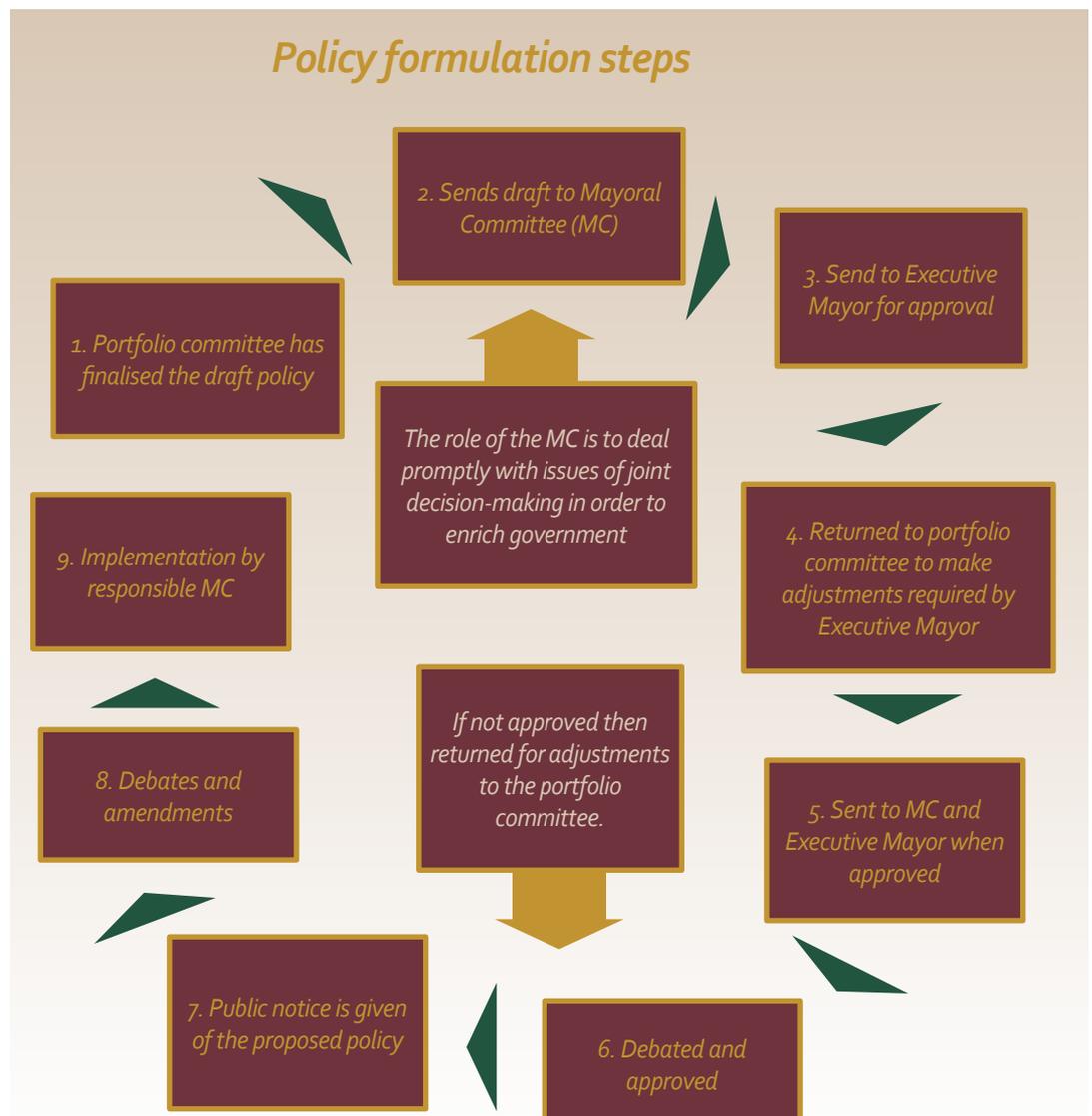
5. Decision

The policy decision and approval process serves **many purposes**:

- it allows executive decision-makers to ensure the alignment of the policy's strategic direction;
- it confers authority on the policy objectives and actions;
- it presents an important opportunity to assign resources and responsibility for implementation and to map resulting accountabilities.

Source: *Education Queensland Policy and Implementation: a guide to improved outcomes.*

An important component of formulating policies is the route that they follow once the drafting is complete.



What is a by-law?

By-laws serve to enforce or realise the policies that a council may have. Policies may remain simply policies or they may be developed into one or more by-laws. For example, the municipality may need to review their refuse removal by-laws, develop a by-law for public-private partnerships to implement improved refuse removal and develop a by-law for industrial pollution of rivers.

‘Only a member or committee of a municipal council may introduce a draft by-law in the council’

The Structures Act, the Systems Act, and the Constitution all emphasise the role that the municipal council must play in ensuring **community consultation or participation** in local government. This principle is directly applicable in the process of passing by-laws.

Definition

A by-law is a law dealing with matters of local or internal regulation made by council.

Reference

Chapter 3, section 12 of the Municipal Systems Act, 32 of 2000

The stages of making a by-law

For example

No by-law may be passed by a municipal council unless the proposed by-law has been published for public comments.

Source: www.oneilandco.com/insurnce/trmnolgy.htm

The making of a by-law

The following are stages involved in making a by-law:

Stage 1: Drafting a by-law

- ✎ A draft can be produced by any councillor or a municipal council mandated by a council committee.
- ✎ A standard draft by-law can be provide by the office of the MEC if the municipal council needs assistance.
- ✎ A review of the procedures for effecting the by-law should be done to ensure that it does not introduce unnecessary ‘red-tape’ but is easy to interpret and implement.

Stage 2: Community participation

- ✎ The draft is published for comments from the community.
- ✎ The publication of the draft must reach all the members of the community, including illiterate persons and those with physical difficulties.
- ✎ Structures such as the ward committee should be used to interrogate by-laws.

Stage 3: Stages in the council chambers

- ✎ A councillor or a committee member tables the draft in the council.
- ✎ Councillors must be accorded ample time to familiarise themselves with that particular by-law.
- ✎ A report is required from the executive committee or executive mayor before the by-law is passed.

Stage 4: Passing the by-law

- ✎ For the by-law to be passed and come into effect a majority vote of 50 percent plus one is required.

Stage 5: Incorporation

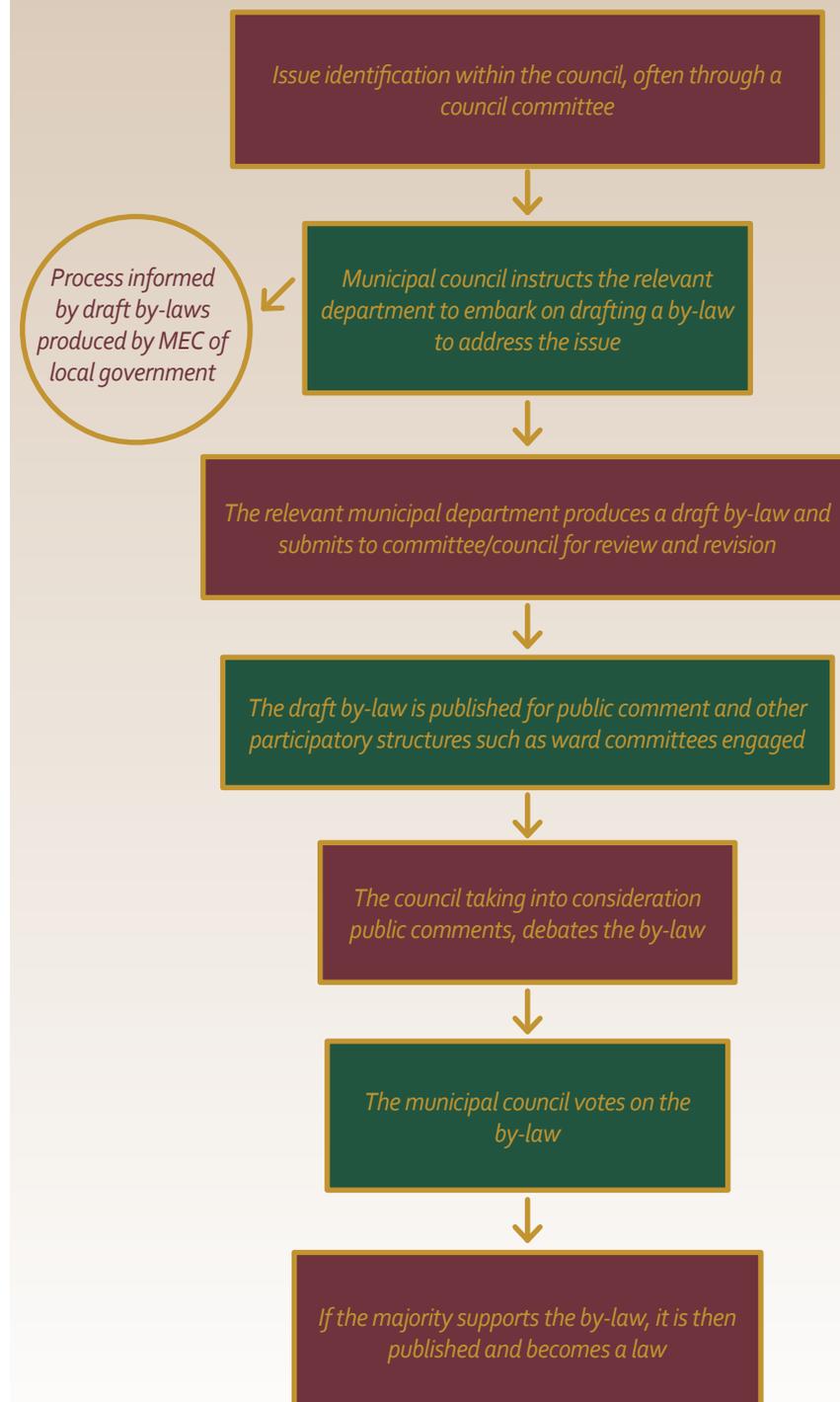
The by-law will then be published in the Provincial Gazette to start enforcing it.

Source: The Community Law Centre at the University of Western Cape.

Section 16(1) of the Municipal Systems Act, 32 of 2000

A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose encourage, and create conditions for the local community to participate in the affairs of the municipality.

Making, changing or scrapping a by-law



Institutions protecting constitutional democracy

The Constitution is the highest law of the land. It sets up the fundamental principles that govern the country. For example, all citizens have a right of access to information and a right to participate in matters that affect their daily lives.

South Africa's hard fought for democracy is given special protection by the establishment, in Chapter 9 of the Constitution, of six institutions.

All of these institutions are required to protect constitutional democracy and promote the Constitution. The Constitution says that they are independent, must be impartial and conduct their responsibilities without fear, favour or prejudice.

In practice, the institutions are nationally based with offices in the provinces, yet the **effect of their work is felt strongly at the municipal level**. Each councillor should familiarise him or herself with the provincial office of these commissions so that they are able to refer relevant community issues that may be afforded protection and promotion through their offices.

Institutions protecting constitutional democracy

The Electoral Commission has offices in each municipality. The Electoral Commission is responsible for the management of free and fair elections for local government, national and provincial government.

The Human Rights Commission has the power to investigate and report on human rights, to take steps to redress human rights abuses, and to research and educate on human rights.

The Cultural, Religious and Linguistic Rights Commission promotes respect for these rights and promotes and develops peace, friendship, humanity, tolerance and national unity.

The Gender Commission promotes respect for gender equality and works for the protection, development and attainment of gender equality.

The Public Protector plays an important role in combating and investigating irregular conduct in the public sector. The office of the Public Protector has the power to investigate any conduct in state affairs or in the public administration in any sphere of government that may be improper or result in impropriety or prejudice, report on that conduct and take appropriate remedial action.

The Auditor General is responsible for auditing all spheres of government and institutions managing public funds. One of the key roles that this office plays in relation to local government is the audit of each municipality's performance management results.

The Bill of Rights is found in the Constitution. This establishes civil rights such as the right to equality and freedom from discrimination as well as socio-economic rights such as the right to water, food, education and housing.

Remuneration of Public Office Bearers Act

The Remuneration of Public Office Bearers Act, 20 of 1998 read with the December 2010 Upper Limits Notice determines the upper limits of the salaries, allowances and benefits of the different members of municipal councils.

The salary and allowance of a member of a municipal council is determined by that municipal council by resolution of supporting votes of a majority of its members, in consultation with the MEC responsible for local government in the province concerned, having regard to the upper limits as set out December 2010 Upper Limits Notice, the financial year of municipal councils, and the affordability of municipal councils to pay within the different levels of remuneration to councillors.

The December 2010 Upper Limits Notice outlines:

- ✦ The allocation of number of points for total municipal income;
- ✦ The allocation of number of points for total population;
- ✦ The determination of grade of municipal council;
- ✦ The upper limits of the annual total remuneration packages of full-time, appointed and part-time councillors;
- ✦ The upper limits of the allowances of full-time, appointed and part-time councillors for motor vehicles, housing and out of pocket expenses; and
- ✦ The upper limits of cell phone allowances, pension fund contributions, medical aid benefits and tax allowances for all municipal councillors.

Certain key features of the Notice are:

- ✦ An across the board percentile increase in salaries, allowance and benefits of 5% per annum;
- ✦ Remunerating full-time Plenary Type Mayors similar to full-time Mayors/Executive Mayors; and
- ✦ Included in the basic salary component is an amount of R120 000 per annum determined in terms of Section 8(1)(d) of the Income tax Act, 1962.

Salaries, allowances and benefits of municipal councillors

General

Section 219 (1)(b) of the Constitution of the Republic stipulates that an Act of Parliament must establish a framework for determining the upper limits of salaries, allowances or benefits of members of municipal councils of the different categories. The Remuneration of Public Office Bearers Act, 20 of 1998 gives effect to Section 219 (1)(b) by providing a framework for determining salaries of Political Office Bearers, including members of municipal councils.

In terms of Sections 7(1), 8 (5)(a) and 9 (5)(a) of the Remuneration of Public Office Bearers Act 20 of 1998, the Minister must determine the upper limits of the salaries, allowances and benefits of the different members of Municipal Councils by notice in the Government Gazette (hereafter referred to as the “Upper Limits”).

The upper limits of salaries, allowance and benefits of councillors are determined annually for implementation with effect from the start of the financial year for municipalities being 1 July of each year.

The Remuneration of Public Office Bearers Act, 20 of 1998 read with the December 2010 Upper Limits Notice determines the upper limits of the salaries, allowances and benefits of the different members of municipal councils.

The statutorily prescribed process for the determination of the salaries, benefits and allowances of public office bearers provides that the following processes must be followed:

- ✚ The Independent Commission for Remuneration of Public Office Bearers makes recommendations concerning the salaries, allowances and benefits of all public office bearers.
- ✚ For national and provincial government public officer bearers the President of the Republic or Parliament (as the case may be for the determination for the President and the Deputy President) determines the actual remuneration levels by promulgation in the Government Gazette, where after it is then implemented.
- ✚ At a local government level, for councillors, the Minister for Co-operative Governance and Traditional Affairs will issue a draft Notice to MECs for local government in the provinces, Treasury and SALGA for comments. Comments so received will inform the Minister's final determination, where after the Minister publishes the annual determinations of the upper limits of Municipal Councillor remuneration levels.
- ✚ Following promulgation of the Upper Limits Notice, municipal councils are required to consider a report on the upper limits and resolve on the levels of remuneration which will apply in that municipality. This consideration must occur with regard to the financial year within which the payments will have to be made, and the affordability thereof for municipalities. This implies that the budget for the year in question must reflect the liability to pay the level of remuneration determined by the council and this must in turn be cash funded.
- ✚ Following the council resolution, it is necessary before implementation to consult with the MEC responsible for local government in the relevant province, motivating the affordability and demonstrating that the liability has been budgeted for, and obtaining concurrence with such a resolution.

The Upper Limits are published annually and deal with the following:

- ✚ Grading of municipalities for purposes of determining the remuneration scales;
- ✚ Upper limits of annual total remuneration packages of full-time councillors;
- ✚ Upper limits of annual total remuneration packages of part-time councillors;
- ✚ Upper limits of allowances of full-time and part-time councillors;
- ✚ Upper limits of remuneration or allowances in respect of appointed councillors;
- ✚ Upper limits of cell phone allowances of councillors; and
- ✚ Upper limits of pension fund contributions and medical aid benefits of councillors.

It is necessary for councils to **apply the formula** contained in paragraphs 2, 3 and 4 of the gazette, **in order to determine which grade of municipality** they are. It should be noted that this formula applies to local, district and metropolitan municipalities. The one component of the formula is based on **total population within the municipal area** (defined as the latest available official statistics for population as determined by the Statistician General in terms of the Statistics Act). The other component is "**total municipal income**" which is fully defined in the definition section. In summary this effectively means **own income** and **exclude** transfers and / or grants from the national fiscus, with the **exception** of those provided in replacement of Regional Services Council (RSC) levies, which are included in municipal income.

Section 167 of the MFMA stipulates that political office bearers may only be remunerated within the framework of the Remuneration of Public Office Bearers Act and Section 219 (4) of the Constitution. It goes further by declaring that any payment, whether in cash or kind, made outside this framework would be regarded as an irregular expense.

Remuneration framework

The effect of Section 167 is that the allowances and benefits as specified hereunder are the only payments to be advanced to councillors:

Executive mayor or mayor

Executive mayors or mayors are entitled to a total remuneration package, which is a total cost to a municipality, and may structure it to consist of the following components:-

Travelling allowance

An allowance of not more than 25% of the annual total remuneration package and which includes running and maintenance costs incurred on official business up to 500 kilometres per month.

Salary component

The salary component of the package may include the following allowances:

✦ **Housing allowance**

A housing allowance.

✦ **Pension fund**

Contribution of 15% of the basic salary from the municipal council.

✦ **Medical aid**

A fixed contribution of 2/3 of the membership fee to a maximum amount determined in terms of the Upper Limits.

✦ **Basic salary**

The basic salary is the component of the salary that includes the tax allowance as permitted by Section 8(1)(d) of the Income tax Act, 1962 but specifically excludes a housing allowance as provided in items 6(b) and 9(b), the municipal contribution to a pension fund as provided in item 11(a) and the municipal contribution to a medical aid scheme as provided in item 11 (b).

Executive mayors or mayors are, in addition to the total remuneration package, entitled to the following allowances and benefits:-

Travelling allowance

- ✦ Official distances travelled in excess of 500 kilometres in a particular month may be claimed in accordance with the applicable tariffs prescribed by the Department of Transport for the use of privately owned vehicles;
- ✦ A vehicle made available by the municipal council for use on official business;
- ✦ Use of a council owned vehicle for attendance at specific functions to which the mayor or executive mayor has been delegated to attend.

Out of pocket expenses

Must be reimbursed for actual out of pocket expenses incurred during the execution of official and ceremonial duties.

Cell phone allowance

A fixed monthly allowance not more than as determined in the Upper Limits.

Speaker, Deputy Mayor or Deputy Executive Mayor, Members of Mayoral Committee or Executive Committee, Chairperson of sub-council and Ordinary Councillor

A Speaker, Deputy Mayor or Deputy Executive Mayor, Members of Mayoral Committee or Executive Committee, Chairperson of sub-council and Ordinary Councillor are entitled to a total remuneration package, which is a total cost to a municipality, and may structure it to consist of the following components:

Travelling allowance

An allowance of not more than 25% of the annual total remuneration package and which includes running and maintenance costs incurred on official business up to 500 kilometres per month.

Salary component

The salary component of the package may include the following allowances.

✦ **Housing allowance**

A housing allowance.

✦ **Pension fund**

Contribution of 15% of the basic salary from the municipal council.

✦ **Medical aid**

A fixed contribution of 2/3 of the membership fee to a maximum amount determined in terms of the Upper Limits.

✦ **Basic salary**

The “basic salary” is the component of the salary that includes the Tax allowance as permitted by Section 8(1)(d) of the Income tax Act, 1962 but specifically excludes a housing allowance as provided in items 6(b) and 9(b), the municipal contribution to a pension fund as provided in item 11(a) and the municipal contribution to a medical aid scheme as provided in item 11 (b)”.

A Speaker, Deputy Mayor or Deputy Executive Mayor, Members of Mayoral Committee or Executive Committee, Chairperson of sub-council and Ordinary Councillor are in addition to the total remuneration package entitled to the following allowances and benefits:-

Travel

- ✦ Official distances travelled in excess of 500 kilometres in a particular month may be claimed in accordance with the applicable tariffs prescribed by the Department of Transport for the use of privately owned vehicles.
- ✦ Use of a council owned vehicle for attendance at specific functions to which the Speaker, Deputy Mayor or Deputy Executive Mayor, Members of Mayoral Committee or Executive Committee and Chairperson of sub-council has been delegated to attend.

Out of pocket expenses

Must be reimbursed for actual out of pocket expenses incurred during the execution of official and ceremonial duties.

Cell phone allowance

A fixed monthly allowance not more than as determined in the Upper Limits.

Traditional leaders

Introduction

The 2009 National electoral mandate informed government’s Medium Term Strategic Framework (MTSF) for 2009-2014 with the theme “Together doing more and better”

as approved by government in July 2009. This Framework serves as a strategic guide to planning, resourcing and capacity building across government. To give effect to the MTSF objectives, government went further to develop ten priorities and of relevance is strategic priority 10 which is to “build a developmental state including improving public services and strengthening democratic institutions.”

Strategic priority 10 is informed by the following objectives:

- Improve the capacity and efficiency of the state.
- Improve the delivery and quality of public services.
- Entrench a culture of an efficient, transparent, honest and compassionate public service.
- Build partnership with society and strengthen democratic institutions.

Furthermore, government identified 12 outcomes to support strategic priorities, and outcome 12 which deals with “an efficient, effective and development orientated public service and empowered, fair and inclusive citizenship” is relevant to the work of the Department of Cooperative Governance (DCoG).

Outcome 12 also emphasised the need for capacity building to develop human capital for high performance and service delivery, by providing support to organisational support structures and systems to complement the activities of human development.

The DTA has a further responsibility to pursue supportive actions for outcome 9. The supportive actions will be aimed at ensuring “a differentiated and equitable approach to traditional leadership and governance”, “strengthening Traditional Leaders and Traditional Councils’ participation in Local Government” and “a single window of coordination on traditional affairs”.

In order to give effect to the identified government priorities and outcomes, it will be imperative to recognise the structural and operational aspects that give effect to local governance, and ensure a strong connection between local government, traditional councils, and the communities they serve. Section 81 of the Structure Act sets out that traditional leaders should participate in the municipality and be consulted before any project is finalised. It therefore stands to reason that traditional leadership plays a significant role in community development.

It is also important to recognise and understand the significance of different cultural systems and traditions and their relationship to local government structures. There is therefore a need to develop an effective framework that will enable traditional and democratic systems to operate side by side, and be complementary in the attainment of local development.

The new policy and legislative imperatives with regard to the institution of traditional leadership had over the years increased the government’s focus on traditional affairs matters. These imperatives and the increased workload gave rise to the realisation that there is a need to develop and appropriately configure the capacity of government to deal with traditional affairs matters.

Consequently, Cabinet took a decision in March 2008 to elevate the traditional affairs function to department level. This Cabinet decision was informed by the need to transform the institution of traditional leadership to provide for the legislative recognition of the Khoi-San communities and leaders. The transformed institution of traditional leadership would then be able to support the broad developmental and service delivery goals of government.

It is against this backdrop that the newly established Department of Traditional Affairs, embarked on Strategic processes, such as the assessment of the state of governance in the area of Traditional affairs, and the development of the Capacity Building Strategy to provide for the developmental needs of the traditional leadership. The central question is how to improve the organisation, and capacity of the institution of traditional leadership in order to meet its strategic objectives.

The legislative context regarding traditional leaders

Traditional Leadership and Governance Framework Act 41 of 2003 (TLGF)

Section 6 of the TLGF Act provides that national and provincial governments may adopt such legislative or other measures as may be necessary to support and strengthen the capacity of traditional council within the province to fulfil their functions.

National House of Traditional Leaders Act, 22 of 2009

Section 16 of this Act requires that national government must adopt legislation or other measures as may be necessary to support and strengthen the capacity of the House to fulfil its functions, and such support may include:

- ✚ Infrastructure
- ✚ Finances
- ✚ Human resources
- ✚ Skills development programmes
- ✚ Administrative systems.

It is evident from the above that the DTA must adopt a mechanism to support the National House of Traditional Leaders (NHTL) and other houses of traditional leaders.

Local Government: Municipal Structures Act, 117 of 1998

Section 81 of the Structures Act requires that 20% of the total number of municipal council members must be traditional leaders. In terms of this section, traditional leaders have an important role to play in municipality which is in-line with the provisions of chapter 12 of the Constitution. In order for traditional leaders to effectively participate, there must be a sound support structure that traditional leaders may use in developing policy and discussion documents.

Disaster Management Act, 57 of 2002

This Act provides that traditional leaders must serve in all disaster management forums. The NHTL had a seat in the National Disaster Management Forum but provincial houses, local houses and individual traditional leaders were not participating in such forums.

Municipal Systems Act, 32 of 2000

Section 19 provides a role for traditional leaders to be consulted during the drafting of IDPs. The consultation is indicative of the role of traditional leaders in ensuring that the needs of their communities are met.

The legislative context regarding traditional leaders

- *Traditional Leadership and Governance Framework Act 41 of 2003 (TLGF)*
- *National House of Traditional Leaders Act, 22 of 2009*
- *Local Government: Municipal Structures Act, 117 of 1998*
- *Disaster Management Act, 57 of 2002*
- *Municipal Systems Act, 32 of 2000*

Key points

- ✎ The principles that guide the formation of local government are enshrined in the Constitution. They are reflected in the Bill of Rights.
- ✎ The spheres of government and the three categories of municipality are established in the Constitution.
- ✎ In developmental local government, the municipality has to give priority to the basic needs of the community. Local government has specific functions and powers to respond to these.
- ✎ Participation is an important way of promoting development at a community level.
- ✎ The White Paper on Local Government, 1998 is a policy document that laid the groundwork for local government legislation. The Acts that affect local government include:
 - Local Government: Municipal Structures Act, 117 of 1998
 - Municipal Demarcation Act, 27 of 1998
 - Municipal Systems Act, 32 of 2000
 - Municipal Finance Management Act, 56 of 2003
 - Municipal Property Rates Act, 6 of 2004
 - Intergovernmental Relations Framework Act, 13 of 2005
- ✎ The municipality is made up of the political structure – the council, and the administrative structure – composed of officials. There are differences in the category of municipality, the types of leadership and participatory systems present in councils, which are detailed in the Structures Act.
- ✎ Policies and by-laws assist local government in fulfilling their mandate. These are developed at a local level by councils.
- ✎ Democracy is protected by the Constitution, through the following Chapter 9 organisations:
 - Human Rights Commission
 - Public Protector
 - Commission for Gender Equality
 - Electoral Commission
 - Commission for the Promotion and Protection of Linguistic Rights
 - Auditor General.

What is my role as a councillor?

- ✎ As a public official, a councillor should review and be familiar with the provision of local government laws and their amendments. The municipal laws seek to support the application and upholding of the Constitution.
- ✎ A councillor should be aware of the category of his or her municipality (as set out in the Structures Act) as there are provisions for different council structures or executive leadership systems for each category.
- ✎ Councillors may act as members on sub-councils. A sub-council consists of a number of wards clustered together and the councillors of each ward participate as members of the sub-councils. The sub-council plays an advisory role to the metropolitan council.
- ✎ In the process of developing policies and by-laws, a councillor may be required as a member of council to take a decision on a specific issue through a vote count. In such situations, a councillor may find it helpful to have a considered opinion on the issue before casting their vote.

1.4 Functions of key structures and office of councils

Mayor

The mayor is elected by the council to co-ordinate the work of the council. S/he is the political head of the council. The mayor performs any ceremonial functions and duties delegated to her/him by the council. The powers and functions of the executive mayor are set out in section 56 of the Structures Act. The executive mayor is the political head of the municipality and exercises both statutory and ceremonial functions.

Functions and powers of executive mayors

An executive mayor is entitled to receive reports from committees of the municipal council and to forward these reports together with a recommendation to the council when the matter cannot be disposed of by the executive mayor in terms of the executive mayor's delegated powers.

The executive mayor must:

- ✚ identify the needs of the municipality;
- ✚ review and evaluate those needs in order of priority;
- ✚ recommend to the municipal council strategies, programmes and services to address priority needs through the integrated development plan, and the estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and recommend or determine the best way, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community;
- ✚ identify and develop criteria in terms of which progress in the implementation of the strategies, programmes and services can be evaluated, including key performance indicators which are specific to the municipality and common to local government in general;
- ✚ evaluate progress against the key performance indicators;
- ✚ review the performance of the municipality in order to improve:
 - the economy, efficiency and effectiveness of the municipality
 - the efficiency of credit control and revenue and debt collection services
 - the implementation of the municipality's by-laws;
- ✚ monitor the management of the municipality's administration in accordance with the directions of the municipal council;
- ✚ oversee the provision of services to communities in the municipality in a sustainable manner;
- ✚ perform such duties and exercise such powers as the council may delegate to the executive mayor in terms of section 59 of the Systems Act ;
- ✚ annually report on the involvement of communities and community organisations in the affairs of the municipality;
- ✚ ensure that regard is given to public views and report on the effect of consultation on the decisions of the council.

The mayor is elected by the council to co-ordinate the work of the council.

The speaker is elected by the council and becomes the chairperson of the council.

Speaker

The speaker is elected by the council and becomes the chairperson of the council. The speaker presides at council meetings. (In a plenary system which is relatively small, the mayor performs the duties of both mayor and speaker).

The Structures Act defines the speaker as a councillor elected in terms of section 36 of the Act to be the chairperson of a municipal council as envisaged in section 160 (1)(b) of the Constitution.

The speaker's role in a municipality will mostly depend on the internal arrangements made by the municipality itself. The formulation of the terms of reference for the speaker in terms of section 53 of the Systems Act will be a critical process.

The speaker's role in a municipality is key to ensuring oversight, accountability, integrity, discipline of office, and the efficient running of council meetings. As such, impartiality in the exercise of his or her function is essential for the speaker. The speaker must distinguish between his or her activities as a politician and his or her functions as a speaker. It also means that the function of the speaker and the non-partisan exercise of that function must be respected by members, parties and interests represented in the council.

The key principles underlying the role of the speaker are:

- ✎ chair of council meetings;
- ✎ implementation of the Code of Conduct;
- ✎ exercise of delegated functions including
 - facilitating public participation in legislative matters
 - establishment and functioning of ward committees
 - support to councillors.

The functions of speakers are set out in section 37 of the Structures Act. The speaker of a municipal council:

- ✎ presides at meetings of the council;
- ✎ performs the duties and exercises the powers delegated to the speaker in terms of section 59 of the Systems Act;
- ✎ must ensure that the council meets at least quarterly;
- ✎ must maintain order during meetings;
- ✎ must ensure compliance in the council and council committees with the Code of Conduct set out in Schedule 1 to the Systems Act;
- ✎ must ensure that council meetings are conducted in accordance with the rules and orders of the council.

Source : Local Government Municipal Structures Act, 117 of 1998, as amended

During council meetings the speaker is required to:

- ✎ maintain order;
- ✎ ensure that council meetings are conducted in accordance with Rules of Order of Council;
- ✎ ensure that councillors get adequate notice of meetings;
- ✎ ensure implementation of procedure with regard to quorums and compliance with section 30 of the Structures Act;
- ✎ allocate speaking time to members in accordance with the council's policy;
- ✎ implement voting procedure in accordance with Rules of Order and subject to the Structures Act;

- ✚ ensure that councillors freedom of speech is protected;
- ✚ ensure that councillors freedom of speech is exercised subject to council's Rules of Order;
- ✚ ensure and facilitate the admission of public to council meetings;
- ✚ grant leave of absence to councillors in accordance with council's Rules of Orders;
- ✚ guard against the abuse of councillor's privileges and interest;
- ✚ maintain an attendance register.

Whip

All political parties that are represented in the municipal council have a party whip. Party whips have a variety of functions, for example, they are called together by the speaker to set agendas and allocate time for meetings, and to determine the composition of committees. The party whip that represents the majority party in the municipal council is referred to as the chief whip. The chief whip's tasks are to ensure that councillors attend to their duties and are accountable; and he or she assists in the deployment of councillors to various committees.

The Council may delegate the following functions to the whip:

- ✚ Political management of council meetings and committee meetings;
- ✚ Inform councillors of meetings called by the speaker and the mayor and ensuring that such meetings quorate;
- ✚ Advises the speaker and mayor on the council agenda;
- ✚ Informs councillors on important matters on the relevant agenda;
- ✚ Advise the speaker on the amount of time to be allocated to speakers and the order of such speakers addressing the council;
- ✚ Ensures that councillors' motions are prepared and timeously tabled in terms of the procedural rules of council;
- ✚ Assisting the speaker in the counting of votes;
- ✚ Advising the speaker and the mayor of urgent motions;
- ✚ Advising the speaker and mayor on how to deal with important items not disposed of at a council meeting.

Municipal manager

The municipal manager is the most senior official in a municipality. When examining the role and responsibilities of a municipal manager it is important to make a distinction between those powers that are vested in the municipal manager and those that are imposed on the municipality as an entity, but due to the nature of the responsibility, the onus is with the municipal manager to ensure implementation, subject to the policy directions of council.

Section 51(i) of the Systems Act states that the municipality must organise its administration in a manner that enables it to hold the municipal manager accountable for the overall performance of the municipality.

Council duties

The municipal manager must call the **first meeting of a newly elected council** and preside over the election of the speaker (section 36(3) of the Systems Act).

Each councillor must, within 60 days of the election or appointment, declare to the municipal manager, in writing, any financial interests held.

The party whip that represents the majority party in the municipal council is referred to as the chief whip

The municipal manager is the most senior official in a municipality.

If a **by-election** is necessary, the municipal manager must call and set a date for the by-election, after consulting with the Independent Electoral Commission.

As **head of the administration**, the municipal manager is responsible for the formation and development of an economical, effective, efficient and accountable administration, which is equipped to implement the IDP, operates within the municipality's performance management system, and is responsive to the needs of the local community to participate in municipality. The municipal manager is not responsible for the policy, but for its implementation.

The municipal manager must manage the **communication** between the political structures and office-bearers and the administration.

The municipal manager must **advise** the political structures and office-bearers. Particular issues where the municipal manager must render advice are:

- ✎ financial matters
- ✎ issues related to the internal administration, such as human resources matters
- ✎ policy matters
- ✎ legal and technical matters.

The executive mayor, executive committee or a special committee (in a municipality of the 'plenary type') manages the drafting of the IDP. Part of that duty is the assignment of responsibilities to the municipal manager.

The actual implementation of the **performance management** system would be most appropriately placed in the office of the municipal manager. Ultimately, the municipality must be able to hold the municipal manager accountable for the overall performance of the administration (section 51(i) of the Systems Act). The executive committee/ executive mayor's assignments to the municipal manager in terms of section 39(b) of the Systems Act will prove to be of utmost importance to ensure clarity around the division of responsibilities.

The municipal manager must drive the preparation of the municipality's **annual report**. He or she must notify the community, the Auditor-General and the MEC of a meeting on the annual report. Importantly, the Systems Act states that the municipal manager must be available at the meeting to respond to questions, which can come from the council, but also from the Auditor-General or the MEC, since they have the right to attend and speak at the meeting.

The municipal manager must provide the newly elected council with a report on existing **delegations** together with recommended changes.

Public duties

The municipal manager must ensure that the municipal **administration** is **responsive** to the needs of the local community to participate in the affairs of the municipality. The Systems Act envisages a municipal manager who ensures that the administration is open to, and facilitates the input of local communities and residents in municipal affairs.

The onus is on the municipality to put in place mechanisms and processes to enable **public participation**. The council must decide on the processes it wants to establish. It is the municipal manager's responsibility to implement that decision and set up those mechanisms. Section 55(1)(n) of the Systems Act states that it is the municipal manager's responsibility to facilitate public participation in the implementation of the IDP. The

executive committee or executive mayor is responsible for reporting to the council on the involvement of communities in municipal affairs. The executive committee or executive mayor is also charged with ensuring that public views are taken into account and with reporting on the effects of public participation on decision-making.

The municipal manager has to ensure that the relevant information regarding public participation is communicated to the local community. A critical responsibility of the municipal manager is the publication of various notices. The Systems Act requires that a number of notices must be published and/or information be made available to the public.

Appeals against decisions taken by the council, or against decisions taken in terms of powers delegated to a committee, office-bearer or staff member, must be directed to the municipal manager. The municipal manager must immediately submit the appeal to the relevant authority. The municipal manager is the appeal authority if the appeal is lodged against a decision taken by another staff member.

The municipal manager is responsible for the **provision of services** to the local community in a sustainable and equitable manner. He or she must develop and maintain a system to assess the satisfaction of the community with the municipal services. The Structures Act states that the executive committee or executive mayor must 'oversee' the sustainable provision of services.

Administration duties

The municipal manager is responsible, subject to the policy direction of the council, for the management of the administration in accordance with the Systems Act and other applicable legislation. Importantly, the municipal manager is tasked with the **implementation of the IDP** and the monitoring of its progress.

Section 51(d) of the Systems Act stipulates that all staff and councillors must align their roles and responsibilities with the priorities and objectives of the IDP. The municipal manager must ensure that everyone within the administration contributes towards the implementation of the IDP.

The municipal manager must ensure that each staff member receives a copy of the **Code of Conduct** for staff members and that the Code of Conduct is explained to staff members who cannot read.

As accounting officer, the municipal manager is responsible for all income and expenditure, all assets and discharge of liabilities of the municipality and the **compliance with the municipal finance management legislation**.

What is my role as a councillor?

Councillors are the elected representatives of the people and are mandated as elected representatives to make decisions on behalf of their constituencies. Councillors need to interact with each other as every councillor is mandated by their respective voters, but they also need to co-operate in the interests of their municipality as a whole. Councillors have the responsibility to encourage public participation in local government by providing their constituents with information and passing on people's concerns to the municipal council. Some councillors may have additional official duties by serving as a mayor, a speaker, or chairing a council committee. Councillors are governed by a code of conduct that they must adhere to.

The municipal manager deals with staff matters, including:

- *the appointment of staff;*
- *(evaluation and review of) staff establishment;*
- *job descriptions;*
- *remuneration;*
- *staff discipline;*
- *training; and*
- *labour relations*

1.5 Key municipal processes

Introduction

There are a number of processes that all municipalities are required to perform. These processes are:

Municipal integrated development planning

With the instatement of each new council a new five year plan is developed. This plan guides most of the councillor's activity for her or his duration of office. The plan is developed in consultation with a wide variety of role-players – especially the community which elected the council.

Municipal budgeting

An important aspect of a councillor's work is ensuring the delivery of basic services and promoting development in the areas she/he represents. Councillors, together with officials, must ensure that the budget to enable such development is available. The budget is closely linked to the IDP.

Municipal performance management

The IDP divides the municipality's work into projects with clear deadlines and progress indicators. An important role of councillors is to monitor municipal performance in terms of these key deliverables. These deliverables are also the measures by which a council's success can be measured.

Public participation and citizen involvement

Councillors are elected officials whose duty it is to represent the people who have put them in office. By promoting and supporting public participation and citizen involvement, councillors can ensure that they are able to meet this mandate. Good contact with community representatives and understanding of community needs and aspirations enable councillors to promote participatory democracy in their wards or municipalities.

Each of these municipal processes is explained in more depth in the following sections.

1.6 Municipal integrated development planning

What is integrated development planning?

Integrated development planning is a **process** through which municipalities prepare a strategic development plan for a five year period. It involves the whole municipality and its citizens in finding the best solutions to achieve effective sustainable development. This planning takes a long-term view and assists a municipality in preparing an overall framework for development. It looks at existing conditions and facilities, at the problems and underlying issues, and at the resources available for development.

The IDP is a **product** of the integrated development planning process. The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making in a municipality.

Integrated planning must ensure that municipal planning meets the aspirations of the people. Discussion between councillors, officials, ward committees and communities should ensure that realistic expectations are agreed on and that these expectations are met. It should reflect the realities of the area but at the same time look at how deficiencies or problems can be addressed.

Chapter 5 of the Systems Act requires that citizens participate in planning to make municipal plans more relevant to local needs and conditions. This can take place through public meetings or workshops with representative community based organisations (CBOs) to explore the development needs within a municipality. The councillor plays an important role in this process.

Development planning will have long-and short-term goals and will allow for a process of long-term planning in anticipation of such issues as population growth, the rapid spread of HIV and AIDS, and increased pressure on the public transport system.

Municipalities are legally required to have IDPs that are publicly available. Communities, non-governmental organisations (NGOs) and the private sector will have a more holistic understanding of the municipality's goals and will be empowered to contribute to the development of the municipal area.

Broad guidelines for integrated development planning

The planning process should be driven by a team of officials and councillors

The integrated development planning process should be managed by council and the municipality concerned. There are many experts and tools that can be used to help in developing a plan, but it is important that the plans are owned by the municipality and the council. Decisions are made by councillors and implemented by municipal officials.

Integrated development planning is vital for using the resources available to meet the wide range of issues in an area. It helps a municipality to identify and respond to issues in different sectors such as water, health, transport, community, safety and trade, in a co-ordinated way.

Definition

*Integrated – fitted together, with parts united into a whole
Development – progress and long-term growth
Planning – designing and preparing for the future*

Reference

A set of IDP Guide Packs, published by the DCoG in 2000, can assist municipalities in developing their own Integrated Development Plans.

Political and administrative commitment is important in ensuring success. The public participation officer and IDP managers involvement is helpful in ensuring that administrative structures are responsive to community issues.

Community participation is crucial

Consultation processes must be used from the beginning to ensure that the development plan addresses the priority needs in a way that is appropriate to the people who are affected. It is important that citizens are empowered to participate meaningfully in the process. They need to feel a large degree of ownership of the plans. The involvement of functional ward committees contributes to the success of such planning.

All relevant sectors and government departments must be brought on board as early as possible

IDPs will have to be aligned with the plans of sector departments and provincial strategies. To facilitate the delivery of houses for example, IDPs are required to have a specific housing chapter.

The planning process must be systematic

The planning process can follow many forms but it must include:

- needs assessment and problem identification;
- setting goals;
- collecting detailed information about problems and possible solutions;
- assessing and choosing a course of action;
- implementation and good project management; and
- monitoring and evaluation.

All other planning in the council must happen within the developmental framework and direction laid out in the IDP

The plan will only work if it is the basis for all financial and work plans of the council. The financial planning should reflect the long-term goal of the council for sustainable development. The success of an IDP will be judged by the extent to which it has promoted:

- democratic, participatory and accountable government;
- the delivery of services to communities in an equitable manner;
- social and economic development; and
- the co-ordinated use of resources.

Once adopted, the IDP represents the overall development strategy for the municipality, and councillors can be held accountable for its implementation.

Resources, skills and capacities

To draw up an IDP, information is collected on the existing conditions within the municipality. This includes a detailed analysis of the availability of resources. The planning focuses on the types of problems faced by people in the area and the causes of these problems. The IDP also establishes the resources, skills and capacity of the municipality.

The success of an IDP will be judged by the extent to which it has promoted:

- *democratic, participatory and accountable government*
- *the provision of services to communities in an equitable manner*
- *social and economic development and*
- *the co-ordinated use of resources.*

Prioritising needs of the community

Chapter 7 of the Constitution says that a municipality

Must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community.

Local government needs to develop a prioritised plan that deals with the most pressing problems facing the communities while addressing longer term developmental priorities. Since there are never enough resources to achieve everything that everyone wants, common goals have to be identified through a process of priority setting. This affects the allocation of resources. The priorities will vary from one municipality to another and from one interest group to another. Top of the list for any municipality – in partnership with other spheres of government and the private sector – must be assisting those who have no basic services or income to secure a livelihood. This should not mean that the needs of other members of the community are ignored. In an IDP process, priorities are identified in partnership with the community and interest groups. The prioritised plan affects how the council goes about raising funds for developmental projects. The prioritised plan affects financial planning, which should be both medium and long-term:

- ✎ In the medium-term (about five years), the largest capital expenses and recurring costs must be identified.
- ✎ In the short term (one to two years) the annual budget must reflect the goals of the IDP and these projects should be reflected in the capital budgets for that year.

Public participation is an important aspect of the process of prioritisation. During this phase the public can participate in the following ways:

- ✎ community meetings organised by the ward councillor and ward committee;
- ✎ stakeholder meetings; and
- ✎ surveys and opinion polls (getting views on how people feel about particular issues).

Different objectives of district/metro IDPs and IDPs of local municipalities

IDP's of local municipalities are better able to respond to the issues of communities and citizens. Local municipalities must ensure great community consultation in the process, for example through functioning ward committees. They should focus on the delivery of services against local, provincial and national targets. Water, sanitation, electricity, housing and roads must be the central focus.

The focus of the district must be one of co-ordination, support and economic development in the district wide area. District and metro IDPs are better placed to inform and respond to higher level plans like sector plans, the Provincial Growth and Development Strategies (PGDS) and the National Spatial Development Perspective (NSDP). A clear plan to stimulate the economy of the district area should be central to the IDP. The district must include in its IDP, clear plans for facilitating the support and skills needed by local municipalities for the development and implementing of their IDPs. It should assist the local municipalities with the implementation of projects and municipal action plans. It must also plan for strengthening the institutional capacity of local municipalities by sharing human resources and/or systems within the district.

Furthermore, district and metros should have a long-term growth and development strategy (20-30 years) focusing on delivering sustainable human settlements and robust regional/local economies.

Frequently asked questions

What is Integrated Development Planning?

Integrated development planning is a process where municipalities prepare a strategic development plan for a period of five years. The IDP guides and informs all planning, budgeting management and decision-making in a municipality.

What is the legal status of an IDP?

The Systems Act requires all municipalities to undertake integrated development planning processes and to produce an IDP. The IDP has legal status and supersedes all other developmental plans at a local government level.

What is the lifespan of an IDP?

Every new council that is elected has to prepare an IDP that will guide them during their five year term of office. It is based on a comprehensive long-term vision for the municipal area, and continues the development plans of previous councils.

How long does it take to prepare an IDP?

Integrated development planning is a complex process that requires input from a number of stakeholders. It takes a municipality six to nine months to prepare an IDP. The timing needs to fit in with municipal budgeting cycles. Delivery and development should not stop during this process. The IDP of a municipality is reviewed annually, to allow it to accommodate changes if necessary.

Who is responsible for the IDP process?

According to the System Act the **mayor** or **executive committee** is responsible for planning and managing the IDP process. They must also co-ordinate annual revision of integrated development plans. An IDP co-ordinator may be appointed to facilitate and support the IDP process.

Role of public participation

The council should also approve a strategy for public participation. The strategy must decide, amongst other things, on:

- the roles of the different stakeholders during the participation process;
- ways to encourage the participation of unorganised groups;
- method to ensure participation during the different phases of planning;
- timeframes for public and stakeholder response, inputs and comments;
- ways to disseminate information; and
- means to collect information on community needs.

Source: www.etu.org.za/toolbox/docs/localgov/webidp.html

Community-based planning

One approach to public participation that has been successfully piloted in South Africa is Community-based Planning (CBP). It is a ward based planning approach that aims to break down the IDP to the ward level. CBP makes municipal plans more relevant to local conditions and increases community involvement in the processes and control in issues of service delivery. This approach requires functional ward committees who develop plans for their own wards, and link ward priorities to the integrated development planning of the municipality.

CBP empowers communities to plan for themselves by helping local government to be responsive to local issues and service delivery.

IDP representative forum

An IDP representative forum should be established to ensure proper communication between all stakeholders and the municipality. It is a structure for discussion, negotiations and joint decision-making where stakeholders represent the interests of their constituencies.

The forum may include:

- ✎ members of the executive committee of the council;
- ✎ councillors including district councillors;
- ✎ traditional leaders;
- ✎ ward committee representatives;
- ✎ heads of departments and senior officials from municipal and government department;
- ✎ representatives from organised stakeholder groups;
- ✎ people who fight for the rights of unorganised groups – e.g. a gender activist;
- ✎ resource people or advisors;
- ✎ community representatives.

Annual review of IDP

The annual review of the IDP is required to:

- ✎ Ensure its relevance as the municipality's strategic plan. It may need to accommodate changing circumstances or respond to performance related issues.
- ✎ Inform other components of the Municipal Business Process including institutional and financial planning and budgeting.
- ✎ Inform the cyclical intergovernmental planning and budgeting cycle.

Councillors need to ensure that the public are involved in the review process. This can be done through ward committees, IDP forums and inviting public comments.

Phases of planning

The process of developing an IDP has five phases. The planning process is illustrated below.

IDP phases	
Phase 0 Preparation	What do we need to prepare to plan? a Municipal Process Plan & District Framework
Phase 1 Analysis	Where are we? Well understood Priority Issues
Phase 2 Strategies	Where do we want to go? Vision, Objectives, Strategies, ID Project
Phase 3 Projects	What detail do we need to define in order to realise the strategies? Indicators & basic project implementation information
Phase 4 Integration	What do we need to manage to make it happen? Integrated management programmes & plans
Phase Approval	Are we satisfied? Amended & adopted IDP

Phase 0: Preparation

- The outputs of this phase are
- Municipal Process Plan
- District Framework

Phase 1: Analysis

- The outputs of this phase are:
- assessment of existing levels of development
- priority issues or problems
- Information on causes of priority issues or problems
- Information on available resources.

Phase 2: Strategies

- The outputs of this phase are:
- developing a vision
- defining development objectives
- development strategies
- project Identification.

Phase 0: Preparation

Before starting the IDP planning process, municipalities must agree on the process. They need to decide what actions must be taken, who will be responsible for these actions, when different activities will take place and how much they will cost.

Phase 1: Analysis

The first phase of the planning process is an in-depth analysis of the resources as well as the issues pertaining in the communities and the municipality. This analysis looks both inwards at the municipality and the council, as well as outwards toward the community. This assessment needs to identify the root causes of problems in the community rather merely than addressing the effects. In many cases the causes are related to unequal development, but may manifest themselves in social issues.

The identified problems are then assessed and prioritised in terms of what is urgent and what needs to be done first.

At the end of this phase, the municipality will be able to provide:

- an assessment of the existing level of development
- details on priority issues and problems and their causes
- information on available resources.

Phase 2: Strategies

In Phase 2 of the integrated development plan, local government needs to set goals that meet the needs that have been identified and prioritised in the first phase of the integrated planning. These goals should focus on:

- the needs of the community
- the capacity of the municipality to meet the communities' issues.

This phase defines:

- ✎ a vision for the municipality
- ✎ objectives for each priority issue (identified in Phase 1)
- ✎ development strategies for each priority issue.

Once the municipality has worked out where it wants to go and what it needs to do to get there, it needs to work out how to get there. A development strategy is about finding the best way for the municipality to meet a development objective.

Development strategies must fit in with any national or provincial plans and planning requirements that are binding on the municipality.

The formulation of development strategies is the crucial part of this phase. Councillors will need to oversee these projects and be strategic managers of this phase. The municipality may contract consultants to assist with this phase.

Phase 3: Projects

Once the municipality has identified the best methods to achieving its development objectives it leads to the identification of specific projects.

Phase 3 provides the detail that will go into the final IDP. To get the necessary detail, project formulating task teams design project proposals and draft sector plans. At this stage, preliminary budgets are attached to projects.

Projects must be designed with the participation of a range of stakeholders (including local communities). Even though this phase is quite technical, it is useful if a few councillors continue to play a role.

Clear details for each project have to be worked out in terms of:

- ✎ Who is going to benefit from the project?
- ✎ How much is it going to cost?
- ✎ How is this project going to be funded?
- ✎ How long would it take to complete?
- ✎ Who is going to manage the project?

Clear targets must be set and indicators worked out to measure performance as well as the impact of individual projects.

Phase 4: Integration

In the previous phase, the projects were broken up into separate units because it involves detailed, technical planning. Phase 4 brings the process together and integrates the projects worked out in Phase 3.

This phase screens the projects proposed in the previous phase to check that they fit with the council's overall priorities and objectives. It also assesses the viability of the project and integrates the various projects that were designed in Phase 3.

These integrated programmes are usually medium-to long-term plans. They are useful guides for short-term planning and form the basis for annual budgets, annual business plans, land use management decisions etc.

Phase 3: Projects

- *The outputs of this phase are:*
- *performance indicators*
- *project outputs, target, location*
- *project related activities and time schedules*
- *cost and budget estimates.*

Phase 4: Integration

- *The output is an operational strategy. It includes:*
- *5-year financial plans*
- *5-year capital investment programmes*
- *integrated spatial development frameworks*
- *integrated sectoral programmes*
- *integrated environmental programmes*
- *integrated poverty alleviation and gender equity programmes*
- *institutional plan*
- *monitoring and performance management system.*

Phase 5: Approval

- The output is
- an approved IDP for the municipality

Phase 5: Approval

Phase 5 is the final phase during which the IDP is approved. Councils must approve an IDP before it is submitted to provincial MECs. Public comments must be gathered and considered before final approval is received. In addition, councils must ensure that the IDPs in the district municipality's area all fit together.

Sample of an IDP

Each municipality may decide on the form and content of their IDP, with the exception of the aspects that are prescribed in the System Act. The sample table of contents, shown below, serves as a guide to what may be included.

Sample IDP

The planning process

- Institutional arrangements/roles and responsibilities
- Process overview: steps and events
- Self-assessment of the planning process

The situation

- Current reality: facts and figures
- Summary of community and stakeholder priority issues
- Priority issues from the municipal perspective
- Spatial analysis: patterns and trends
- Social issues: poverty situation and gender specific issues
- Economic analysis: major risks and trends
- Institutional analysis: strengths and weaknesses
- Priority issues in context: summary reports on in-depth analysis

Development strategies

- The municipal vision
- Localised strategies for each priority issue
- Objectives and strategies for each priority issue
- Objectives
- Available resources
- Alternatives taken into consideration
- Assessment
- Proposed strategy
- Financial strategy
- Summary list of identified projects

Project

- Each project summary provided

Operational strategies

- Operational 5 year action plan
- 5 year financial plan
- Capital investment programme
- Integrated spatial development framework
- Integrated economic programme
- Integrated environmental programme
- Integrated institutional programme
- Disaster management plan
- Monitoring and information system

During the different stages of planning participation can be encouraged in these ways:

Planning phase	Methods for Participation
Analysis	<ul style="list-style-type: none"> Community meetings organised by the ward councillor Stakeholder meetings Surveys and opinion polls (getting views on how people feel about a particular issue)
Strategies	<ul style="list-style-type: none"> IDP Representative Forum Public debates on what can work best in solving a problem
Projects	<ul style="list-style-type: none"> Meetings with affected communities and stakeholders Representation of stakeholders on project subcommittees
Integration	IDP Representative Forum
Approval	Public discussion and consultation with communities and stakeholders
Monitoring and Implementation	IDP Representative Forum

Conclusion

By basing all the municipal processes on integrated development plans, councillors are in a position to deliver services to the community they serve. By involving the public in planning and the related processes of monitoring and accountability councillors can contribute to development in a meaningful way.

Key points

- ✎ There are four interrelated key municipal processes: integrated development planning, budgeting, performance management and citizen involvement.
- ✎ Integrated development planning is a process through which municipalities prepare a strategic development plan, for a five year period.
- ✎ The IDP is a product of the integrated development planning process.
- ✎ The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making in a municipality.
- ✎ The IDP informs and guides the councils' activities for the duration of its office.
- ✎ An IDP is developed with community input and represents their issues and aspirations.
- ✎ Councillors are responsible for developing, monitoring and overseeing the implementation of the IDP.
- ✎ The process of developing an integrated development plan has five phases: Phase 0 Preparation, Phase 1 Analysis, Phase 2 Strategies, Phase 3 Projects, Phase 4 Integration, and Phase 5 Approval.
- ✎ IDPs are reviewed annually.
- ✎ Different objectives of district/metro IDPs and IDPs of local municipalities.

What is my role as a councillor?

- ✎ Councillors have a role, together with officials, ward committees and communities, to ensure that realistic expectations are agreed on for the IDP and that these expectations are met.
- ✎ Chapter 5 of the Systems Act requires that citizens participate in planning to make municipal plans more relevant to local needs and conditions. The councillor plays an important role in this participation process which can take place through public meetings or workshops with representative CBOs to explore the development needs within a municipality.
- ✎ Councillors can be held accountable for the implementation of the IDP.
- ✎ Councillors, together with other representatives such as members of the executive committee of the council and traditional leaders, serve on the IDP representative forum.
- ✎ Councillors need to ensure that the public are involved in the annual review of the IDP. This can be done through ward committees, IDP forums and inviting public comments.
- ✎ A development strategy is about finding the best way for the municipality to meet a development objective. Councillors will need to oversee development strategies and be strategic managers of this phase.

1.7 The role of local government in economic development

The Constitution mandates municipalities to play an important role in the local economic development (LED) of their municipal area, necessitating the development of a new skills base within municipalities. The prosperity and welfare of communities around South Africa depends on the capacity of municipalities to take advantage of economic opportunities for sustained employment and enterprise growth. Sound LED practice can facilitate an appropriate environment for economic growth, impacting positively on an enabling environment, job creation opportunities and poverty reduction. Therefore, the quality of economic development planning and facilitation is of critical importance, to developing good LED practice, which is crucial to both sound pragmatic LED initiatives and improved economic performance.

In South Africa the main aim of an LED approach is to:

- ↘ Establish a job-creating economic growth path
- ↘ Embark upon sustainable rural development and urban renewal
- ↘ Bring the poor and disadvantaged to the centre of development.

As pressure from globalisation places increasing demand on local/regional economies, the capacity to facilitate local/regional economic development (LRED) in many developing countries is still lacking. Whatever the reasons that have contributed to the LRED capacity constraints, understanding which parts of this capacity are in a healthy state and which parts are not, provides a stronger platform to conceive improvement. Finding better ways to address the capacity constraints in LRED is therefore important. A key issue here is that South Africa needs a differentiated approach, and needs to stop treating municipalities as all the same, in terms of their capacity (actual and realistically in the future).

The issue of LED is going to become much more visible this year and next, as government pushes much harder to create jobs and address poverty. There is going to be a substantial re-think of the current LED approach, most specifically the current assumption that all municipality's are in a position to undertake strategic development planning.

Key points

There is also number of key LED topics that could help direct the discussion into actual practical LED issues, enablers and inhibitors at Local Government. As SALGA has been engaging on these topics (see SALGA LED Position Paper, 2009), it is suggested that they be introduced into New Councillor Training:

- A common understanding and position of LED - across politicians, officials, communities, businesses.
- LED Strategy Development - simplified, more sustainable and locally-owned
- Positioning of LED "section" within municipalities - ideally the LED section should be placed directly under the Municipal Managers Office.
- Capacity constraints - only when economic potential is combined with significant knowledge, skills and capacity (across politicians and officials) can there be positive economic growth.
- LED Strategy Appropriateness - LED strategies need to speak to local conditions and challenges i.e. aligned with district strategies.
- Economic Intelligence Requirements – municipalities need to base their LED strategies using annually updated sectoral economic data showing performance disaggregated down to their municipal boundaries.
- Stakeholder relationships - LED roundtables to connect with business stakeholders especially, around concrete business enabling tools such as red tape reduction, business retention and expansion etc.
- Monitoring and evaluation - municipalities have very limited monitoring and evaluation capacity and systems. Self-assessment, annual assessment and benchmarking are required.

Purpose of new councillor LED training

To provide a basic overview of the role of local government in economic development:

- LED – what is it and why is it important
- To discuss an appropriate role for government in LED
- To discuss roles and responsibilities of spheres of government
- To introduce best practices, principles and current trends in LED
- To provide an understanding of the significant LED policies (including the National LED Policy Framework (2006-2011), the DCoG's LED Toolkit, the draft Regional Industrial Development Strategy, and the National Industrial Policy Framework)
- Ensuring alignment to national programmes and policies with regard to Economic Development, New Growth Path, IPAP2 & EPWP
- To clarify the roles of different stakeholders in LED
- To elaborate on key concepts in LED (Improving the Local Business Environment, Red Tape Reduction, Resource Mobilisation for LED, Governance and LED, Procurement and LED, Co-operatives)
- To highlight existing tools, approaches and methodologies within LED (LED Maturity Assessments, Benchmarking, LED Data)
- What is my role as a councillor?
- To provide a brief overview of international approaches to LED
- To understand the factors that influence the choice of approach.

1.8 The role of local government in Information and Communication Technology (ICT)

According to the 'State of ICT at Local Government' Report (SALGA 2009), cities are having to reassess their role and capacities in relation to the emerging knowledge-based economy and the needs of their citizens in a new social and economic environment. In this effort, cities, towns and villages are able to access a variety of ICTs to better prepare citizens to compete in the new economy, to help in the delivery of public services, support enterprise development and to enhance the quality of life in their communities. The application of ICTs lies within the fields of good governance and socio-economic development. Legislative and political measures are often required to facilitate or enable the application of ICTs, especially in the successful delivery of e-government services.

The last decade has placed growing emphasis on the demand for service delivery and all government spheres are striving for service delivery excellence. The value of ICTs as a key contributor to meeting these demands has been realised and its potential for enhancing and fast tracking service delivery is unquestionable.

ICTs, provides a platform for municipalities to deliver services to the public and achieve the objectives of enabling socio-economic growth. Positive feedback generated by most ICT innovations indicates higher levels of productivity and has driven most government departments to invest in ICTs in order to bolster the functioning of their service delivery mechanisms.

South Africa has tremendous potential for rapid and sustainable economic and social development by leveraging the potential of ICT and applying it appropriately within the local government sector. Government must continue to play an active role in encouraging and promoting the use of ICTs while ensuring that coherent enabling policies are in place, and that capacity building and skills development are fostered in order to attain national socio-economic goals, for the benefit of the wider population.

ICT does have the potential to make local government more efficient, 'people-centric' and a powerful instrument in increasing productivity, generating economic growth and creating job opportunities. There are four main focus areas where councillor training on ICT's is required:

- ✎ Internal ICT systems, processes and infrastructure
- ✎ Broadband connectivity and access
- ✎ E-government and provision of e-services
- ✎ Awareness of ICTs and the e-skilling of communities

1.9 Municipal finance

Overview and approach

This manual is developed for newly elected Councillors of municipalities. It is designed around the accountability framework in government. The first section introduces Councillors to the high level policy priorities of government. During the compilation of the IDP, Councillors will need to be aware of how local government's strategic goals and objectives are aligned with national and provincial policies. This is important for co-ordination purposes so that municipalities, as the engines of service delivery, align themselves with the 12 National Outcomes of Government. We also discuss the powers and functions of the three spheres of government. The Constitution defines the relationship between the national, provincial and local government as distinctive, inter-related and interdependent.

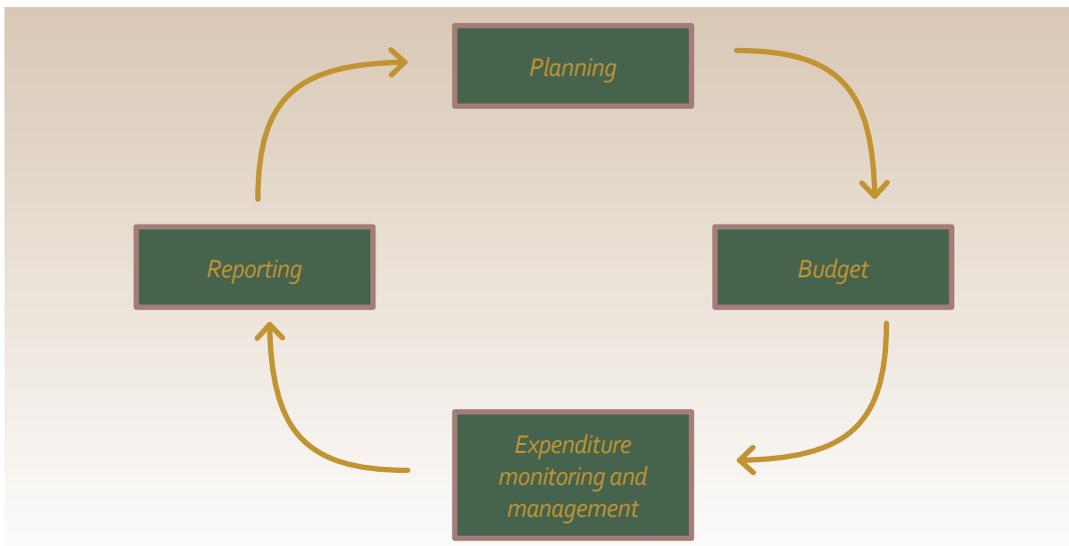
Section two introduces Councillors to the budget process at municipalities. Councillors will be made aware of the main sources of revenue, division of the budget, roles and responsibilities around budgeting and the timeframes for completing the budget. During the past few years the National Treasury has introduced a number of significant budget reforms such as the funding compliance assessment, budgeting and reporting regulations, the new budget formats and the MFMA Budget Dummy Guide. These reforms are aimed at formalising norms and standards across municipalities and at achieving important budgetary outcomes such as credibility, sustainability, accuracy and reliability of municipal budgets. If councils are provided with succinct and understandable financial and non-financial information they are more likely to make informed decisions to promote effective financial management and service delivery.

After the budget is prepared, in line with the priorities of the municipal IDP and requirements of legislation, it has to be adopted and then implemented. Section three focuses on the issues that are important during budget implementation and control. Here Councillors are introduced to financial management concepts as well as budgetary control techniques. These concepts include unauthorised expenditure, fruitless and wasteful expenditure, irregular expenditure; an overview of supply chain management; an overview of risk management and an overview of asset management.

In order to monitor the implementation of the budget and assess performance, reports are compiled to detail planned revenue, expenditure and service delivery targets against actual performance. Section four focuses on interim and past performance reporting. Councillors are introduced to the main reports which municipalities compile and how these reports function as important oversight tools for council. The golden chain of reporting which links together the MFMA section 71 financial reports, Mayoral Quarterly reports, MFMA section 72 mid-year assessment reports, annual reports and financial statements are explained. The section also speaks to the auditing requirements of a municipality, the audit committees that must be established, the conditions of establishment and reporting requirements of setting up these committees. The section also outlines the main types of audits, who perform these audits and Councillors' role in ensuring the audit queries of municipalities are timeously addressed.

The following figure is a summary of the Public Expenditure Management approach followed in the design of the course.

Figure 1: Public Expenditure Management Cycle



Each stage happens in any given financial year. However, it is important to note that the way phases are presented does not suggest that managers in government must plan before they budget. In reality planning, budgeting, financial management and reporting are all interrelated. Plans inform budgets and budgets inform plans. Those responsible for budgeting must take account of information from budget implementation as obtained from the in-year reports. In planning, information from periodic reports should also be taken into account, especially annual reports that are prepared at the end of the financial year.

Introduction

In order to improve the quality of life of all persons living in South Africa, the role of Councillors is essentially to oversee governance and service delivery at the local government sphere. Local government elections invariably introduce new Councillors into the realm of local government structures. As such, this workbook seeks to expose an elaborate programme of induction on municipal financial management in the hope that expectations of government and its people are successfully met over the duration of office. The design of this document is towards improved oversight which, in the past was argued to be lacking synergy between the political and administrative arms of the municipality. Furthermore, an advanced module is available for MMC: Finance functions which courses will be held later in the year.

This module introduces Councillors to the mechanics of municipal finance management and outlines the key roles and responsibilities in each phase of the public expenditure management (PEM) process, namely: planning, budgeting, financial management, reporting and accountability.

Policy, planning, prioritisation and oversight

This part focuses on issues of policy, planning, prioritisation and the roles and responsibilities of Councillors with respect to oversight of municipal finance management.

Spheres of government and cooperative governance

Our Constitution provides in section 40(1) for three spheres of government that are constituted as national, provincial and local spheres which are distinctive, interdependent and inter-related.

This means that no sphere of government is subordinate to another, but they all work together to deliver services to the people. This is what is called cooperative governance and means that the spheres of government must, among other things:

- Provide effective, accountable and transparent government in South Africa;
- Cooperate with one another and foster good relations;
- Consult and coordinate actions and legislation;
- Avoid legal proceedings against one another.

In terms of section 36(1) of the MFMA accounting officers and authorities of national and provincial departments and entities must notify relevant treasuries of transfers to local government for the next three years by 20 January each calendar year. Section 37(2) of the MFMA says that an accounting officer of a municipality responsible for the transfer of any allocation to another municipality must, by no later than 120 days before the start of its budget year notify the receiving municipality of the projected amount of any allocation proposed to be transferred to that municipality during each of the next three financial years.

How does the constitution assign functions across spheres of government?

Each of the three spheres of government has specific responsibilities but those are not separated by rigid boundaries. This is clear from both schedules 4 and 5 of the Constitution that outline concurrent and exclusive functions of national and provincial spheres of government. For instance, both the national and the provincial spheres of government can make laws on health and education matters. These matters are called concurrent functions and are listed in schedule 4 of the Constitution. The Constitution also says, in section 125, that provinces (and municipalities in some cases such as Early Childhood Development (ECD) and municipal health services) will implement national laws that fall under schedule 4. This means that when the National Parliament passes legislation dealing with health and education, provinces will be expected to implement it. Another example of the soft boundaries in the Constitution is found in sections 100 and 139. These sections provide that if a province or municipality is struggling to fulfil its responsibilities, the national or provincial government is entitled to intervene to sort matters out.

In addition to concurrent functions, the Constitution provides for exclusive functions. For provinces these are detailed in schedule 5 of the Constitution. Examples of these are abattoirs and liquor licences. Exclusive functions are those over which a sphere of government has exclusive power to legislate. Note that the Constitution does not present a separate schedule of exclusive local government functions. Instead, each schedule (i.e. schedules 4 and 5) has a separate part called Part B that lists local government functions. For schedule 4 these include building regulations and child care facilities while for schedule 5 they include cleansing and public places. Note that these are exclusive local government

Distinctive means that each sphere has legislative and executive authority in areas over which it has competence. Interdependent means that no sphere exists in isolation to others. Inter-related means that spheres of government need to work together and cultivate good relations.

functions but they are regulated by either national or provincial spheres of government. Other issues that are exclusive to local government and are regulated but not identified in the two schedules include passing a municipal budget. National Treasury can and has prescribed the form of the municipal budgets and can place certain limits on it, for instance, in relation to taxes.

What is the meaning of developmental local government?

Section 151 of the Constitution provides that the local sphere of government consists of municipalities, which must be established for the whole of the territory of the Republic. The section also provides that a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution. A municipality is composed of the council, the administration and the community. The above suggests that local government is a sphere in its own right and not merely a functionary of national and/or provincial governments. In addition to the above, local government is established to fulfil certain objectives described in section 152 of the Constitution. These are:

- ✚ to provide democratic and accountable government for local communities;
- ✚ to ensure the provision of services to communities in a sustainable manner;
- ✚ to promote social and economic development;
- ✚ to promote a safe and healthy environment; and
- ✚ to encourage the involvement of communities and community organisations in matters of local government.

Municipalities are required to be developmental in the delivery of the services they are mandated to provide. To this end, section 153 of the Constitution requires a municipality to:

- ✚ structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- ✚ participate in national and provincial development programmes.

The concept of developmental local government is further defined in the 1998 White Paper on Local Government as a system under which there is commitment to working with citizens, groups and communities to create sustainable human settlements which provide for a decent quality of life and meet the social, economic and material needs of communities in a holistic way. The system is characterised by the following:

- ✚ exercising municipal powers and functions in a manner which maximises their impact on social development and economic growth;
- ✚ playing an integrating and coordinating role to ensure alignment between public (including all spheres of government) and private investment within the municipal area;
- ✚ democratising development; and
- ✚ building social capital through providing community leadership and vision, and seeking to empower marginalised and excluded groups within the community.

The developmental outcomes identified in the White Paper are:

- ✚ provision of household infrastructure and services;
- ✚ the creation of liveable, integrated cities, towns and rural areas;
- ✚ the promotion of local economic development; and
- ✚ community empowerment and redistribution.

Municipalities are required to be developmental in the delivery of the services they are mandated to provide.

Councillors' oversight activities need to ensure that budgeting and planning processes give priority to the basic needs of the community, and promote the social and economic development of the community. To this end, community consultation processes to get information on community priorities are an integral part of councillors' responsibilities

The White Paper emphasises three possible mechanisms through which developmental local government objectives can be achieved, namely:

- integrated development planning and budgeting;
- performance management; and
- community participation.

These will be dealt with in this part while budgeting will be dealt with later.

Under what circumstances can functions be reassigned?

Municipalities are at the coalface of service delivery where interaction between government and communities is direct, thereby enhancing accountability of government. This is one of the reasons for reassignment of functions from spheres of government that are removed from communities to municipalities. In this regard, schedules 4 and 5 of the Constitution list functional areas over which various spheres of government have legislative competence and allow for these functions to be re-assigned to other spheres of government, where appropriate. Section 104(1)(c) of the Constitution confers on the provincial legislature the power to assign some of their legislative powers to municipal councils in that province. In addition section 126 of the Constitution allows a member of the provincial executive council to assign any power or function or power that is to be performed in terms of an Act of Parliament or a provincial Act, to a municipal council. This must be in terms of an agreement entered into between the relevant parties and must be consistent with relevant legislation.

The Constitution further requires, in section 156(4), the national and provincial government to assign to the municipal council administration of any function that falls either under Part A of schedule 4 or Part A of schedule 5 of the Constitution if:

- That matter would most effectively be administered locally, and
- The municipality has the capacity to administer it.

Examples of such assignment currently relate to accreditation of municipalities for the delivery of human settlements functions that are performed by provincial governments as well as public transport systems (especially that administration of public transport subsidies that are traditionally performed by provincial governments).

According to section 156(5) of the Constitution, municipalities have the right to exercise any power concerning a matter reasonably necessary for or incidental to the effective performance of its functions. In this regard, section 154(1) of the Constitution requires national and provincial governments to put in place legislation and other measures to:

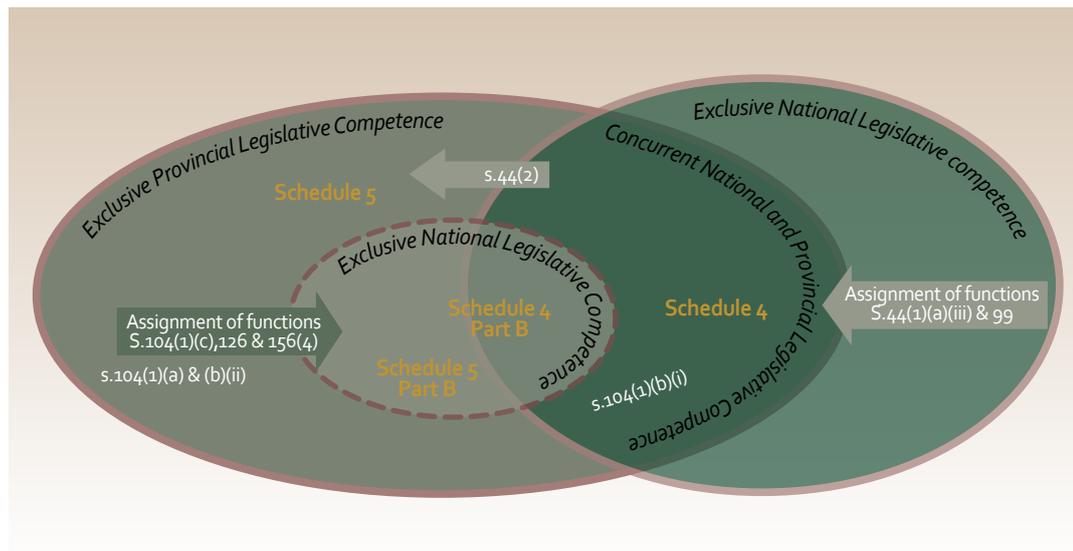
- support and strengthen the capacity of municipalities to manage their own affairs;
- exercise their power; and
- perform their functions.

Section 34(1) of the MFMA is more specific and provides that national and provincial spheres of government must assist in building the capacity of municipalities for efficient, effective and transparent financial management. This means that municipalities must be supported and assisted in the performance of their constitutional obligations.

The following figure maps the interrelationships between spheres of government with respect to assignment and reassignment of functions.

The role of Councillors in assignment of functions is to ensure that the functions does not impose undue hardship on the side of the municipality and that the municipality has capacity to administer them.

Figure 2: Interrelationships between the spheres of government – assignment and reassignment of functions



The figure positions areas of local government legislative competence at the centre to show that such functions are always regulated either by national or provincial legislation. It shows that functions of national legislative competence can be assigned to provinces and municipalities while functions of provincial competence can be assigned to municipalities.

Interventions

The soft boundaries between the spheres of government in South Africa mean that one sphere cannot allow another to seriously and materially breach its obligations to deliver basic services. So the Constitution allows interventions aimed at assuming responsibility for administering particular matters should the local sphere of government fail to fulfil its functions. Section 139(1) of the Constitution says that when a municipality cannot or does not fulfil an executive obligation in terms of legislation, the relevant provincial executive may intervene by taking any appropriate steps to ensure fulfilment of that obligation, including:

- Issuing a directive to the municipal council, describing the extent of the failure to fulfil its obligations and stating any steps required to meet its obligations; and
- Assuming responsibility for the relevant obligation in that municipality to the extent necessary to –
- Maintain essential national standards or meet established minimum standards for the rendering of a service;
- Prevent a municipal council from taking unreasonable action that is prejudicial to the interests of another municipality or to the province as a whole; or
- Maintain economic unity.

Section 139(4-7) of the Constitution deals with situations where the municipality fails to pass a budget or is in serious or persistent material breach of its obligations to provide basic services or to meet its financial commitments. In this case the province can intervene and dissolve the council, if necessary, and take over the responsibility for passing budgets.

The MFMA, in particular chapter 13, regulates the implementation of processes established by section 139 of the Constitution, where intervention relates to financial problems in a municipality.

Functions of local government legislative competence are always regulated either by national or provincial legislation. Councillors must have an understanding of implications of national and provincial legislation on local government functions

It is the responsibility of Councillors to ensure that all measures are taken to ensure that the budget of the municipality is passed before the beginning of the financial year.

Councillors will need to ensure that where new functions are assigned to the municipality, these are accompanied by associated resources from the sphere of government assigning such functions.

Unfunded mandates

The reassignment of functions that were originally performed by national or provincial government to local government cannot take place without a re-examination of the budget:

- ✎ The decreased responsibilities for the sphere of government assigning responsibilities must be accompanied by decreased budgetary resources to that sphere.
- ✎ The increased responsibilities to the local sphere of government receiving additional mandates must be accompanied by increased resources.

Government priorities and strategic alignment

The concept of cooperative governance also means that plans and priorities of various spheres of government need to be linked or aligned. The priorities in one sphere of government must not be inconsistent with the priorities of other spheres of government. At national government, priorities of the whole of government are detailed in the medium-term strategic framework (MTSF). The MTSF is a government-wide strategic plan. All three spheres of government need to ensure that their plans are in line with the policy imperatives, priorities, objectives and targets that are contained in the MTSF. For the current cycle of government until 2014, national government has five major priorities for the whole country, namely:

- ✎ Education
- ✎ Health
- ✎ Rural development and agrarian reform
- ✎ Fight against crime
- ✎ Creating decent work

What are the 10 key strategic priorities of the MTSF?

- ✎ Strategic priority 1: Speeding up growth and transforming the economy to create decent work and sustainable livelihoods
- ✎ Strategic priority 2: Massive programme to build economic and social infrastructure
- ✎ Strategic priority 3: Comprehensive rural development strategy linked to land and agrarian reform and food security
- ✎ Strategic priority 4: Strengthen the skills and human resource base
- ✎ Strategic priority 5: Improve health profile of all South Africans
- ✎ Strategic priority 6: Intensify the fight against corruption
- ✎ Strategic priority 7: Build cohesive, caring and sustainable communities
- ✎ Strategic priority 8: Pursuing African advancement and enhanced international cooperation
- ✎ Strategic priority 9: Sustainable resource management and use
- ✎ Strategic priority 10: Building a developmental state including improvement of public services and strengthening democratic institutions
- ✎ These 10 strategic priorities have since been developed into 12 government-wide outcomes for which performance agreements have been entered into with Ministers.

What are the 12 outcomes guiding government's work?

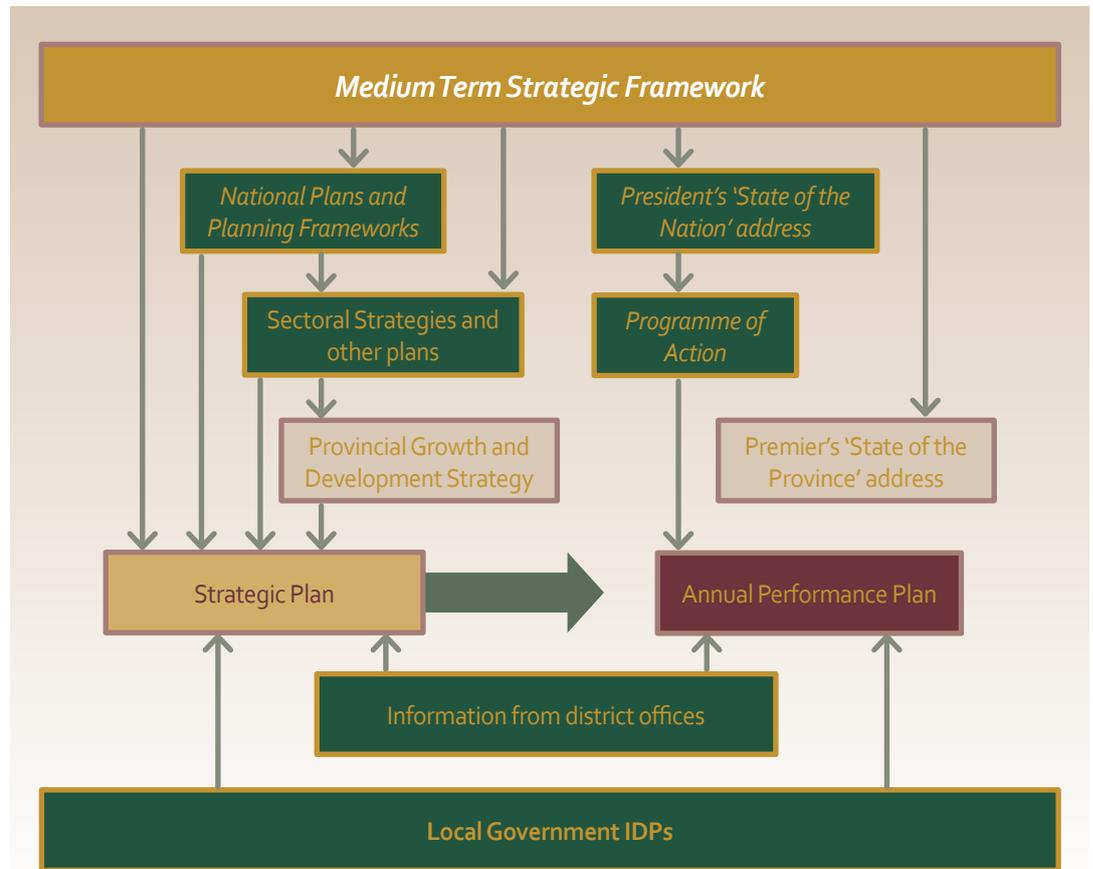
- Outcome 1 - Quality basic education
- Outcome 2 - A Long and Healthy life for all South Africans
- Outcome 3 - All people in South Africa are and feel safe
- Outcome 4 - Decent employment through inclusive economic growth
- Outcome 5 - Skilled and capable workforce to support an inclusive growth path
- Outcome 6 - An efficient, competitive and response infrastructure network
- Outcome 7 - Vibrant, equitable and sustainable rural communities and food security for all
- Outcome 8 – Sustainable human settlements and improved quality of household life
- Outcome 9 – Responsive, accountable, effective and efficient Local Government system
- Outcome 10 – Protected and enhanced environmental assets and natural resources
- Outcome 11 - Create a better South Africa and contribute to a better and safer Africa and World
- Outcome 12 – An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship

Outcome 9 speaks directly to developmental local government that is responsive, accountable, effective and accountable. In conducting oversight Councillors need to ensure that local government complies with the requirements for responsiveness, accountability, effectiveness, and efficiency

The thrust of the MTSF is reflected in the provincial growth and development strategies (PGDS) of each of the nine provinces. The purpose of the PGDS is to present province-wide priorities, objectives, indicators and targets for functions of provincial legislative competence; it is a provincial wide strategic plan. In turn, the PGDS needs to be informed and also inform municipal integrated development plans (IDPs). The IDP is a municipal strategic planning document whose purpose is to present the municipality's social and economic development plans taking account of contributions by all stakeholders including government, business, communities and other relevant stakeholders. It is an integrated plan to deliver municipal services. This alignment of government plans signifies a unified approach to service delivery by the whole of government in line with the spirit of cooperative governance.

The following figure summarises the interrelationships between these plans.

Figure 3: Alignment of inter-sphere plans



Source: National Treasury

Integrated development planning

Section 24(1) of the MSA requires that “[T]he planning undertaken by a municipality must be aligned with, and complement, the development plans and strategies of other affected municipalities and other organs of state so as to give effect to the principles of cooperative government contained in section 41 of the Constitution.” Section 24(2) requires municipalities to participate in national and provincial development programmes as required by section 153(b) of the Constitution.

Section 25(1) of the MSA requires the municipality to adopt a strategic plan for the development of the municipality which:

- links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- aligns the resources and capacity of the municipality with the implementation of the plan;
- forms the policy framework and general basis on which annual budgets will be based; and
- is compatible with national and provincial development plans and planning requirements binding on the municipality in terms of legislation.

To this end, section 26(h) of the MSA requires a financial plan, which must include a budget projection for at least the next three years to be included in the IDP of the municipality.

Councillors need to monitor the alignment between municipal planning with development plans and strategies of other affected municipalities and other organs of state

In addition, the IDP must contain the key performance indicators and performance targets determined in terms of section 41 of the MSA.

The general contents of the IDPs are prescribed in terms of section 26 of the MSA.

Performance management systems

Section 38(a)(3) of the MSA provides that a municipality must develop a performance management system that is in line with the priorities, objectives, indicators and targets contained in its IDP. This creates a direct link between the IDP and the municipality's performance management system. Section 41 requires that a municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed:

- ✚ set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact with regard to the municipality's development priorities and objectives set out in its integrated development plan;
- ✚ set measurable performance targets with regard to each of those development priorities and objectives;
- ✚ monitor performance;
- ✚ measure and review performance at least once per year; and
- ✚ take steps to improve performance with regard to those development priorities and objectives where performance targets are not met.

For performance management systems, KPIs:

- ✚ must be developed for efficiency, economy and effectiveness dimensions of performance;
- ✚ must be developed for each of the development priorities and objectives (and must also be in the IDP);
- ✚ must be developed in line with those of other spheres of government (cooperative governance and alignment);
- ✚ must be developed for the financial dimension of performance;
- ✚ for development priorities and objectives must be consistent with indicators of the financial dimension of performance;
- ✚ and their associated targets must be informed by the capacity of the municipality to deliver;
- ✚ associated mechanisms, processes and procedures for tracking progress with achievement of targets must be developed; and
- ✚ development must be undertaken with the involvement of relevant communities.

Political vs managerial accountability

Accountability of the municipal administration needs to be understood within the context of responsibility and authority. Responsibility involves answering to others for carrying out activities assigned or allocated. Responsibility can be in relation to an individual or a group of persons such as councillors in the municipal council or the accounting officer in the municipal administration or senior managers in the administration. Authority on the other hand means that one has the power to take decisions on areas over which they have responsibility. Ideally the power to take decisions must be exercised for all resources (financial and non-financial) under the direct responsibility of the person concerned. The sum of responsibility and authority amounts to accountability.

Accountability is a relationship in which an individual or a group of individuals is responsible for performing an activity with delegated authority to act and is held to answer for performance.

This means that political office bearers or administrators cannot be held accountable unless as a minimum there is responsibility for performing specific functions and authority to take decisions around the same functions.

Various accountability relationships exist, including:

Political accountability

It is characterised by a choice about whether and how to respond to stakeholder expectations. The primary focus is on needs of electorate or communities being served by council. Accountability by the communities is exercised through voting for government.

Managerial accountability

It is characterised by managers who have service delivery expertise and are appointed in administrative leadership positions. Performance agreements are concluded which detail performance standards to be achieved. Managers have more discretion in exercising the authority they have to discharge their responsibilities.

Legal accountability

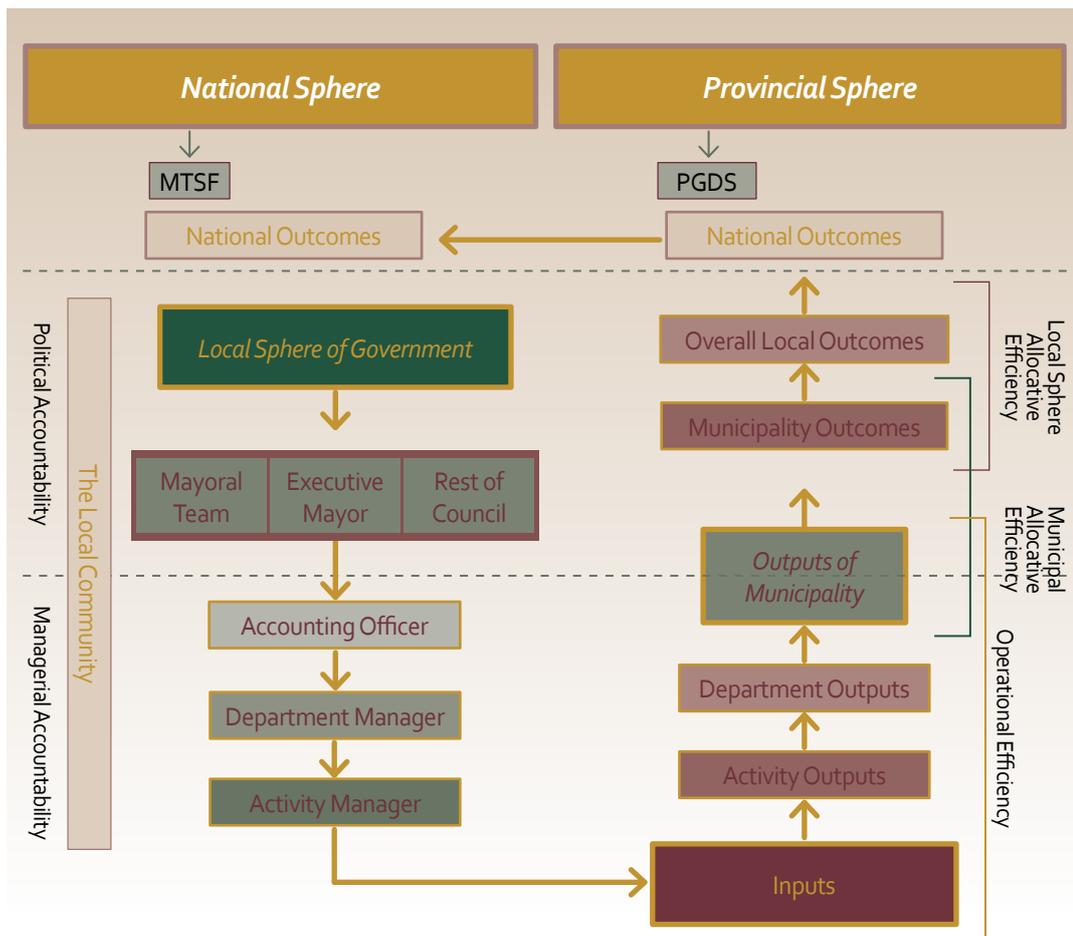
It is characterised by compliance with standards that can either be internal or imposed by external bodies. Compliance with such standards is subjected to independent performance verification as in performance and financial audits.

Hierarchical accountability

This is characterised by obedience to superiors and there is often close supervision of performance. It emphasises rules and directives.

Councillors must focus on developing policies as well as oversight over implementation of such policies through in-year and annual reports. The municipal administration on the other hand should focus on implementation of such policies and be held accountable by Councillors. Councillors on the other hand are held to account for achievement of policy objectives by the communities that elected them. This continuum of accountability relationships needs to be observed and is the foundation of good financial governance in any municipality. The following figure summarises this relationship for the mayoral executive system.

Figure 4: Relationships in a mayoral executive system



Councillors are responsible for developing policy and monitoring its implementation and are held to account by the community. The administration is responsible for implementing policy and is held to account by council

It is important to note that except for the dynamics between executive and non-executive Councillors in the three local government leadership systems, the relationship between the council and the administration should remain intact irrespective of the leadership system adopted.

Governance and ethics

Good financial governance requires a municipality to establish and enforce ethical requirements prescribed by the MSA. Section 6(1)(c) of the MSA states the administration of a municipality has a duty to take measures to prevent corruption. It is crucial that Councillors oversee the effectiveness of systems developed to fight and minimise instances of corruption.

Section 11 of the Code of Conduct for municipal Councillors expressly forbids Councillors from:

- interfering in the municipal administration;
- giving of instructions to officials;
- obstruct decisions of the council; and
- encourage maladministration.

These provisions mean that Councillors are prohibited from interacting directly with the municipal administration by giving instructions to officials or interfering in administrative processes. Interference should be distinguished from intervention. Intervention would happen when the administration of the municipality is failing to deliver on its mandate and would naturally happen through the mayor who have a direct contractual relationship

It is the role of Councillors to exercise oversight over the existence and adequacy of systems designed to fight corruption.

Interference involves Councillors getting unnecessarily involved and influencing the decisions of the administration or giving instructions on day-to-day operational matters. Intervention happens when the administration of the municipality fails to deliver on its mandate and is meant to restore and/or improve the performance of the administration

with the municipal manager. Interference, however, means that Councillors unnecessarily get involved and influence the decisions of the administration or give instructions on matters that are clearly the responsibility of the administration to decide on. For instance, a Councillor cannot get involved in the list processes for housing service delivery as such processes are administered by the administration of the municipality. Interference often leads to fraudulent and corrupt activities whereas intervention is meant to correct deficiencies in performance of the administration.

Section 6 of the Code of Conduct restricts instances where Councillors use their positions to improperly benefit themselves from council contracts. Section 7 of the Code of Conduct requires Councillors to declare financial interests within 60 days of election or appointment. In terms of section 8 a Councillor who is full-time may not undertake any other paid work except with the approval of council.

Fiscal oversight

Fiscal oversight refers to the act of overseeing the activities of the municipal administration relating to raising revenue and spending of the revenue on council determined priorities. The roles of council with respect to fiscal oversight need to be shared among the various council committees. For fiscal oversight, the finance and public accounts committee members play a crucial role. Finance committee members will therefore focus largely on the budget and budget aggregates of the municipality when presented for approval before the beginning of the financial year to assess affordability and sustainability. Public accounts committees play an important role in scrutinising the spending of the municipal budget at the end of the financial year, which mirror the work done by the finance committee before the beginning of the financial year. Portfolio committees play an important role on the development of policies and priorities of the municipality including overseeing the achievement of such priorities. The work of the municipal public accounts committee (MPAC) should therefore take into account work of both the finance committee and the portfolio committee concerned for the function under consideration.

Work of council is done through the committees as provided for in section 33 of the Municipal Structures Act. One of the important committees is the oversight committee introduced by MFMA Circular 32. The main purpose of the committee is to consider the annual report with associated information on financial statements and audit reports. MFMA Circular 32 (p14) provides for the following with respect to the composition of the committee:

“The oversight committee should be made up of only non-executive Councillors and representatives of the community and can be formed each year to deal with the annual report. Municipal officials cannot be members of an oversight committee as this would pose a conflict of interest. Assistance from the municipality’s audit committee in the review process is also recommended as a major source of independent specialist advice.”

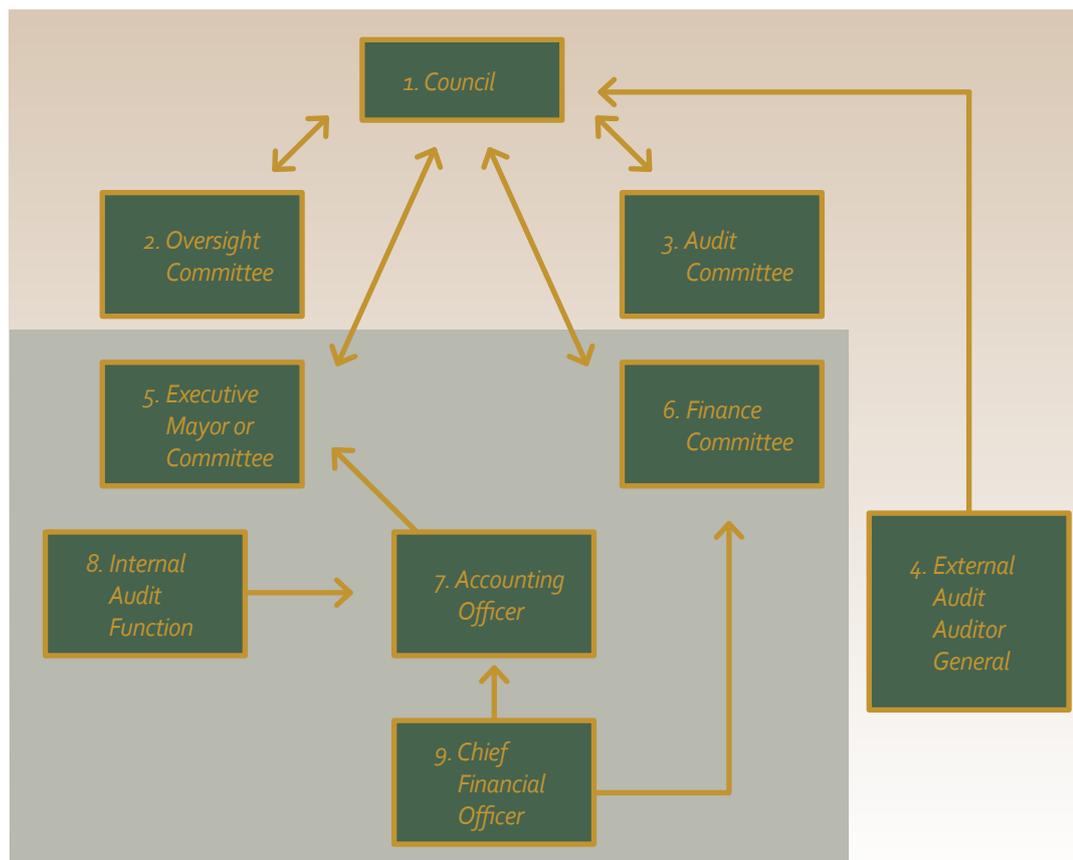
The National Treasury and the Department of Cooperative Governance (DCOG) have considered the possibility and feasibility of amending MFMA Circular 32 to provide for the MPAC’s functions to include those of the oversight committee as contemplated in MFMA Circular 32 so as to ensure that there is one permanent structure of the municipal council (whose duration is linked to that of the municipal council) to deal with all these related issues. The MPAC will invite representatives of the community and other members

of the public who are experts in specific fields to assist and advise in its deliberations when the need arises (such as when considering the annual report for the purposes of producing the oversight report to council) however these members will have no voting rights.

In consideration of the annual report of the municipality, the oversight committee members will have to concern themselves with issues of economy, efficiency and effectiveness of services delivered by the municipal administration.

- Efficiency refers to the relationship between the costs of delivering services and the services delivered i.e. the ratio between resources costs and service delivery outputs.
- Economy refers to the relationship between the various inputs used to deliver particular services. For instance, transport and personnel resources should be used optimally to deliver services at the least possible cost.
- Effectiveness refers to the relationship between services delivered and community satisfaction. For instance, municipal public transport service needs to result in satisfied users with respect to reliability, safety, and affordability.

Figure 5: Structures for Financial Governance



Source: National Treasury (2006)

As can be noted from the above figure, oversight is fulfilled by council, the oversight committee, the audit committee and the Auditor-General. Council has overall finance oversight responsibility and is supported by the oversight committee and the audit committee. The Auditor-General provides an independent assessment of the municipality and its financial and non-financial performance. The MFMA anticipates that municipal

councils will strengthen their oversight role by forming portfolio committees. The Municipal Structures Act allows a council to form a budget and finance committee, and a municipal services committee (to cover water, electricity and refuse removal). Under the MFMA, Councillors' policy setting and oversight functions include:

- setting the direction for municipal activities;
- setting policy parameters to guide the municipal directives;
- setting strategic objectives and priorities stating what outcomes and outputs are to be achieved; and
- monitoring the implementation of policies and priorities.

It is important that the activities of the oversight committee are coordinated with those of other council committees.

Activities of various council committees need to be well-coordinated for efficiency and effectiveness of oversight activities

Key points

- In conducting oversight, Councillors need to focus on efficiency, economy, and effectiveness of the activities of the administration
- The oversight committee should be made up of only non-executive councillors and representatives of the community
- Councillors should exercise oversight over the existence and adequacy of systems designed to fight corruption
- Interference is illegal and involves Councillors getting involved in day-to-day operations of the administration and unduly influencing its decisions. Intervention is in response to failure to delivery and is meant to restore capacity of the administration
- Councillors are responsible for developing and monitoring policies while the administration is responsible for policy implementation
- Key performance indicators must be developed for all dimensions of performance including, outcomes, impacts, outputs, processes and inputs
- Councillors need to monitor the alignment between municipal planning with development plans and strategies of other affected municipalities and other organs of state
- Councillors will need to ensure that where new functions are assigned to the municipality, these are accompanied by associated resources from the sphere of government assigning such functions
- In conducting oversight Councillors need to ensure that local government complies with the requirements for responsiveness, accountability, effectiveness, and efficiency
- Councillors have responsibility to take all measures to ensure that the budget of the municipality is passed before the beginning of the financial year
- Councillors must have an understanding of the implications of national and provincial legislation on local government functions
- The role of Councillors in assignment of functions is to ensure that the functions does not impose undue hardship on the side of the municipality and that the municipality has capacity to administer them
- Community consultation processes to get information on community priorities are an integral part of Councillors' responsibilities
- Activities of various council committees need to be well-coordinated for efficiency and effectiveness of oversight activities

Budgeting, budget reforms and division of revenue

What is budgeting?

In the public sector, budgeting is the process of allocating limited resources to policy priorities. Policy priorities in a municipality are decided upon by the community and the political executive and form the basis of the IDP. The IDP should align to the strategic objectives of other role-players, such as national departments, provincial governments, public entities and other municipalities. This means council must ensure that the IDP priorities align with the 12 Outcomes of national government, the Provincial Growth and Development Strategy (PGDS) of the provincial government, as well as the IDPs of the surrounding municipalities.

Budgeting enables a municipality to meet the needs embodied in its IDP priorities. Without clear objectives resulting from the process of policy prioritisation, budgeting is reduced to a game of financial numbers. On the other hand, if the constraints on the municipality's ability to raise revenue feeds into the IDP priorities, it will ensure that proposed services, projects and other initiatives are affordable over the next financial year and in the medium term.

A budget is an important aspect of managing expenditure in the public sector. A municipality can only raise a finite amount of revenue, depending on the size of its property rates base, the incomes of its residents and other factors influencing its fiscal capacity. The municipality thus has limited resources at its disposal, which it can use to achieve its many, often competing, service delivery objectives.

Financial plans have separate budgets for operations and capital investments. This is so that municipalities can show how they are financing their investments and whether their operations generate a surplus for financing capital investments. It also ensures that municipalities only borrow responsibly and within the limits of what is affordable; this helps them to be financially viable and sustainable.

Councillors are required to oversee the preparation of a budget which should reflect the community's needs as captured in the IDP. This process, like the IDP process, requires input from the public and various other stakeholders and is designed to address basic and social needs in the community and alignment with national and provincial government priorities.

Why do we need to budget in a municipality?

A municipality's money is mostly generated from rates and taxes paid by the community or grants funded from the general South African taxpaying community. It is therefore important that the municipality is upfront clear on how it intends to use public funds.

The effective management of public expenditure can help a municipality meet its IDP priorities and deliver basic services to the community. Conversely, bad public expenditure management can undermine service delivery to the most vulnerable communities. Equally crucial is the municipality's ability to identify and make the most of revenue sources.

Budgeting is the act of compiling a plan to get resources (planned revenue), and to use those resources (planned expenditure) to meet the objectives of an organisation.

Division of the Budget

As mentioned before, the municipality's budget is divided into two parts: a capital budget (Budget Table A5) and operating budget (Budget Table A2, 3 & 4).

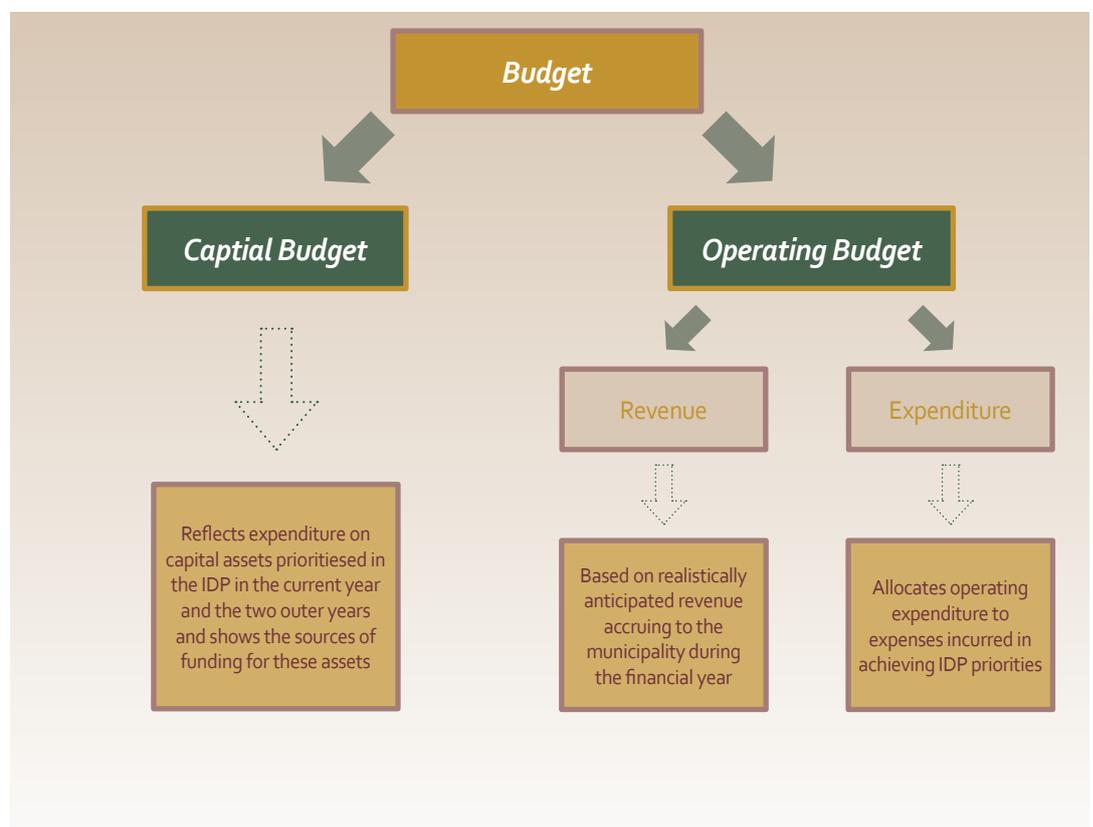
The capital budget sets out the municipality's planned capital expenditure and the sources of funding for the expenditure. Capital expenditure refers to expenditure on assets with a lifespan of more than one year or expenditure on existing assets that improves the life span of the asset or its productivity.

The operating budget deals with the day-to-day operational expenditure incurred and revenue received by a municipality. An example of operating expenditure is employee related costs and an example of operating revenue is service charges received from ratepayers.

Although the capital and operating budgets are presented separately, there is an interdependent relationship between the two. When the capital budget finances a capital asset, maintenance expenditure and operational costs on this asset is funded through the operating budget. If a municipality cannot finance maintenance expenditure through the operating budget, it may have to limit its expenditure on other operations or as a last resort consider cutting expenditure on capital assets.

The following figure summarises the structure of the local government budget:

Figure 6: Structure of the Local Government Budget



Grant System

Local Government grants in accordance with the Division of Revenue Act (DORA) 2011

Unconditional Grants

The local government equitable share: The primary role of the local government equitable share is to assist municipalities in providing basic services to poor households. Through the equitable share local government's share of nationally raised revenue, supplementing municipal own revenues, are distributed to municipalities.

Regional Services Council Levy Replacement Grant / Sharing of the General Fuel Levy with metros: Prior to 2006, district municipalities and metros raised levies on local businesses within their areas through an RSC levy. This source of revenue was replaced in 2006/07 with the RSC Levy Replacement Grant and the Sharing of the General Fuel Levy, which was allocated to all district and metropolitan municipalities respectively, based on the amounts they had previously collected through the levies and the amount of fuel sales generated.

Special support for councillor remuneration: Councillors' salaries are subsidised in poor municipalities. This support is calculated separately to the local government equitable share and is additional to the governance costs allocation provided in the institutional support component of the local government equitable share formula.

Conditional Grants to Local Government

Infrastructure conditional grants: National transfers for infrastructure, including indirect or in-kind allocations to entities executing specific projects in municipalities

Municipal infrastructure grant: The largest infrastructure transfers are through the MIG, which supports government's objective of expanding service delivery and alleviating poverty. The MIG funds the provision of infrastructure to provide basic services, roads and social infrastructure for poor households in all non-metropolitan municipalities.

Urban settlements development grant: This is a new grant introduced in the 2011 division of revenue. It is allocated to metropolitan municipalities to supplement their capital budgets, enabling them to better leverage their resources to develop sustainable human settlements.

The public transport infrastructure and systems grant: This grant is administered by the Department of Transport, and aims to provide passenger transport networks in cities, particularly public transport and non-motorised transport infrastructure.

Rural transport services and infrastructure grant: This grant aims to improve rural transport infrastructure, and will fund the collection of accurate data on the condition of rural roads in 2011/12, in line with the Road Infrastructure Strategic Framework for South Africa.

Neighbourhood development partnership grant: The grant supports the development of community infrastructure and aims to attract private-sector investment that improves the quality of life in townships.

Integrated national electrification programme: Government plans to spend R9.1 billion over the next three years on its national electrification programme, to sustain the progress made in supplying electricity to poor households.

Electricity demand-side management grant: The grant aims to improve energy efficiency demand-side management in residential dwellings and commercial buildings, reducing energy consumption.

Regional bulk infrastructure grant: This grant aims to provide regional bulk water and sanitation across several municipal boundaries. In the case of sanitation, it supplements regional bulk collection and regional wastewater treatment works.

Municipal disaster grant: A new conditional grant for disasters that was introduced in the 2011 MTEF. This grant is allocated to the National Disaster Management Centre in the Department of Cooperative Governance and Traditional Affairs as an unallocated grant to local government.

Capacity-building and other current transfers

Capacity-building grants: Aim to assist municipalities in building management, planning, technical, budgeting and financial management skills.

Expanded public works programme incentive grant for municipalities: The grant provide financial incentives for municipalities that exceed minimum targets for employment of EPWP workers on infrastructure projects.

Water services operating subsidy: The water services operating subsidy is a grant used to fund the transfer of water schemes from national government to municipalities. The grant covers staff-related costs and direct operating and maintenance costs, while provision is also made for the refurbishment of infrastructure.

Capital Expenditure

In South Africa, municipalities are responsible for incurring large amounts of capital expenditure (CAPEX). Current infrastructure backlogs and the needs of the poor make this expenditure ever more urgent. However, projects that involve large amounts of CAPEX require careful planning since they have a long duration and are often complex. Since these projects usually consume vast resources, a mismanagement of the process can result in a waste of these resources. In addition, most municipalities operate under severe fiscal constraints and fund a large portion of their CAPEX using grant funding. This makes CAPEX a complicated process that must run smoothly if effective service delivery is to take place.

Defining CAPEX

As mentioned before, the MFMA requires that the annual budget of a municipality be divided into a capital and operating budget (section 17(2)). This statement explicitly recognises the existence of a capital budget that is separate to the operating budget of

Municipalities should understand the financial implications of capital projects and how to budget for expenditure related to the creation and upgrading of capital assets

a municipality. As a result, the financial implications of capital projects must be understood, particularly since these usually impose financial obligations on the municipality beyond the scope of the annual budget and are crucial to service delivery. The capital budget of a typical municipality will usually consist of the capital projects that the municipality plans to undertake for the next three years arranged under the various votes of the municipal budget. Importantly, capital budgets exclude maintenance expenditure associated with capital projects. The MFMA also allows municipalities to appropriate money for CAPEX for up to three years, provided a separate appropriation is made for each of those financial years.

Capital Expenditure in the DORA

All municipalities are expected to have a three-year capital plan – either as part of their IDP, financial plan or as a separate document. The three-year capital plan will contain information on all the capital projects a particular municipality plans to undertake for the next three years. The Division of Revenue Act specifies that the three-year capital plan of a municipality must include the following information:

- ✚ projections of future operational costs for new or upgraded infrastructure;
- ✚ operational budgets for maintenance and operating costs on existing infrastructure; and
- ✚ how a municipality's operational budget takes account of future commitments.

CAPEX in the MFMA

A municipality may spend money on a capital project only if:

- ✚ money for the project, excluding the cost of feasibility studies conducted by or on behalf of the municipality, has been appropriated in the capital budget referred to in section 17(2);
- ✚ the project, including the total cost, has been approved by the council;
- ✚ section 33 has been complied with, to the extent that that section may be applicable to the project; and
- ✚ the sources of funding have been considered, are available and have not been committed for other purposes.

Before approving a capital project in terms of section 19(1)(b), the council must consider:

- ✚ the projected cost covering all financial years until the project is operational; and
- ✚ the future operational costs and revenue on the project, including municipal tax and tariff implications.

Adjustments budget

Municipalities operate in an environment where their efficacy is often subject to the cooperation they receive from other spheres and entities. Many municipalities receive unexpected grants or experience delays in the allocation of grants. There are also unforeseen and unavoidable expenditure and instances of bad planning. Therefore, changes to their approved municipal budgets must be allowed. As with the shifting of funds, a municipality may only revise its annual budget under very specific conditions – these are indicated in section 28 of the MFMA and Regulation 23 of the Municipal Budget and Reporting Regulations.

According to the MFMA, an adjustments budget:

- ✚ must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;

- ✚ may appropriate additional revenues that have become available, over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- ✚ may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
- ✚ may authorise the utilisation of projected savings in one vote towards spending in another vote;
- ✚ may authorise the spending of funds that were unspent at the end of the past financial year where the under spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
- ✚ may correct any errors in the annual budget;
- ✚ may provide for any other expenditure within a prescribed framework; and
- ✚ must be in a prescribed form.

In addition, only the mayor may table an adjustments budget in the council.

The MFMA has made it compulsory for municipalities to have an adjustments budget if there is material under-collection of revenue, as this will have larger implications on the ability of a municipality to meet its service delivery targets. The Budget and Reporting Regulations (section 23) stipulate that municipalities are allowed to table only one adjustments budget during a financial year. Such an adjustments budget may occur after the mid-year budget and performance assessment, but no later than the 28th of February. When an adjustments budget is tabled, council must consider:

- ✚ the full financial and other implications of the adjustments budget and its supporting documentation;
- ✚ whether the expenditure was recommended by the mayor, in accordance with the required framework; and
- ✚ consider and adopt separate resolutions dealing with each of the matters in item 4, schedule B of the Budget and Reporting Regulations.

Prescribed budget formats and analysis

The budget shows how much money is spent on running the administration and delivering the day-to-day services. It also shows where monies used for this purpose comes from. A municipality's budget must be in a specific format to ensure public accountability and to enable consolidation of all the spheres of governments' financial information. The MFMA and Municipal Budget and Reporting Regulations prescribe the format for a municipal budget. In this material the focus is to explain Budget Tables A1 to A10, although these are not reproduced here to conserve space. More information on the formats and various budget tables can be obtained from the Municipal Budget and Reporting Regulations, the MFMA Budget Formats Guide, Dummy Budget and other explanatory material available on the National Treasury website www.treasury.gov.za (refer to material under the MFMA).

Budget Table A1: Budget Summary

Table A1 provides a summary or overview of the budget. It addresses all the major issues regarding municipal operating and capital expenditure, financial position, cash flow and the MFMA compliance issues. The table provides a 'snapshot view' of the amounts to be approved by the council within the context of 'operating' performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs. The revenue lines show 'property rates', 'service charges' and 'other own revenue' which collectively

refer to the municipality's own sources of revenue. The 'investment revenue' and 'transfers recognised' represent revenue from external sources. The expenditure lines highlight the level of expenditure on 'employee costs' to provide municipal services, as well as other key expenditure groups, including 'finance charges' (interest and related financing expenses) and 'materials and bulk purchases'. Employee related costs and bulk purchases are amongst the main cost drivers within municipalities. This overview is to be approved by council.

Budget Table A2: Budgeted financial performance (revenue and expenditure by standard classification)

Table A2 provides revenue and expenditure budget information. It is basically another view of the operating statement of the municipality presented in terms of the Government Finance Statistics (GFS) reporting structure. The GFS is the standard base for national and international government reporting. Reporting the information in this format enables consolidation of municipal information, provincially and finally nationally as a whole for government. This view ensures that all municipalities approve their budgets in one common format. This will facilitate comparison across municipalities and also assist with aggregation and international benchmarking. Council would therefore be able to compare its own municipal performance against those of similar municipalities as well as its own historic performance. This view of the budget furthermore provides council with an indication as to the priority spending areas of the municipality.

The revenue and expenditure information is aligned with performance information by illustrating to council the alignment between revenue, expenditure and the main functional areas of the municipality, thereby showing what expenditure is made in regards to the implementation of service delivery, the purchasing and maintenance of assets, etc. It also shows the council what sources of revenue the municipality has.

Budget Table A3 Budgeted financial performance (Revenue and expenditure by municipal vote)

Table A3 gives a perspective of the municipality's budget according to its own organisational structure. Table A2 and A3 must reconcile since it is the same information being presented just in a different perspective. Performance information is aligned with financial information and the particular responsible senior managers identified. This enables council to clearly see which senior manager is responsible for the revenue and expenditure and service delivery targets associated with a particular vote thereby contributing to greater accountability and responsibility.

Budget Table A4: Budgeted financial performance (Revenue and expenditure)

Table A4 summarises the financial performance of the municipality and allows for council members to compare actual and planned performance of the municipality. Councillors can therefore see what the municipality has planned to spend and compare that with its actual expenditure. It also enables council to see what the input costs into the operating budget is, this enables council to exercise oversight over issues such as employee costs, municipal debt and finance charges. An extensive table of notes on supporting table SA1 supports table A4 and can be viewed as part of the National Treasury Budget Format Guidelines 2011-2012. It is furthermore important to note that table A2 and A3 must balance with table A4 "Capital transfers below the line".

*Budget Table A2:
Budgeted financial
performance*

*Budget Table A3
Budgeted financial
performance*

*Budget Table A4:
Budgeted financial
performance*

***Budget table A5:
Budgeted capital
expenditure by
vote, standard
classification and
funding***

Budget table A5: Budgeted capital expenditure by vote, standard classification and funding

Table A5 provides capital expenditure information, which is organised in accordance with the municipal vote structure and standard classification. It provides information on capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national, province and district that fund the capital budget. The table therefore shows council the funding sources necessary to fund the capital budget and illustrates what service delivery and infrastructure is planned and implemented by the municipality. Performance information is included which shows how it aligns with the financial information. This enables the councillor to closely monitor what infrastructure, what service delivery projects are being implemented and what amounts have been budgeted for this purpose. In the funding section of table A5, 'transfers recognised – capital' are shown as this is what the municipality is budgeting to spend. Note that the term 'recognised' is equivalent to transfer revenue 'earned' (conditions met). These amounts may not exceed the total conditional transfers that national or provincial government or a district municipality (in the case of some local municipalities) has allocated to the municipality in the annual Division of Revenue Act. The table also provides the councillor with an indication as to which service charge revenue the municipality most depends on. Total capital funding must balance with total capital expenditure, and there is a check formula at the bottom of the table to confirm this.

***Budget Table A6:
Budgeted financial
position***

Budget Table A6: Budgeted financial position

Table A6 summarises the financial position of the municipality and provides details on investment deposits, consumer debtors, property, plants and equipment, trade and other payables, provisions (non-current), changes in net assets and reserves.

***Budget Table A7:
Budgeted cash
flow***

Budget Table A7: Budgeted cash flow

Table A7 indicates budgeted cash flows and shows councillors a clear separation of receipts and payments with each cash flow category, a clear separation of capital and operating receipts from government which provides an indication as to the rate collection calculations, as well as borrowing and loan repayments. It is important that the cash flow budget is based on realistic budget assumptions, therefore on realistically anticipated revenue. A shortfall here is already indicative that the budget could be unfunded and that expenditure should be cut to what is affordable for the municipality. Council must ensure that the revenue projections are realistic and based on the historic performance of the municipality.

***Budget Table
A8: Cash backed
reserves/
accumulated
surplus
reconciliation***

Budget Table A8: Cash backed reserves/accumulated surplus reconciliation

Table A8 provides councillors with information on cash backed reserves and aims to answer three questions concerning what are cash and investments that are available at the end of the budget year, how those funds uses are and what are the net funds that are available or funding shortfall. Where budgeted spending is more than the funds available to be collected, this shows council that the municipality is not complying with the MFMA requirements of a funded budget. Council furthermore would particularly want to monitor unspent conditional grants, as the municipality will normally be expected to return this. If there is a shortfall on table A8 the budget is unfunded and in defiance of the requirements of the MFMA for a funded budget.

Budget Table A9: Asset management

Table A9 provides important information regarding new assets and renewal of existing assets as well as repairs and maintenance. This provides council with a complete picture of the municipal asset management strategy. Key indicators to measure municipal performance in this regard are also indicated. Where municipalities are acquiring high levels of new assets, councillors must remember that this impacts future operational expenditure of the municipality (paying salaries, maintenance, etc.). Table A9 furthermore makes an important distinction between asset renewal, new assets and repairs and maintenance. Asset renewal is defined as expenditure to rehabilitate, enhance or renew an existing capital asset and can be recognised as capital if that expenditure: satisfies the recognition criteria for assets, enhances the service provision of that capital asset beyond its original expectation, increases the useful life of that capital asset (beyond its original life); increases that capital asset capacity (beyond its original capacity); increases the performance of the capital asset (beyond the original performance); increases the functionality of that capital asset; reduces the future ownership costs of that capital asset significantly; or increases the size of the asset or changes its shape. New assets refer to acquiring new assets. The expenditure to restore the functionality of the capital asset to its original level is a maintenance/refurbishment expense and not a capital expense. The Renewal of existing assets as a % of depreciation formula at the bottom of the table is used to calculate the rate at which the municipality consumes assets. This should be equal to or more than the rate at which it uses the asset (depreciation). This ratio should be close to or exceeding 100%. If not e.g. 70% it means that the municipality is using the assets faster than the rate at which it is replacing its assets. Council should see this as an indication that the capital budget going forward is possibly not sustainable. Where the municipality allocates less than 40 per cent of its 2011/12 capital budget (as reflected on table A8) to the renewal of existing assets it must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan. Where the budgeted amounts for repairs and maintenance reflected on table A9 are less than 8 per cent of the asset value (write down value) of the municipality's Plant Property and Equipment (PPE) as reflected in the municipality's 2009/10 annual financial statements, the municipality must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan.

Budget Table A10: Basic service delivery measurement

Table A10 facilitates informed policy choices and medium term planning of service delivery by requiring that the targets that the municipality wishes to achieve is aligned with the elimination of existing service delivery backlogs. This table therefore enables the councillor to clearly see what basic service delivery targets have been set and to monitor its alignment with national priorities. The national priorities are discussed in detail in the preceding section. This table also provides council with information on the actual number of households receiving free basic services, the cost to the municipality to provide free basic services, the highest level of free services provided to households and the revenue costs of the free services to households.

Municipalities' budgets must be funded

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- realistically anticipated revenues to be collected (including grants such as the Municipal Infrastructure Grant);

*Budget Table
A9: Asset
management*

*Budget Table
A10: Basic
service delivery
measurement*

- ✎ cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
- ✎ borrowed funds, but only for the capital budget.

Ensuring a funded budget: The MFMA through section 18 requires that the budget can only be funded by realistically anticipated revenue to be collected and cash-backed accumulated funds from previous years, not committed for other purposes.

Full disclosure of revenue and cash: The intent of the MFMA is for the budget to reflect the full amount of revenue budgeted to be billed, accrued or otherwise levied or revenue directly received (e.g. bus fares and recreation facility admission fees), to ensure that the municipality and other readers of the budget are fully aware of the total revenue contributions by its community and revenue from other sources.

Defining “realistically anticipated revenues to be collected”: The term “realistically anticipated” requires the budget to take into consideration previous years' performance, and the likelihood of whether all revenue sources will be realised. If there are expected improvements planned, these must be supported by changes in policies and or practices that are proven to deliver the proposed benefits. Such improvements must be estimated conservatively with a view that all of the promised gains may not result in additional or increased collections immediately.

Clarity on “funds not committed for any other purpose”: “Committed for other purposes” implies that there has been a council resolution to allocate the funds for a specific purpose, to be used for a fixed contractual obligation, whether as part of a medium term revenue and expenditure framework or by reserving the accumulated surplus.

Defining “credible budget”: The mayor must ensure that the budget tabled in full council for consultation (at least 90 days prior to the start of the budget year) is credible. In other words it must be capable of implementation if it was approved, as tabled. One of the main reasons for this is to ensure that meaningful and effective consultation with the community, on the tabled budget, is executed. A credible budget must be consistent with the IDP and achievable in terms of service delivery and performance targets; revenue and expenditure projections must be realistic; and the implementation of the budget must improve the financial viability of the municipality.

Credible budget

In addition to the requirement that the budget must be realistic, MFMA Circular 42 requires a “credible” municipal budget. The mayor must ensure that the budget tabled to council is credible. Amongst other things, a credible budget is a budget that:

- ✎ funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- ✎ is achievable in terms of agreed service delivery and performance targets;
- ✎ contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- ✎ does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term); and
- ✎ provides managers with appropriate levels of delegation to meet their financial management responsibilities.

The approved budget must furthermore also be reviewed for credibility and consistency.

Since the budget sets out certain measurable performance objectives (MPOs), the community should realistically expect to receive service delivery levels implicit in these MPOs. If significant under spending occurs, the budget would not be credible.

Funding compliance guidelines

The National Treasury published MFMA Funding Compliance Guidelines in July 2008 to aid municipalities towards achieving credible and realistic budgets. When developing their Medium Term Revenue and Expenditure Framework (MTREF) budgets, municipalities are advised to assess themselves against 14 factor measures to achieve fully funded budgets. The 14 measures are all derived from measurements contained in the annual or budgeted financial statements and appendices to funding compliance guidelines of 2008.

Cash/cash equivalent position

A positive cash position for each year of the medium term budget period is a minimum requirement. A negative position would mean that the municipality's proposed budget is possibly not sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

Cash plus investments less application of funds

The measure shows how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

Monthly average payments covered by cash or cash equivalents

The measure shows the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. The municipality must be in a position to meet its payments as and when they fall due.

Surplus/deficit excluding depreciation offsets

The measure shows if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets.

Property rates/service charge revenue as a percentage increase less macro inflation target

The measure shows whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc. It is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

Cash receipts as a percentage of ratepayer and other revenue

This is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It also shows the extent to which the municipality is putting effort into collection of revenue.

See Table 1: SA10 – Funding compliance measurement on the next page

Table 1: SA10 – Funding compliance measurement

Description	MFM A section	2007/8	2008/9	2009/10	Current Year 2010/11	2011/12 Medium Term Revenue & Expenditure Framework	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget				
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	520,699	147,866	155,720	(82,659)	677,079	677,079	1,150,887	1,079,186	1,235,018
Cash + investments at the yr end less applications - R'000	18(1)b	(503,507)	(1,028,444)	(1,340,664)	(1,910,793)	(951,655)	(951,655)	(220,126)	(145,628)	259,295
Cash year end/monthly employee/supplier payments	18(1)b	0.9	0.2	0.2	(0.1)	0.7	0.7	1.0	0.9	0.9
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	786,749	778,473	1,178,041	2,859,503	1,855,636	1,855,636	1,882,352	2,093,791	2,252,278
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	N.A.	10.6%	6.2%	23.6%	21.9%	21.9%	9.4%	8.9%	9.0%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	88.5%	97.4%	89.5%	96.9%	97.8%	97.8%	95.2%	95.3%	95.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	3.2%	4.0%	4.7%	1.3%	3.5%	3.5%	4.1%	4.0%	4.0%
Capital payments % of capital expenditure	18(1)c:19	100.0%	100.0%	100.0%	93.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	63.3%	21.9%	83.3%	37.6%	61.3%	61.3%	63.6%	49.5%	58.3%
Grants % of Govt. legislated/gazetted allocations	18(1)a							100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	7.5%	31.1%	4.4%	14.1%	14.1%	4.2%	5.2%	4.8%
Long term receivables % change - incr(decr)	18(1)a	N.A.	(10.0%)	(5.8%)	(3.2%)	(11.2%)	(10.8%)	(6.7%)	(20.9%)	(12.9%)
R&M % of Property Plant & Equipment	20(1)(vi)	8.0%	8.9%	8.8%	10.6%	10.7%	10.7%	10.2%	9.7%	9.3%
Asset renewal % of capital budget	20(1)(vi)	90.1%	80.4%	65.4%	51.5%	55.8%	55.8%	46.5%	50.9%	54.3%

Description	MFMA section	2007/8	2008/9	2009/10	Current Year 2010/11	2011/12 Medium Term Revenue & Expenditure Framework	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget				
High Level Outcome of Funding Compliance										
Total Operating Revenue		8,159,246	9,551,324	10,854,820	13,184,451	13,111,426	13,111,426	15,138,618	17,097,734	19,366,281
Total Operating Expenditure		8,168,512	9,621,837	10,701,424	12,586,117	12,518,090	12,518,090	14,679,924	16,538,558	18,813,187
Surplus/(Deficit) Budgeted Operating Statement		(9,267)	(70,513)	153,395	598,334	593,337	593,337	458,694	559,176	553,095
Surplus/(Deficit) Considering Reserves and Cash Backing		(512,773)	(1,098,956)	(1,187,269)	(1,312,460)	(358,318)	(358,318)	238,568	413,549	812,390
MTREF Funded (1) / Unfunded (0)		0	0	0	0	0	0	1	1	1
MTREF Funded ✓ / Unfunded ✗		✗	✗	✗	✗	✗	✗	✓	✓	✓

Debt impairment expense as a percentage of billable revenue

This measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

Capital payments percentage of capital expenditure

The measure shows whether the timing of payments has been taken into consideration when forecasting the cash position.

Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The measure shows the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

Transfers/grants revenue as a percentage of government transfers/grants available

The measure is used to ensure that all available transfers from national and provincial government have been budgeted for.

Consumer debtors change (current and non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. The measure is more meaningful if there are credible asset registers in place.

Asset renewal/rehabilitation expenditure level

This measure serves to summarise the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

Budget process

Any policy or plan that fails to take into account the budgetary constraints of a municipality is unlikely to be operationalised successfully

A good budgeting system will include well-defined rules (e.g., legislation and supporting regulations), role and responsibility definitions (e.g., legislation and supporting delegations policy) and supporting internal systems (information, financial, risk management and internal control systems). The budget process (through specifying what should be done by whom and when) is an integral part of a well-functioning budget system. While various components of the budget system will be implicitly discussed here, this chapter focuses on the budget process as a part of the overall budget system of a municipality.

The budget system has at least three important functions: (1) to maintain overall fiscal discipline; (2) to ensure allocative efficiency and (3) to promote delivery efficiency.

Aggregate fiscal discipline

Aggregate fiscal discipline relates to the effective control of budgetary aggregates such as revenue and expenditure. It involves setting sustainable budget constraints based on realistic revenue forecasts, and then spending within this constraint, not only in the current financial year, but also in the medium term. The principle of aggregate fiscal discipline is consistent with and supported by section 45(4)(a) of the MFMA, which prohibits the carrying forward of short-term debt to the following financial year. As a result, events in the budget cycle must take into account the need to spend within credible budget constraints.

Allocative efficiency

Allocative efficiency refers to the ability of the budgeting process to distribute scarce resources in terms of the municipality's priorities. To achieve this, the municipality has to ensure that the level and mix of services meet consumer preferences. This relies on effective community and stakeholder consultation processes, which is addressed in greater detail in the unit standard entitled "Contribute to the strategic planning process in a South African municipality". As a result, the budget cycle must include various consultative processes with other municipalities, the community, provincial departments, national departments and other stakeholders to ensure that allocative efficiency is achieved.

Delivery or operational efficiency

Delivery efficiency refers to the delivery of the maximum possible amount of service delivery outputs of a given quality with a given amount of resources. The MFMA allocates senior managers more managerial flexibility combined with a responsibility for results to allow for improved efficiency of public service delivery. As a result, municipalities must ensure that operational efficiency is maximised by encouraging the economic use of municipal resources in all events that form part of the budget cycle.

If the budgeting system is designed and applied with these three functions in mind, it can create the incentive for the political executive and municipal officials to use their resources effectively, efficiently and economically.

Budget cycle

The table below reviews the events in a municipal budget process required by legislation in a chronological order. Note that these are only the events as specifically identified in the MFMA. It is important to note that the budget process and the IDP should be seamlessly integrated processes. According to the National Treasury, a well-run budget process that incorporates the IDP review will encourage community input, promote better understanding of community needs, provide opportunity for feedback and thus improve accountability and responsiveness to the needs of the local community.

Legislated requirements of the municipal budget process

Month	Process	MFMA	Responsibility
July 2011	Approve annual budget (2011/12) before start of budget year (before 1 July 2011)	16(1)	Council
	Submit approved annual budget (2011/12) to the National Treasury and provincial treasury – immediately	24(3)	Mayor
	Submit draft SDBIP (2011/12) within 14 days after approval of the budget	69(3)	Municipal Manager
	Report to the MEC for Local Government and may recommend appropriate provincial intervention if 2011/12 budget is not approved	55	Mayor
	Submit quarterly report to council on the implementation of the budget and the financial affairs of the municipality (2011/12)	52(d)	Mayor
	Ensure that SDBIP is approved - within 28 days after budget approval	53(1)(c)	Mayor
August 2011	Table a time schedule in council of key deadlines for budget and IDP processes	21(1)	Mayor
	Make public a simplified version of time schedule of key deadlines	Treasury recommend	Municipal Manager
	Prepare and submit AFS to AG for 2010/11 – in case of municipalities with no entities	126(1)(a)	Municipal Manager
September 2011	Municipality with an entity, prepares and submits consolidated statements to AG	126(1)(b)	Municipal Manager
October 2011	Submit quarterly report to council on the implementation of the budget and the financial affairs of the municipality (2011/12) – within 30 days	52(d)	Mayor
January 2012	Table annual report in council (2011/12) – within 7 months	127(2)	Mayor
	Assess the performance of the municipality in the first six months of the financial year (2011/12) – by 25 Jan	72	Municipal Manager
	Submit mid-year performance assessment report to council (2011/12) – by 31 Jan	54(1)(f)	Mayor
	Submit annual report (2010/11) to AG, provincial treasury and provincial department responsible for local government	127(5)(b)	Municipal Manager
	Review proposed national and provincial allocations and projections for the next three years – information which will be made available shortly after the 20th Jan.	36	Municipal Manager
February 2012	Deal with the annual report of 2010/11 – within 9 months of end of financial year	121(1)	Council
	Table the adjustments budget for 2011/12 if necessary	Treasury recommend	Mayor

March 2012	Submit determination of upper limit of municipal tax or tariff otherwise determination can only take effect after 1 July 2012 – by 15 March	43	National or provincial organ of state
	Adopt an oversight report on the annual report (2010/11)- no later than two months after the annual report was adopted	129(1)	Council
	Publicise the oversight document – within 7 days of its adoption	129(3)	Municipal Manager
	Review of any changes in prices for bulk resources	42(5)(a)	Municipal Manager
April 2012	Annual budget tabled at council 2012/13 – at least 90 days before the start of the budget year	16(2)	Mayor
	After tabling budget make available to public, the National Treasury, provincial treasury and other organs of state – immediately	22	Municipal Manager
	Consider views of local community, the National Treasury and other organs of state – immediately	23(1)	Council
	Submit quarterly report to council on the implementation of the budget and the financial affairs of the municipality (2012/13) – within 30 days	52(d)	Mayor
June 2012	Consider budget 2012/13 for approval	24(1) and (2)	Council
	Approve municipal taxes, tariffs, MPOs, changes to the IDP and changes to budget-related policies – at least 30 days before the start of the budget year		

Contents of a budget

The Budget and Reporting Regulations advocates that the budget include the following:

Mayor’s report on the budget: This report must provide a summary of the medium-term service delivery objectives and the associated medium-term financial implications contained in the annual budget; a summary of linkages between the annual budget, the IDP and the political priorities at the national, provincial, district and local levels’ summary of infrastructure development objectives; a summary of material amendments made to the annual budget after the consultation processes and any other relevant information.

Resolutions: Must be prepared and presented as part of the annual budget documentation, in particular: approval of the annual budget and specifically the amounts for the different votes and for single-year and multi-year capital expenditures; noting the consolidated annual budget in instances where municipalities have entities; approval of all rates, taxes and tariffs for services provided by the municipality; approval of measurable performance objectives for the annual budget for each year of the MTREF; approval of the transfer of funds to a separate bank account; approval of all budget-related policies or amendments to such policies.

Executive Summary: Must cover at least where a municipality has municipal entities or uses external mechanisms for service delivery a summary of the total service delivery package and associated financial implications as reflected in the consolidated annual budget; the effect of the annual budget, service delivery, financial, rates and tariffs for at least the budget year and the following two years; past performance and the impact on the budget of the previous year's audited results and annual report; the consolidated financial position and summary of the medium term revenue and expenditure strategy; the municipality's priorities and alignment with the IDP; key amendments to the IDP; alignment with national, provincial and district priorities; key amendments to budget-related policies; key demographic, economic and other assumptions and progress with the provision of basic services.

Annual Budget Tables: Tables A1 – A10 as previously discussed or consolidated tables for municipalities with entities; supporting information, charts and explanations of trends and anomalies; where the municipality has entities consolidated information must be provided with respect to the entities as well.

Supporting documents

The MFMA (section 17(3)) identifies a range of supporting documents that must be tabled with the budget. The Budget and Reporting Regulations adds more supporting documents to enhance the readability of the budget and therefore oversight by council and comparability across municipalities. The supporting documentation to accompany the annual budget includes:

- ✚ an overview of the annual budget process;
- ✚ overview of alignment of annual budget with IDP;
- ✚ measurable performance objectives and indicators;
- ✚ overview of budget-related policies;
- ✚ overview of budget assumptions;
- ✚ overview of budget funding;
- ✚ expenditure on allocations and grant programmes;
- ✚ allocations and grants made by municipality;
- ✚ councillor and board member allowances;
- ✚ monthly targets for revenue, expenditure and cash flow;
- ✚ annual budgets and service delivery and budget implementation plans, for internal departments (departmental SDBIPs);
- ✚ annual budget and service delivery agreements with municipal entities and other external mechanisms;
- ✚ contracts having future budgetary implications;
- ✚ capital expenditure details;
- ✚ legislation compliance status;
- ✚ other supporting documents;
- ✚ annual budgets of municipal entities; and
- ✚ municipal manager's quality certification.

Budget process overview

Municipalities are advised to refer to the Budget and Reporting Regulations for guidance on the proper steps that form part of developing a credible budget – this includes, amongst others: consultation with the community and other stakeholders, input from council and the integration of budget with the strategic plan.

Budget related policies overview and amendments

budget documentation will not include the detailed policies but they must be made available on request to councillors during the tabling of the budget. This section includes a broad

overview of the municipal policy framework and highlights the proposed amendments to the municipality's budget-related policies.

Budget and IDP alignment (refer to tables SA4, 5 and 6)

both the MSA and the MFMA require the IDP to be reviewed each year. The municipality must ensure that the outputs and outcomes defined in the IDP remain achievable in terms of the financial capacity of the municipality. This prerequisite adds other requirements for the integration of IDP and budget processes. For instance, this section must reflect how the content of the IDP guides budget allocations. It provides a high level overview of the IDP.

Budget assumptions

Municipalities make certain assumptions when planning their finances. These assumptions relate to uncertainties in the internal and external municipal environment that could impact the budget. The National Treasury recommends the inclusion of these assumptions in the budget documentation in order to make the information more meaningful.

Funding the budget

This section of the budget documentation includes the following:

- ✦ **Fiscal overview:** consists of the financial performance overview, long-term financial outlook and funding and financing arrangement.
- ✦ **Sources of funding:** reflects each source of funding including allocations, user charges, investments and borrowing. Annexure 6 of the MFMA and MFMA Circular No. 42, as well as the Budget and Reporting Regulations (sections 10 and 11) provides examples of what needs to be covered under each of the sources of funding.

For many municipalities, intergovernmental grants (such as the local government equitable share allocation and conditional grants such as the MIG) are important sources of revenue. These need to be reflected in budgets. To enable municipalities to budget over a three-year period, section 36 of the MFMA compels accounting officers from national or provincial government making such transfers to do so promptly and to include estimates for the next three financial years as well. The conditions in the relevant Division of Revenue Act (DORA) would also apply.

Measurable Performance Objectives (MPOs)

The budget must be adopted with MPOs for revenue from each source and for each vote in the budget, taking into account the municipality's IDP (MFMA, section 17(3)(b)). This requires that municipalities consider the strategic objective of their expenditure when tabling their budgets. This will assist municipalities to direct expenditure more effectively in support of the IDP priorities. This is another example of how the MFMA supports the integration of IDP and budget processes.

Cash flow projections

The budget must be accompanied by a projection of cash flow for the budget year by revenue source, broken down per month (MFMA, section 17(3)(c)). The Budget and Reporting Regulations (section 21) provides the relevant format. This information allows the municipality to manage its cash flow and plan for future events.

The requirement for municipalities to table the budget with MPOs and cash flow projections suggests that the preferred choice of budget methodology in the longer

term is a performance budget since this explicitly links service delivery outputs (in the performance objectives) with resources in the budget. This choice of methodology (i.e., a way of compiling a budget) lends itself to a budget format (i.e., a way of presentation) that combines financial and non-financial performance information.

Disclosure on Investments

Particulars of the municipality's investments must accompany the budget. Information on investments can help any stakeholder assess the financial health of the municipality and assist in determining how capable the municipality is of meeting obligations set out in the budget. This may be particularly important for those municipalities hoping to borrow on capital markets. The National Treasury has published the Municipal Investment Regulations (No. R308), which give additional guidelines to municipalities on investments and is available on their website.

Disclosure on entities

The Municipal Budget and Reporting Regulations prescribe the format for the budgets of municipal entities in chapter 3 and in schedule D. The municipality must table information on all proposed new municipal entities that the municipality intends to establish, or in which the municipality intends to participate.

The municipality must also table information on the cost of remuneration packages of:

- ✎ each member of the board of directors of each entity; and
- ✎ the chief executive officer and each senior manager of the entity.

Disclosure on service delivery agreements

The MSA identifies substantial provisions for service delivery agreements (chapter 8 of the MSA). These have important budgetary implications, as well as implications for risk management, and municipalities are therefore required to detail proposed service delivery agreements, including material amendments to existing service delivery agreements. This must be attached to the budget.

Disclosure on allocations

The municipal budget must be accompanied by particulars of any proposed allocations or grants by the municipality to:

- ✎ other municipalities;
- ✎ any municipal entities and other external mechanisms assisting the municipality in the exercise of its powers or functions;
- ✎ any other organ of state; and
- ✎ any organisations or bodies a municipality may transfer funds to for business or other reasons.

Disclosure on salary information

The municipal budget must be accompanied with documents detailing the proposed cost to the municipality for the budget year of the salary, allowances and benefits of:

- ✎ each political office-bearer of the municipality;
- ✎ councillors of the municipality; and
- ✎ the municipal manager, the CFO, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager.

Section 58 of the MSA requires the above information for the municipal manager and all the senior managers to be published in the media before 31 October of each year.

Community participation

The local government legislative framework requires municipalities to develop mechanisms through which consultation with the community can occur. The community is directly affected by the outcomes of a municipal strategic planning process and therefore the community members are stakeholders in a municipal budgeting and planning process. Participation in the budget process can help to manage community expectations regarding the realistic capacity and abilities of a municipality.

There are two external consultation processes envisaged with the community and other stakeholders in the MFMA and the MSA. The first external consultation process is rather open-ended and informal. The National Treasury recommends this process should start around October. The municipality will have meetings with the various stakeholders to establish what their needs are and prioritise these in order of importance. The National Treasury recommends that councils should use the ward committees to gain an understanding of community issues in each ward. However, in some instances, ward committees are not functioning effectively. The experiences of many municipalities suggest that because ward councillors are part-time and ward committee members are volunteers; there is no incentive for serious consultation work to take place at this level. This is one of the problems that must be addressed before effective ward-level consultations can take place.

The first phase of external consultation involving ward committees ends around March when the mayor tables the draft budget and the revisions to the IDP. The National Treasury envisages a more formal second round of consultations that takes place when council convenes hearings on the draft budget and revisions to the IDP. From our discussion so far, we can see how important a role stakeholder consultation plays in a budget process.

Council oversight over budgeting and reporting

All councillors have an important responsibility in relation to approving the budget (and in-year reporting and the annual report). The budget is the mechanism that translates plans into action. Therefore, council plays a critical role in ensuring policy priorities are reflected in the budget. Councillors should focus on allocating budget inputs (resources) between competing priorities consistent with the strategic direction set out in the IDP and aligned with national and provincial government priorities. A councillor's focus should be on high-level votes representing municipal priorities. Councillors have an important role in facilitating consultation with stakeholders (especially the community) and ensuring that the budget reflects, as far as is practical, the needs of the community. The community and other stakeholders will hold councillors accountable for service delivery.

Councillor's role in the budget process

the MFMA clearly separates roles and responsibilities between the mayor (or executive committee) and council, and between the mayor and the municipal manager and other senior officials. The executive mayor or committee as well as council are responsible for providing the municipality with political leadership, fulfilling their policy formulation function and providing oversight over the implementation of such policies. Council must therefore provide support to policy formulation and the approval of policy; followed by the exercising of their oversight responsibility over the mayor and administration in the implementation of such policies. Officials are responsible for implementation and providing the executive mayor or committee with advice.

Councillors provide the critical link between the municipality and the community. Council has an important policy setting and oversight role. This role is of particular importance in terms of providing oversight and policy setting guidance in budgeting, IDP, developing budget-related policies, tariff setting for services, indigent policies, credit control policies and long-term borrowing policies. Councillors must lead the strategy setting processes of formulating outcomes and outputs to be achieved, and monitor the implementation of the policies and priorities.

The MFMA recognises that municipalities must modernise financial management systems, processes and policies to help strengthen their ability to function more effectively. Municipalities will thus have better performance, measurable outcomes, reformed accounting practices, improved disclosure and reporting, and more sustainable service delivery. This will be possible only if councillors take their oversight roles seriously. Councillors need to ensure that municipalities will have stable finances year after year. Councillors set policies, directions, and budgets for the municipality. This gives the municipal manager and officials the direction and the authority for implementing council's policy. The municipal council and individual councillors may not interfere with matters of administration, but focus on a performance-driven approach to service delivery. With greater responsibilities for overseeing municipal financial management, councillors will be more accountable to their communities for the outcome of a municipality's financial and non-financial performance. Operational efficiency should improve as managers are given the authority to run their operations, subject to clear statements of policy and strategy.

As a part of finance management reform, the MFMA addresses past deficiencies of municipal budget preparation, implementation and monitoring. Councils must now table three-year budgets linked to longer-term IDPs. This approach allows the municipalities more forward-looking and better-informed approaches to planning and implementation, thus ensuring appropriate financial management practices. Councillors will be able to make more informed decisions about future priorities for capital development and service delivery in their communities. Councillors must set out policies that require realistic revenue projections and enable officials to collect the amounts due to the municipality. Cash flow will depend on the ability of the municipality to collect the revenue billed for property rates and service charges. Regular reports will be tabled in council to ensure that councillors are appropriately informed about revenue collections, problems relating to overly optimistic revenue projections and/or under-collection will be detected early. If these problems are not immediately resolved, councillors should expect an adjustments budget to be tabled for them to consider and adopt.

Councillors will normally be required to reduce expenditures in order to prevent a budget deficit. Councillors monitor promised outcomes and specific outputs through the mayor, who has the responsibility of overseeing the municipal manager. In order to perform their oversight role, councillors must receive timely financial reports. Councillors should read and understand the contents of these reports. The MFMA requires the municipal manager to report to the mayor monthly on the state of the budget and on any material variation from the SDBIP. The mayor then reports quarterly to the council on the progress in implementing the budget and SDBIP. A mid-year budget review must also be presented to council highlighting any need for an adjustments budget. Each of these reports must follow prescribed formats and set out actual against budget as well as the projection for the remainder of the year. Copies of these reports are to be submitted to the provincial treasury and National Treasury, which administer the implementation of the MFMA. While the council will generally see quarterly reports, circumstances may necessitate more frequent reporting. To fulfil the oversight role, councillors should try to understand these reports and check that the implementation of the budget and SDBIP is going according to plan (according to the budget approved by council and the SDBIP approved by the

Councillors must set out policies that require realistic revenue projections and enable officials to collect the amounts due to the municipality

mayor). These reports will facilitate the preparation, and performance reports even at a ward level, also allow councillors to be informed early about possible impending distress if the municipality has financial problems.

Council must approve credible budgets, with realistic revenue and expenditure estimates. In accomplishing this objective, councillors will consider a longer-term view that will make financial stability possible in their municipality.

Council must budget for the maintenance and replacement of operating equipment to ensure sustainable service delivery. In addition, council must determine the capital budget for the medium term, and must consider the projected future operational costs of these authorised capital projects. Long-term borrowing must be closely examined, together with contracts exceeding three years, and proposals to participate in a municipal entity. Councillors must scrutinise and monitor performance on the budget and SDBIP through quarterly performance reports tabled by the mayor. As councillors take on greater responsibility in monitoring municipal financial management under the MFMA, they will exercise greater diligence in the financial affairs of the municipality. Councillors have an increasingly disciplined role of accounting to their communities for the municipality's service delivery and financial performance.

Mayor's role in the budget process

The budget process for the next financial year begins nearly at the same time as the implementation of the budget for the current financial year. The mayor is responsible for co-ordinating the plans and timetables for the next budget year and projections for two additional years with the municipal manager and senior officials. Although these activities are initiated by the mayor, the municipal manager and senior managers must help to prepare and/or carry out each activity. The mayor is required to table the budget plans and timetables in council by the end of August. The budget activities include the following:

- ✚ the municipal manager or delegated official, in conjunction with the mayor, should review past outcomes and financial position, and consider the impacts that the actual financial performance may have on the plans and preparations for the next year's budget;
- ✚ the municipal manager or delegated official, in conjunction with the mayor, should review policies, priorities and objectives and draft any changes for the next budget year;
- ✚ the mayor must table a time schedule outlining key deadlines for the next year's budget process in council by 31 August;
- ✚ council is to consider and approve the plans and timetables and develop a plan for public participation;
- ✚ the mayor and council must determine strategic choices for the next three budget years and consider proposed revisions to the IDP;
- ✚ council must finalise and approve tariff policies for the next budget year;
- ✚ council receives the proposed budget, resolutions, plans and proposed changes to the IDP, which must be tabled by the mayor by the end of March (at least 90 days before the start of the next budget year);
- ✚ the mayor and council or committees appointed by council hold public hearings on the proposed budget, plans, and changes to the IDP, and debate these proposals in council;
- ✚ council adopts the operating and capital budget, resolutions, plans and policies, capital implementation plans, objectives for the financial year, and changes to the IDP by 30 May at the latest, although these could be adopted sooner to allow for effective implementation by 1 July;

Council must approve credible budgets, with realistic revenue and expenditure estimates

Council must budget for the maintenance and replacement of operating equipment

- the mayor approves performance contracts for the municipal manager, who also approves contracts of other senior officials for the next financial year in keeping with the objectives set by council; and
- council adopts the system of delegations for the next financial year, or amends current delegations.

It is important for the mayor to maintain close oversight of the budget preparation process, from the initial planning, through to implementation. The municipal budget and treasury office plays a key role in this process along with senior managers, IDP and service delivery specialists and must be balanced with the need for broad consultation with numerous stakeholders, including councillors. While the technical preparation of the budget is undertaken by the municipal manager, chief financial officer and senior managers, it is important that the mayor meet with the municipal manager and officials on a regular basis after the priorities are set. Such political oversight is required to guide officials and to assist in making the hard tradeoffs necessary to determine the budget. The mayor must establish a budget steering committee to provide him/her with technical assistance in discharging his/her responsibilities in terms of section 53 of the MFMA. Membership of this committee is prescribed in terms of the Municipal Budget and Reporting Regulations (section 4):

- Councillor for finance
- Municipal Manager
- Chief financial officer
- Manager responsible for budgeting
- Technical experts on infrastructure
- Senior managers responsible for three biggest votes
- Senior manager responsible for planning

Key Points

- A municipality's budget must be in a specific format to ensure public accountability and to enable consolidation of all the spheres of governments' financial information.
- The MFMA and Municipal Budget and Reporting Regulations prescribe the format for a municipal budget.
- Budgeting is the act of compiling a plan to get resources (planned revenue), and to use those resources (planned expenditure) to meet the objectives of an organisation.
- Section 18(1) of the MFMA states that an annual budget may only be funded from realistically anticipated revenues to be collected (including grants such as the Municipal Infrastructure Grant); cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and borrowed funds, but only for the capital budget.
- Municipalities should ensure that invoiced revenues actually translate into cash inflows.
- The mayor must ensure that the budget tabled to council is funded, credible and sustainable.
- When developing their MTREF budgets, municipalities are advised to assess themselves against 14 funding compliance measures to achieve fully funded, credible and sustainable budgets.

It is important for the mayor to maintain close oversight of the budget preparation process

- ✎ Municipalities should understand the financial implications of capital projects and how to budget for expenditure related to the creation of capital assets and renewal and upgrading of existing assets. There must be a balance between asset renewal and new assets.
- ✎ A vote is one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.
- ✎ Any policy or plan that fails to take into account the budgetary constraints or affordability of a municipality is unlikely to be operationalised successfully.
- ✎ The budget system has at least three important functions: (1) to maintain the overall fiscal discipline; (2) to ensure allocative efficiency and (3) to promote delivery efficiency.
- ✎ The MFMA clearly separates roles and responsibilities between the mayor (or executive committee) and council, and between the mayor and the municipal manager and other senior officials. The executive mayor or committee as well as council are responsible for providing the municipality with political leadership, fulfilling their policy formulation function and providing oversight over the implementation of such policies. Council must therefore provide support to policy formulation and the approval of policy; followed by the exercising of their oversight responsibility over the mayor and administration in the implementation of such policies. Officials are responsible for implementation and providing the executive mayor or committee with advice.

Financial management and internal control systems

Basic Financial Management Concepts

The accounting officer of a municipality is responsible for managing the financial administration of the municipality. This includes ensuring that (National Treasury, 2006):

- ✎ resources of the municipality are used effectively, efficiently and economically
- ✎ full and proper financial records of the municipality are kept
- ✎ the municipality has and implements an appropriate –
 - tariff policy
 - rates policy
 - credit control and debt collection policy
 - supply chain management policy
- ✎ the municipality has and maintains effective, efficient and transparent systems of –
 - financial management
 - risk management and internal controls
 - unauthorised, irregular or fruitless and wasteful expenditure and other losses are prevented
- ✎ disciplinary or, when appropriate, criminal proceedings are instituted against any official of the municipality who has allegedly committed an act of financial misconduct or an offence.

It is the role of council to oversee whether the municipality is managing the financial administration of the municipality well. If there is a culture of transparency and regular reporting, this enables council to monitor municipal performance and hold officials to account for their financial management.

What is financial misconduct?

- failing to carry out one's duties or comply with a relevant provision of the MFMA
- providing incorrect or misleading information to the accounting officer / mayor / council / AG / NT / another organ of the state or the public
- making or permitting or instructing another official of the municipality to make unauthorised, irregular or fruitless and wasteful expenditure

How to deal with unauthorised, irregular or fruitless and wasteful expenditure

Good financial management includes, amongst others, preventing unauthorised, irregular or fruitless and wasteful expenditure, which in relation to a municipality or municipal entity, are defined in the MFMA as:

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. The municipality must recover such expenditure. If, after investigation by a council committee, it is found to be irrecoverable, it can be written off by the council.

Irregular expenditure means—

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

The municipality must recover such expenditure. If, after investigation by a council committee, it is found to be irrecoverable, it can be written off by the council.

Unauthorised expenditure means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with this Act.

The municipality must recover such expenditure. If, after investigation by a council committee, it is found to be recoverable, it can be authorised in an adjustments budget.

Unauthorised, irregular or fruitless and wasteful expenditure must be reported to council and disclosed in the annual financial statement and annual report of the municipality. When such expenditure occurs, corrective action must be taken including the recovery of such expenditure.

How should the accounting officer and council respond to unauthorised, irregular or fruitless and wasteful expenditure?

The accounting officer must promptly inform the mayor, the MEC for local government in the province and the Auditor-General, in writing, of—

- ✚ any unauthorised, irregular or fruitless and wasteful expenditure incurred by the municipality;
- ✚ whether any person is responsible or under investigation for such unauthorised, irregular or fruitless and wasteful expenditure; and
- ✚ the steps that have been taken—
 - to recover or rectify such expenditure; and
 - to prevent a recurrence of such expenditure.

A council committee may investigate the recoverability of any unauthorised, irregular or fruitless and wasteful expenditure. The municipal manager must provide all the information required by the council committee in order to conduct such an investigation. The council committee must consider:

- ✚ the measures already taken to recover such expenditure
- ✚ the cost of measures already taken to recover such expenditure
- ✚ the estimated cost and likely benefit of further measures that can be taken to recover such expenditure, and
- ✚ submit a motivation explaining its recommendation to the municipal council for a final decision

A municipality must recover unauthorised, irregular or fruitless and wasteful expenditure from the person liable for that expenditure unless the expenditure—

- ✚ in the case of unauthorised expenditure, is—
 - authorised in an adjustments budget; or
 - certified by the municipal council, after investigation by a council committee, as irrecoverable and written off by the council; and
- ✚ in the case of irregular or fruitless and wasteful expenditure, is, after investigation by a council committee, certified by the council as irrecoverable and written off by the council.

What action should be taken in the case of alleged financial misconduct?

- ✚ a municipality must conduct an investigation, unless the allegations are frivolous, vexatious, speculative or obviously unfounded
- ✚ institute disciplinary proceedings against the relevant official, if necessary

What action should be taken in the case of a criminal offence, theft and fraud?

The accounting officer must report to the South African Police Service all cases of alleged irregular expenditure that constitute a criminal offence; and theft and fraud that occurred in the municipality. The council of a municipality must take all reasonable steps to ensure that all these cases are reported to the South African Police Service if the charge is against the accounting officer; or if the accounting officer fails to report all cases of alleged irregular expenditure. However, the writing off of any unauthorised, irregular or fruitless

Unauthorised, irregular or fruitless and wasteful expenditure must be reported to council and disclosed in the annual financial statement and annual report of the municipality.

and wasteful expenditure as irrecoverable is no excuse in criminal or disciplinary proceedings against a person charged with the commission of such an offence.

Who is liable if the council takes a decision resulting in unauthorised, irregular or fruitless and wasteful expenditure?

If the municipal manager becomes aware that the council, the mayor or the executive committee of the municipality has taken a decision which, if implemented, is likely to result in unauthorised, irregular or fruitless and wasteful expenditure, the municipal manager must advise the political executive of this in writing. If the municipal manager does not warn them in writing, then the municipal manager is liable for the ensuing unauthorised, irregular or fruitless and wasteful expenditure. This indicates that the only way municipal managers may exempt themselves from liability for unauthorised, irregular or fruitless and wasteful expenditure is to inform the political executive of this in writing.

What about unforeseeable and unavoidable expenditure?

Unforeseeable and unavoidable expenditure that is necessary in an emergency or other exceptional circumstances must be dealt with in accordance with a prescribed framework. An adjustments budget must be passed within 60 days after the expenditure is incurred. If this does not take place, the expenditure is unauthorised and section 32 of the MFMA applies.

Key points

- The accounting officer of a municipality is responsible for managing the financial administration of the municipality.
- Financial management of the municipality includes managing resources effectively, efficiently, and economically; keeping full and proper financial records; having and implementing appropriate policies for revenue and expenditure management; maintaining effective, efficient and transparent systems of financial management, risk and internal controls, unauthorised, irregular or fruitless and wasteful expenditure and disciplinary or criminal proceedings in the case of financial misconduct.
- In the case of unauthorised, irregular or fruitless and wasteful expenditure, the accounting officer must inform the mayor, amongst others, in writing; investigate the matter; recover expenditure; and prevent recurrence of such expenditure.
- In the case of unauthorised expenditure, this can be authorised in an adjustments budget or certified by the council, after investigation by a council committee, as irrecoverable and written off by the council.
- In the case of irregular or fruitless and wasteful expenditure, after investigation by a council committee, this can be certified by the council as irrecoverable and written off by the council.

Risk management

Introduction

The goal of risk management is to create a safe workplace, to prevent catastrophic financial losses, and to provide budgetary stability. Effective risk management reduces the detrimental effects of risks that cannot be avoided, and protects both the municipality and its employees. A municipality can handle risk management in several ways (National Treasury, 2006):

Unforeseeable and unavoidable expenditure that is necessary in an emergency or other exceptional circumstances must be dealt with in accordance with a prescribed framework.

The goal of risk management is to create a safe workplace, to prevent catastrophic financial losses, and to provide budgetary stability.

- ✚ by purchasing insurance
- ✚ loss prevention and risk control measures
- ✚ carefully administering claims
- ✚ monitoring claims performance
- ✚ promoting a sense and culture of community ownership or municipal facilities

The municipal manager must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management, internal control and internal audit, in accordance with section 62(1)(c) of the MFMA.

Basic Principles of Risk Management

An unavoidable part of operating a municipality that provides services to the community is taking on risk. Municipal exposure to risk may take many forms, such as: lost or damaged property, employee injury, physical or environmental hazards, legal liabilities to others and litigation, extra expenditure (replacement of damaged equipment), and crime and fidelity losses (National Treasury, 2006).

The Public Sector Risk Management Framework (National Treasury, 2010) defines risk and risk management as follows:

Risk

Any threat or event that is currently occurring, or that has a reasonable chance of occurring in the future, which could undermine the institution's pursuit of its goals and objectives.

Risk management

A systematic process to identify, evaluate and address risks on a continuous basis before such risks can impact negatively on the institution's service delivery capacity.

When properly executed, risk management provides reasonable assurance that the institution will be successful in achieving its goals and objectives. Risk Management must include:

- ✚ the identification of risks on a case-by-case basis
- ✚ the allocation of risks to the party best suited to manage such risks
- ✚ acceptance of the cost of the risk
- ✚ the management of risks in a pro-active manner
- ✚ the assignment of relative risks to the contracting parties through clear documentation.

A particular requirement of the MFMA is that each accounting officer undertakes a '**risk assessment**' for his/her municipality or municipal entity. Management should decide what is an acceptable level of risk (given cost and other social factors) by objectively assessing the factors (risks) that may prevent a particular activity from meeting its objective (National Treasury, 2005).

What is the responsibility of council regarding risk management?

It is the responsibility of the Council to ensure that the accounting officer has a risk management framework in place which is properly implemented.

Enterprise Risk Management recognises that risks are dynamic and ought not to be managed in isolation – and responds to this by managing institution wide risks in an integrated way.

Enterprise Risk Management (ERM)

The Public Sector Risk Management Framework defines Enterprise Risk Management (ERM) as the application of risk management throughout the institution rather than only in selected business areas or disciplines. ERM recognises that risks (including opportunities) are dynamic, often highly interdependent and ought not to be considered and managed in isolation. ERM responds to this challenge by providing a methodology for managing institution-wide risks in a comprehensive and integrated way.

Any successful ERM implementation is reliant and dependent on an architecture that considers various interrelated and inter-dependent components, which include (National Treasury, 2010):

- ✎ **Internal environment** - Establishing a proper environment in which ERM can function
- ✎ **Objective setting** - Establishing objectives aligned to the institution's mission, which become the reference point for identifying and assessing risks and determining risk appetite and risk tolerance
- ✎ **Risk identification** - The process concerned with identifying events that produce risks that threaten the achievement of objectives
- ✎ **Risk assessment** - The process concerned with determining the magnitude of risk exposure by assessing the likelihood of the risk materialising and the impact that it would have on the achievement of objectives
- ✎ **Risk response** - The process concerned with determining how the institution will mitigate the risks it is confronted with, through consideration of alternatives such as risk avoidance, reduction, risk sharing or acceptance
- ✎ **Control activities** - Establishing policies and appropriate procedures such as approvals, authorisations, segregation of duties, reconciliations and physical safeguards to ensure that the chosen risk responses are implemented
- ✎ **Information and communication** - The process of identifying, capturing and communicating information to enable officials to carry out their responsibilities
- ✎ **Monitoring** - The process of monitoring and assessing the presence and functioning of the various components over time

Internal Controls

Internal controls are the practical ways that a municipality can manage risk in order to achieve objectives.

What is an internal control system?

An internal control system is implemented in order to deal with the risk within a municipality (National Treasury, 2006).

Internal control systems may include the implementing of policies, procedures, plans and objectives; legislation; budgetary systems; organisational structures; management review; personnel arrangements; staff supervision and performance review; segregation of duties; authorisations and approvals; physical safeguards; and accounting systems and information systems. The implementation of such minimises risk in the municipality.

Internal control systems are established to help management ensure that transactions are checked, verified, reviewed, monitored and recorded with accuracy to reduce exposure to risk, thus contributing to a reasonable assurance of internal control.

Relevant managers should ensure that their internal control systems are regularly and systematically reviewed for appropriateness. The internal audit function should keep

comprehensive documentation on the regular review of internal control systems. The audit committee may wish to examine the documentation on internal control systems from time to time or it may seek a report from the internal audit function, as it requires (National Treasury, 2006). See the section on “Monitoring, Reporting and Accountability” for more information.

Key points

- Municipalities are exposed to significant risk, which could undermine the achievement of their goals and objectives
- Municipalities must manage risk – identify, assess and address risks, to prevent negative impact on service delivery
- Risk should be managed in an integrated way throughout the organisation
- A system of internal controls helps to deal with managing risks in a municipality
- It is the responsibility of the council to ensure that the accounting officer has a risk management system in place which is properly implemented.

Asset Management

Introduction

The capital assets of a municipality are resources of crucial importance to the delivery of services and the management thereof directly linked to the sustainability of service delivery. This implies therefore that long-term planning and sound sustainability and financial principles should be applied when decisions are made with regards to the management of assets. The planning should be directly linked to the long-term strategic vision for the municipality, incorporated in the IDP and information fed into the budget process.

Legislative framework

There are various references in the legislation that has specific bearing on the management of assets.

The **Constitution** (in section 152) sets as objectives for local government amongst other the delivery of services to the community and states that it should be in a sustainable manner, with the promotion of economic development and a safe and healthy environment. To act on this mandate, access to resources in the form of capital assets are required and will only be realised with the effective, efficient and economical management of these assets.

The **MSA** 2000, in section 4 (2) (d), makes specific reference to the delivery of services to the community in a financially and environmentally sustainable manner. This implies that resources are needed and to achieve the goal, sensible management and long-term planning based on sound financial and sustainability principles will be required.

The **MFMA** carries this obligation further by stating specific responsibilities with regards to asset management and budgeting for capital projects in sections 62, 63 and 17 and 19. Emphasis is placed on planning (including future operational cost), maintenance, safeguarding and effective use of resources as well as having a register of assets.

The importance of asset management is consistently carried through the legislation. Accountability is therefore set and compliance will only be achieved through robust and persistent planning practices.

The capital assets of a municipality are resources of crucial importance to the delivery of services and the management thereof directly linked to the sustainability of service delivery.

Asset management

Asset Management can be defined as the process of guiding the acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential and manage the related risks.

The primary objective is to enable the municipality to meet its service delivery objectives efficiently and effectively by achieving the best possible match of asset with programmed delivery strategies. Good asset management is critical in any business environment and more so in the public sector, particularly as some of the significant assets are infrastructure assets with long life spans and enormous capital outlay that are vital to providing a foundation for economic activity (National Treasury, 2008).

Internationally good practice has emphasised the management of the whole life-cycle of an asset. The phases in the life-cycle are planning, acquisition, operation and maintenance and disposal. There is a cost attached to each phase.

During the **planning phase** option analyses are carried out to determine the best option for securing the availability for use of the asset. A decision will be made based on the best option (over the long-term) in terms of value for money. It must be noted that 'least expensive' is not the equivalent of 'best value for money' but rather the asset that will serve the municipality the best over the long-term. At the time of the decision the specifications of the asset needed will be determined. These specifications will be used in the procurement process by supply chain management.

The second phase involves the **acquisition of the asset** and the capital outlay to procure or construct the asset. The cost will include the total outlay to bring the asset to a point ready for use and should be accumulated and will be the cost that should be reflected in the asset register.

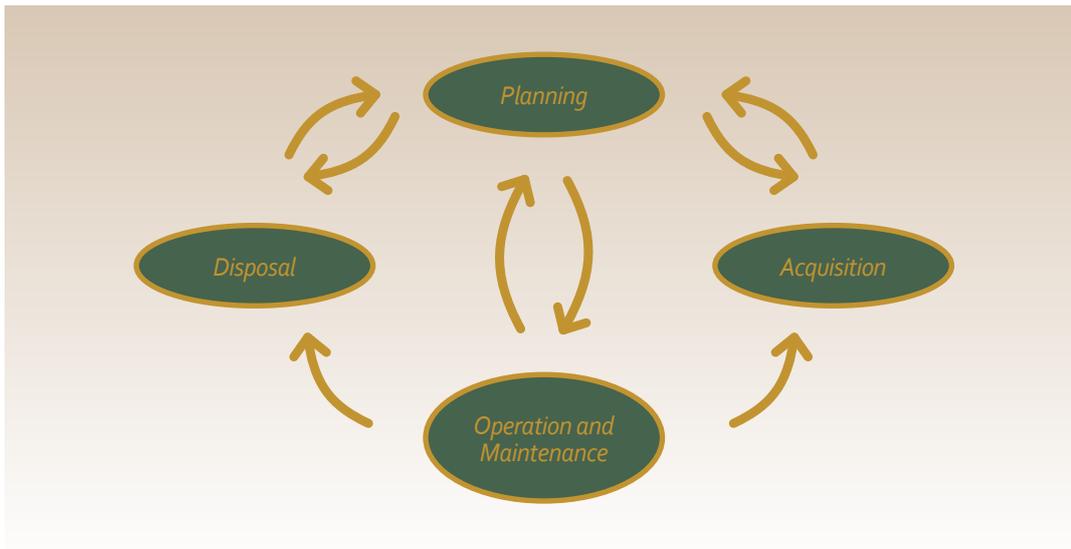
The **operation and maintenance phase** is the period where the asset is actually being utilised for service delivery. This is by far the most expensive phase in the life-cycle. During this phase money is spent on the asset in terms of normal operating expenses and should also be the period where the municipality should invest in regular maintenance. This should be done in accordance with policy taking into account the criticality of the asset, to ensure that the asset operates at the intended level of effectiveness and quality as initially envisaged during the planning stage.

The final phase in the life-cycle is the **disposal phase**. This is the point where the asset has outlived its usefulness (end of its useful life) and to operate it longer becomes uneconomical and inefficient. Infrastructure used beyond this point will result in breakdowns and failure that will impact substantially on the delivery of service. Before failure is imminent planned renewal and or improvement should be scheduled to ensure that services can be delivered as envisaged.

Asset management is not a static process and during the life-cycle of an asset adjustment should be made for the changes in circumstances and environment as well as the physical operation of the asset. For example due to climatic changes or growth in population the asset will not deliver services of a quality or quantity as envisaged during the planning stage and steps need to be taken on a timely basis to remedy the situation. This interaction is indicated by the arrows on the diagram.

The life-cycle of an asset can be illustrated by the following diagram (National Treasury 2008):

Council needs to focus on asset management as it is crucial to service delivery but often the cause of qualified audit reports.

Figure 7: The life-cycle of an asset

Decisions taken about an asset in one phase can affect its performance in others. As an example, seeking minimum capital cost solutions in the acquisition phase can have adverse effects on long-term operating costs. Inadequate attention to maintenance can accelerate the need for major repairs, or shorten the operational life of the asset. It can also prejudice the achievement of maximum returns on disposal. Conversely, careful management of existing assets can extend their effective life and avoid or defer the need for new acquisitions (National Treasury, 2008).

The **concept of 'the asset life-cycle'** is aimed at encouraging an understanding of these effects, and at helping managers to reach decisions about assets in a whole-of-life context. Limiting the responsibility of managers to a single phase (such as acquisition, or operation and maintenance) will not lead to sound long-term decisions about assets. Asset managers should be accountable for the life-cycle effects of their decisions (National Treasury, 2008). It is clear from the above that to ensure the management of the whole life-cycle a multi-disciplinary approach is needed involving both technical and financial expertise. The placing of an asset management team in the municipality that will co-ordinate the disciplines is thus of great importance and crucial to successful management.

A clear understanding of asset life-cycle costs is crucial for the development of cost-effective asset management plans and options. Knowledge of these asset life-cycle costs is also a legislative requirement:

A clear understanding of asset life-cycle costs is crucial for the development of cost-effective asset management plans and options.

Council to consider asset life-cycle costs before approving capital projects

MFMA section 19(2)(a) and (b):

Before approving a capital project, the council of a municipality must consider—

- a) the projected cost covering all financial years until the project is operational; and
- b) the future operational costs and revenue on the project, including municipal tax and tariff implications.

Asset Registers

A very important tool in the management of assets is the asset register. No degree of management can take place when it is not at least known what assets are available, where they are, who is using them, what they are being used for, how old they are and in what condition they are. This is basic information that will be recorded in an asset register. An asset register is the asset database that provides information with regards to the assets under the control of the municipality and the financial information contained therein also forms the basis for figures in the financial statements and is maintained in the format that complies with the requirements of Generally Accepted Accounting Principles (GAAP), Generally Recognised Accounting Practice (GRAP) and Treasury Regulations.

All capital assets must be recorded in an asset register. The design of an asset register will, to a large extent, be influenced by the content of existing asset management systems and databases, but should contain sufficient information for effective management. Where this is not the case, processes should be put in place to ensure that the missing information is collected and documented. The asset management systems, processes and controls can then provide an accurate, reliable and up-to-date account of assets (National Treasury).

The asset management plans drawn up as part of the asset management strategy is based on the information contained in the asset register such as when to maintain, when to dispose and replace and when renewal or improvement projects should be done. It is obvious that an updated and complete asset register is a crucial source of information and an important tool towards effective planning and management.

Additional systems may be required in the management of specific asset classes, e.g. fleet management, lease management, property management, pavement management (roads, etc.), minor asset management, etc. The existence of these systems does not exclude these assets from the asset register, but will provide additional information. Ideally, in an integrated environment, the asset register should be linked to and accessible from a range of information systems, such as a geographic information system, document management systems and image databases. Any system that provides information upon which management decisions are made must be subjected to a high level of internal controls to ensure data integrity (National Treasury).

The lack of complete and up to date asset registers is often the cause of audit qualifications as it is difficult to prove a sufficient level of knowledge with regards to assets to demonstrate effective management of assets.

Integrated approach to Asset Management

An integrated approach should be followed with regards to asset management to **ensure that the municipality will be able to deliver services when and where required and have the necessary funding available to do so.**

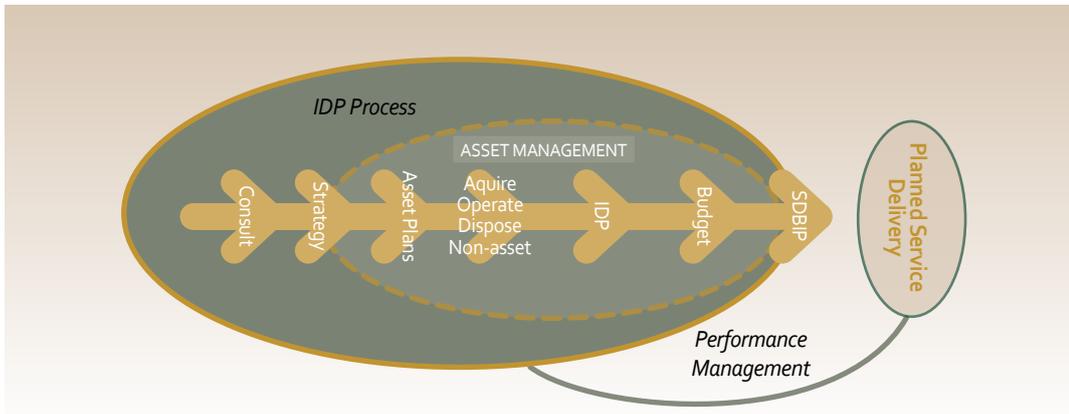
The municipality will have a vision over the long-term for growth and economic development for its community including government priorities. This vision will translate into a strategic business plan that will define goals and programmes of development in order to achieve the vision. As part of the strategic plan an asset strategy should be developed that will include the asset needs, evaluated based on existing quality and quantity, when they will be developed or procured (and acquisition plan) and maintained (a maintenance plan) and how existing assets will be replaced or renewed or disposed of (a disposal plan) in order to achieve the service delivery targets as set out in the vision. The plans should be updated annually and cover at least five years ahead although in planning capital projects

Municipalities are required to maintain an asset register. Updated information on assets is essential for decision-making.

the entire life-cycle cost of the asset should be estimated prior to approval of the project (as required by legislation). This entails that the cost as estimated is included in the plans and updated and revised over time.

The diagram below reflects this integrated management that fits into the IDP and performance management processes (National Treasury 2008):

Figure 8: Integrated approach to asset management



Where an integrated approach is not followed it could happen that replacement of assets or renewal is not done on a timely basis and that breakdown in services as a result of overburdened or aged assets will require funding when not budgeted for. A maintenance policy where planned maintenance, based on the criticality of assets, is budgeted for in the appropriate period can alleviate negative impact on service delivery.

Amongst other things, a credible budget is a budget that:

- provides for continued maintenance of assets at a level that will ensure the assets will serve the municipality at an optimum level;
- funds only activities consistent with the revised IDP and vice versa ensuring the IDP is realistically achievable given the financial constraints of the municipality;
- takes into account the institutional capacity of the municipality;
- is achievable in terms of agreed service delivery and performance targets;
- contains revenue and expenditure projections that are consistent with current and past performance and supported by documented evidence of future assumptions;
- does not jeopardise the financial viability of the municipality (ensures that the financial position is maintained within generally accepted prudential limits and that obligations can be met in the short, medium and long term);
- is achieved through the alignment of projected financial performance, financial position and cash flows; and
- provides managers with appropriate levels of delegation to meet their financial management responsibilities.

Since the budget sets out certain MPOs, the community should realistically expect to receive service delivery levels implicit in these MPOs. If significant under spending occurs, the budget would not be credible (MFMA Circular 42).

During the IDP consultation process, citizens may raise the desire for new assets and infrastructure. It is the role of senior management to ensure that both acquisition of new assets and maintenance of old assets are considered in IDPs. Council can play an important role by engaging citizens in this regard.

This integrated approach will ensure that planned expenditure is brought into the budget and funding will be available when needed.

Asset management includes maintaining and renewing existing assets as well as providing access to new assets and services in a sustainable and affordable manner

Council's role in municipal asset management

Council has a very important role to play in:

- being a champion for change - a council resolution will demonstrate this commitment, although it is not required, and lend support to the asset management plan implementation process
- considering life-cycle costs of assets prior to approving the budget for capital projects
- facilitating community participation in the development of the IDP, and ensuring that this includes understanding and plans for acquisition and maintenance of assets
- ensuring that the Accounting Officer is implementing the asset management policy and plans

Key points

- Asset management involves the acquisition, use, safeguarding and disposal of assets to make the most of their service delivery potential
- Updated asset registers and asset management systems are essential for producing reliable information for decision-making throughout the lifecycle of an asset
- Council must consider asset life-cycle costs before approving capital budgets
- Asset management plans should be linked to the and driven by the IDP process
- Council has an important role to play in engaging with the community in the IDP process to ensure that plans include both maintenance and renewing existing assets as well as providing access to new assets and services in a sustainable and affordable manner
- Regular maintenance should be planned and budgeted for – council should ensure that these funds are not redirected during the year, but that the appropriate maintenance takes place
- Council must ensure that the accounting officer implements asset management policy and plans

Supply chain management

Supply chain management is an integral part of financial management. The efficiency and effectiveness of this function has a large impact across a municipality. If goods and services are of poor quality, overpriced or not available when needed, service delivery will suffer (National Treasury, 2006).

Integrated supply chain management

Cabinet approved the implementation of an integrated supply chain management system in 2003. This can be described as a “systematic process that ensures that goods and services are delivered to the right place, in the right quantity, with the right quality, at the right cost and at the right time”.

SCM typically comprises 5 stages (National Treasury, 2005):

- **Demand management** – this is the planning phase of any procurement process, preceded by a total needs assessment. This ensures that the resources required to fulfil the needs identified in the IDP of the municipality or municipal entity are budgeted and programmed for.

Integrated supply chain management is a systematic process that ensures that goods and services are delivered to the right place, in the right quantity, with the right quality, at the right cost and at the right time

- ✚ Acquisition Management – this is the management of procurement by a municipality / municipal entity: During this stage the municipality ensures that preferential procurement policy objectives that could be met through the specific contract are identified.
- ✚ **Logistics Management** – this is where officials plan, implement, and control the flow of services between where it is produced and where it is consumed. From these processes, the financial system should be activated to generate payments.
- ✚ **Disposal Management** – where the municipality makes a list of all materials or assets that have become obsolete, redundant or unserviceable and determines whether any material or assets could be re-used or re-cycled. A strategy for disposal is then formulated and implemented.
- ✚ **Supply Chain Performance Management** - when the municipality determines whether value for money has been attained. This should include an assessment of suppliers, reasons for deviations regarding objectives achieved, and how the process could be re-engineered.

There are the risks associated with each of the abovementioned stages of the SCM process. Risk management should ensure that these are kept at an acceptable level.

Legislative framework for effective supply chain management

Accounting officers must implement a supply chain management system that is consistent with:

- ✚ section 217(1) of the Constitution
- ✚ the Preferential Procurement Policy Framework Act (PPPFA) of 2000
- ✚ the Broad Based Black Economic Empowerment Act (BBBEEA) of 2003
- ✚ and with the regulations for SCM

Section 217 of the Constitution (RSA, 1996)

Section 217 of the Constitution deals with one of the most important aspects of SCM, namely the procurement process. This section requires that when municipalities and other organs of state enter into contracts for goods or services, they must do so in accordance with a system that is fair, equitable, transparent, competitive and cost-effective (section 217(1)).

Section 217(2) allows municipalities, and other organs of state, to implement a procurement policy providing for:

- ✚ a category of preference in the allocation of contracts; and
- ✚ a category of protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination.

Subsection 217(3) furthermore gives impetus to the Preferential Procurement Policy Framework Act of 2000 (PPPFA). The amended Constitution requires that if any organ of state implements preferences in the procurement process, it must implement such preferences only in accordance with the prescripts contained in the PPPFA and its associated regulations.

Preferential Procurement Policy Framework Act (PPPFA) of 2000 and Regulations promulgated in terms of the Act

The PPPFA (No.5 of 2000) and its accompanying regulations were enacted to give substance to section 217 of the Constitution. The purpose of the PPPFA is to enhance the participation of Historically Disadvantaged Individuals (HDIs) and the small, medium and micro

enterprises (SMMEs) in the public sector procurement system, and therefore specifically in the municipal SCM system. To this end, the PPPFA requires each municipality to draw up a preferential procurement policy and to implement this policy within a framework that follows a preference point system.

Broad Based Black Economic Empowerment Act (BBBEEA) of 2003

The Broad Based Black Economic Empowerment Act (BBBEEA) (No.53 of 2003) was enacted to give further substance to section 217 of the Constitution. The Minister of Trade and Industry has, by notice in the Gazette, issued a Code of Good Practice on black economic empowerment. The code is meant to ensure that organisations achieve representativity in their management structures, achieve representativity in ownership and invest in social responsibility projects.

Supply chain management policy

The **MFMA requires every municipality or municipal entity to adopt a supply chain management policy.** National Treasury has provided a model supply chain management policy to assist municipalities and municipal entities, which is supported by National Treasury MFMA Circular 22 of 2005. The policy must provide the details on systems and procedures to be followed for supply chain management and include the steps to be taken to combat fraud, corruption and conflict of interest. Diligent care must be taken to establish controls in order to eliminate even the perception of fraud or abuse, which can be just as destructive to the public trust as the real thing. The SCM policy of a municipal entity should be consistent with the policy of the parent municipality.

Supply chain management policy

- Every municipality must adopt a supply chain management policy
- Policy to include SCM systems and procedures and measures to be taken to combat fraud, corruption and conflict of interest
- SCM policy must align with relevant legislation
- National Treasury has provided a model SCM policy to assist (See MFMA Circular 22 of 2005 for more information)

Roles of the council and accounting officer

The MFMA provides clear guidance on the administrative roles and responsibilities of accounting officers and the oversight role of council in SCM. It strengthens governance principles, by separating the roles and responsibilities of key players in supply chain management, i.e. between the oversight role of the Council and the role of the accounting officer / municipal manager (National Treasury, 2006). Once the municipal council or the board of directors of a municipal entity has adopted a supply chain management policy, the municipal manager/accounting officer is responsible for implementing it and to report regularly to the council or board of directors on implementation of the policy. The MFMA prohibits any person from obstructing the accounting officer in fulfilling his/her responsibility in this regard.

Separation of duties of the council and accounting officer in SCM

- ✎ There must be separation of duties in the SCM system
- ✎ Once the SCM policy has been approved by Council, it is the Accounting Officer's responsibility to implement this and report regularly to council thereon
- ✎ No person should obstruct the Accounting Officer from fulfilling his/her responsibilities

Oversight role of the council

The MFMA recognises the council as the highest authority in the municipality and invests it with significant powers of oversight and approval of the SCM policy itself (MFMA Circular 22: SCM: Model Policy). Council must delegate such SCM management powers and duties to the accounting officer, but maintain supervision over the implementation of its SCM policy and the accounting officer reports to council on the progress made in this regard.

Can council reverse or override a decision of a bid once awarded?

No, the council cannot reverse or override a decision of a bid once it has been awarded by the bid adjudication committee or the Accounting Officer. No person may interfere with the supply chain management system of a municipality or amend or tamper with any tenders, quotations, contracts or bids after their submission (section 118 of the MFMA).

Are councillors allowed to be members of bid committees?

No. Given the importance of the approval and oversight role of councillors, the MFMA separates their policy-making responsibilities from the implementation role of the municipal officials. Councillors may not be members of a municipal bid committee or any other committee evaluating or approving bids, quotations, contracts or other bids, nor attend any such meeting as an observer (section 117 of the MFMA).

Role of the accounting officer

- ✎ It is the responsibility of each accounting officer to implement the SCM policy adopted by council.
- ✎ Accounting officers are fully responsible for any SCM expenditures which must be subject to their directives and procedures, and appropriate regulations and guidelines from National Treasury.
- ✎ The accounting officer may develop an implementation plan to assist with managing the implementation of the SCM policy, and develop internal procedures and processes.
- ✎ The accounting officer will need to ensure that the SCM unit is properly staffed and trained in SCM policy, procedures and processes as well as and code and conduct.
- ✎ The accounting officer must report, within 30 days of the end of each financial year, on the implementation of the SCM policy to the mayor of the municipality or entity's board of directors.
- ✎ The accounting officer must in addition, within 10 days after the end of each quarter, submit such implementation reports for consideration by the mayor, and mayoral / executive committee if relevant, or the board of directors of the municipal entity – these reports must also be made public (National Treasury, 2005).

Council is the highest authority in the municipality. It approves SCM policy, delegates this responsibility to the Accounting Officer, and oversees the implementation thereof

Importance of reporting on SCM policy implementation

- Council relies on reports to assess whether SCM policies are being implemented
- Timeous and accurate reporting is essential given that it is now illegal for councillors to sit on bid committees, which was previously a way to ensure implementation of BEE policies
- The accounting officer may delegate, in writing, the responsibility to compile and submit these SCM implementation reports to an official, preferably in the SCM unit. However, the accounting officer remains accountable

Implementation of SCM

This section will cover a number of issues pertaining to the implementation of SCM, such as procurement thresholds; supplier database; delegation of SCM decision-making powers; and bid committees.

Procurement thresholds

During the procurement stage of SCM, there are various procurement processes with specified range values for each. For example, according to best practice, verbal or written quotations should be sought from three different providers for procuring goods or services below a threshold value of R10 000.

A SCM policy may allow the accounting officer to lower, but not increase the specified threshold values as contained in the SCM regulations (2005). If accounting officers could increase threshold values, then municipalities could by-pass bid processes and other more stringent procurement requirements which have the necessary checks and balances in place for the procurement of the item to be deemed fair and unbiased.

Supplier database

For the purposes of the management of procurement requirements, the SCM policy must instruct the accounting officer to establish and maintain a database of accredited potential suppliers (SCM regulations, 2005). This database must, at least annually, invite accredited potential suppliers to submit their names and details to the official responsible for procurement within the supply chain management unit, so that they may be included in this database. This should be updated on a quarterly basis. This invitation, through local newspapers, must specify the listing criteria for accredited potential suppliers.

The accounting officer must ensure that these suppliers' names do not appear on the National Treasury's database as prohibited from doing business with the public sector. The aforesaid official must then forward all notices of municipal quotations or bids to the prospective suppliers on a rotational basis.

Delegations

The council must delegate powers to the accounting officer to exercise responsibilities relating to SCM. Section 79 and 106 of the MFMA empowers the accounting officer of a municipality to delegate decision-making powers to officials within the SCM unit (and not outsiders / consultants), in writing, within certain thresholds. The onus would be on the accounting officer to decide whether she/he delegates supply chain management decision making powers and what the responsibilities should be. While decision making may be delegated, accountability still rests with the accounting officer.

Bid Committees

Bid committees used to be called “tender committees.” The focus in the new approach to SCM is more than just procurement – there is a rejuvenated focus on efficient, effective, and economical public service delivery, hence all the stages of SCM need to be managed, monitored, and improved upon where necessary. Bid Committees are important structures that facilitate the meeting of legislated empowerment and developmental policy objectives.

Councillors are barred from serving on such committees in order to ensure a clear distinction between the role of councillors as the policymaking body and the administrative functions headed by the municipal manager.

National Treasury SCM regulations (2005) specify that the SCM policy must provide for a committee system consisting of a:

- **Bid Specification Committee**, which compiles the technical specification for each procurement made by the municipality, as well as the Terms of Reference (TOR), may be comprised of one or more officials from the municipality, and where appropriate include external specialist advisors. Bid specifications should take account of accepted standards such as those issued by Standards South Africa or an authorised, accredited organisation recognised by the South African National Accreditation System. The bid specifications also need to be approved by the accounting officer before publication of the bid document (MFMA Circular 22, 2005).

Regulation 27:

- **Bid Evaluation Committee**, which evaluates the bids in accordance with the specifications for the particular procurement and the preference points system and is made up of officials from the procuring department and at least one SCM practitioner. The accounting officer must appoint the Chairperson and the members, who must evaluate bids in accordance with evaluation criteria, technical specifications and points in terms of the PPPFA. The Committee must also evaluate bidders’ ability to execute the contract; check whether bidders’ tax matters are in order, municipal rates, taxes and levies are not in arrears; and submit a report and recommendation(s) regarding the award of the bid(s) or any other related matter to the bid adjudication committee.

Regulation 28:

- **Bid Adjudication Committee**, which considers the report and recommendations of the bid evaluation committee and makes a recommendation or a final award, depending on the particular delegation system of the municipality, to the accounting officer. Should the bid adjudication committee award a bid other than the one recommended by the bid evaluation committee, the former must prior to the award notify the accounting officer. The accounting officer may ratify or reject the decision of the bid adjudication committee, but must comply with section 114 of the MFMA. This committee consists of at least 4 senior managers, which must include the CFO, 1 senior SCM practitioner and, an available technical expert of the municipality. Members are appointed in writing by the accounting officer, who will also determine the term of office of the members.

A member of the bid evaluation committee may not be a member of the bid adjudication committee. In addition, no advisors may be involved in the final award of a contract. According to National Treasury’s Code of Conduct (2003) all members on the bid adjudication committee must be cleared by the accounting officer at the level of confidential and should declare their financial interests annually. MFMA Circular 34 (2006) makes it clear that the business of the adjudication committee cannot proceed without a quorum present at the meeting.

In accordance with section 117 of the MFMA, no councillor may attend bid committee meetings even as an observer.

Appointment of consultants / advisors

Consultants should only be engaged when the necessary skills and/or resources to perform a project/duty/study are not available and the accounting officer cannot be reasonably expected either to train or to recruit people in the time available. Consultants may only be appointed through a competitive bidding process and Treasury Guidelines in respect of consultants should be taken into account. The accounting officer should consider the following during selection:

- ✎ the need for high-quality services;
- ✎ the need for economy and efficiency;
- ✎ the need to give qualified consultants an opportunity to compete in providing the services; and
- ✎ the importance of transparency in the selection process.

The work undertaken by a consultant should be regulated by a contract. The accounting officer is responsible for monitoring and evaluating contractor performance and outputs. Consultants are required to provide professional, objective and impartial advice and at all times hold the client's interests paramount, without any consideration for future work and strictly avoid conflicts with other assignments or their own corporate interests. Consultants should not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of not being able to carry out the assignment in the best interest of the state (National Treasury, 2005).

Deviations and ratification of minor breaches

The accounting officer may dispense with any procurement process through any convenient process but only: in an emergency; if available only from a single supplier; acquisition of special works of art or historical objects; acquisition of animals for zoos; in other exceptional cases where it is impractical or impossible to follow official procedures. The accounting officer may also ratify any minor breaches of the acquisition process by an official or committee which are of technical nature. The reasons for any deviations must be reported to council and in the annual financial statements (National Treasury, 2005).

Unsolicited bids

A municipality or municipal entity is in terms of section 113 of the MFMA not obliged to consider unsolicited bids received outside a normal bidding process. If an unsolicited bid is considered then:

- ✎ the product or service offered should be a demonstrable or proven unique innovative concept;
- ✎ it should be exceptional beneficial or have exceptional cost advantages;
- ✎ the person making the bid is the sole provider;
- ✎ the reasons for not going through the normal bidding process are acceptable to the accounting officer.

If a municipality or municipal entity decides to consider an unsolicited bid that complies with municipal SCM regulation 37(2), the municipality /municipal entity must make its decision public in accordance with section 21A of the MSA, together with:

- ✎ its reasons as to why the bid should not be open to other competitors;
- ✎ an explanation of the potential benefits for the municipality or entity were it to accept the unsolicited bid; and

- ✎ an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

A meeting of the adjudication committee to consider an unsolicited bid must be open to the public. When considering the matter, the adjudication committee must take into account:

- ✎ any comments submitted by the public; and
- ✎ any written comments and recommendations of the National Treasury or the relevant provincial treasury.

If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality / municipal entity to the bid may be entered into or signed within 30 days of the submission.

Combat abuse of SCM system

Combating abuse is an important aspect of an SCM policy. It is the responsibility of the accounting officer to make sure that effective steps are taken to prevent any potential abuse of the SCM system. The accounting officer:

- ✎ must investigate any allegations against any official or role-player deviating from SCM policy
- ✎ must check the National Treasury's database prior to awarding any contract to ensure no recommended bidder is listed as a person prohibited from doing business with the public sector
- ✎ must reject any bid from a bidder who has outstanding financial obligations with government
- ✎ must reject a recommendation for the award of a contract if the recommended bidder or any of its directors has committed a corrupt or fraudulent act in competing for the particular contract
- ✎ must cancel the contract awarded to a person who committed any corrupt or fraudulent act during the bidding process or execution of the contract or if an official/role-player committed a fraudulent or corrupt act during the bidding process that favoured the person
- ✎ must reject the bid of any bidder if that bidder or any of its directors has:
 - abused the SCM system of the municipality/committed any improper conduct
 - been convicted of fraud or corruption during the past five years, or
 - wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years
 - has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (Act 12 of 2004)

National Treasury's Code of Conduct requires the SCM practitioners to play an active role in informing the accounting officer of any irregular, fraudulent or corrupt practices (MFMA Circular 22, 2005).

Prohibitions on awards to persons in the service of the state

Regulation 44 states that a municipality or municipal entity “may not make any award to a person: who is in the service of the state; if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or who is an advisor or consultant contracted with the municipality or municipal entity”. Regulation 1 stipulates that ‘in the service of the state’ means to be:

- ✎ a member of any municipal council, any provincial legislature or the National Assembly of the National Council of Provinces
- ✎ a member of the board of directors of any municipal entity
- ✎ an official of any municipality or municipal entity
- ✎ an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act
- ✎ a member of the accounting authority of any national or provincial public entity
- ✎ an employee of Parliament or a provincial legislature

The Minister of Finance has specifically exempted non-executive board members of a municipal entity from the prohibition for being in the service of the state but only in relation to supply chain awards by a municipal entity that they do not serve on.

Awards to close family members of persons in the service of the state

Councillors should also be aware that notes to the annual financial statements of a municipality or a municipal entity must disclose particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including the name of that person, the capacity in which that person is in the service of the state and the amount of the award.

Ethical standards

All municipalities must establish a municipal code of ethical standards that stipulates that an official or other role player involved in the implementation of the SCM policy of the municipality must assist the municipal manager in combating fraud, corruption, favouritism and unfair and irregular practices in the SCM system. The municipality also has the option to adopt National Treasury’s code of ethical standards rather than developing its own. It is important for the code of ethical standards, developed as part of the SCM policy, to be read in conjunction with the Code of Conduct for municipal staff members.

Resolution of disputes, objections, complaints and queries

Proper procedures for appeal against municipal decisions need to be included within the SCM policy. Suppliers must be allowed to complain in writing with regard to any quotation or bid to the accounting officer. These complaints should be made within 14 days of the date of the decision. In the event of a dispute the accounting officer must appoint an independent person to assist in the resolution of the dispute. Where the situation arises in which a dispute cannot be resolved within 60 days, or the municipality fails to respond to the dispute, such a dispute could be referred to the particular provincial treasury. Where the provincial treasury is unable to resolve the matter, it can be referred to the National Treasury for resolution.

Key points

- Integrated Supply Chain Management (SCM) ensures that goods and services are delivered at the right place, in the right quantity, with the right quality, at the right cost and at the right time
- Each municipality must adopt a SCM policy, which includes SCM systems and procedures and measures to be taken to combat fraud, corruption and conflict of interest and must align with relevant legislation
- Separation of duties is essential in SCM. Council is the highest authority in the municipality. It approves the SCM policy, delegates responsibility to the accounting officer and oversees the implementation thereof. Council may therefore not sit on any bid committees
- No one should obstruct the accounting officer from fulfilling his/her responsibilities. The accounting officer should report regularly and timeously for oversight purposes. While responsibility for SCM can be delegated to the other officials in the municipality, accountability rests with the accounting officer
- There is a prohibition on bids being awarded to persons in service of the state

Integrated Supply Chain Management (SCM) ensures that goods and services are delivered at the right place, in the right quantity, with the right quality, at the right cost and at the right time

Credit control and debt collection policies

What is meant by credit control and debt collection?

A significant proportion of municipal income is derived from the levying of rates and other taxes and charging fees for municipal services. Councillors, with the assistance of their chief financial officer, should annually review the municipality's overall revenue structure to determine its stability, equity, efficiency and capacity to finance municipal services into the future. Fees and charges for municipal services are established to promote economic efficiency by shifting costs to users and to help reduce the reliance on general taxation. Care must be taken to ensure that affordability tests are regularly conducted (National Treasury, 2006).

What is the credit control and debt collection policy?

The MFMA and the MSA provide that a municipality must collect all money that is due and payable. The municipal council must adopt by-laws to give effect to the credit control and debt collection policy, making sure that it is implemented and enforced. The by-law for this policy may differentiate between different categories of ratepayers, users of services, debtors, taxes, services, service standards and other matters as long as the differentiation does not amount to unfair discrimination. The credit control and debt collection policy should be reviewed in line with the council's policy on indigents when tabling and adopting the municipal budgets. These policies must be consistent with the municipality's rates and tariff policies and provide for:

- credit control procedures and mechanisms
- debt collection procedures and mechanisms
- provision for indigent customers that is consistent with its rates and tariff policies and any national policy on indigents
- realistic collection targets consistent, and the estimates of income set in the budget
- interest on arrears, where appropriate
- extensions of time for payment of accounts
- termination of services or the restriction of the provision of services when payments are in arrears

- matters relating to unauthorised consumption of services, theft and damages, and
- public disclosures of information.

Implementing the policies must include **effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality**. The collection procedures must include internal controls for the protection of account records, custody of monies collected and deposits into the bank account of the municipality.

What is the role of council?

Municipal councils are required to ensure equitable service delivery, and that affordable service tariffs and credit control policies are put into place that take community needs into account. Councillors must:

- adopt a credit control and collection policy which takes community needs into account and contains provisions for indigent customers that are consistent with the municipality's rates and tariff policies and any national policy on indigents. **Councillor commitment is essential**
- ensure that realistic collection targets are set in order to make reliable income estimates in the municipal budget
- monitor the implementation and enforcement of the municipality's policy and any related by-laws by receiving regular progress reports on its implementation

Key points

- Municipalities derive income from levying rates and taxes and charging fees for municipal services. Care must be taken to ensure that these are affordable
- Municipalities must collect all money due and payable. They should ensure realistic collection targets are set in order to work with reliable income estimates in municipal budgets
- Council has a role to play in adopting a credit control and collection policy, including council policy on indigents, that takes community needs into account, and ensuring implementation

Monitoring, reporting and accountability

Reporting

MFMA reforms include ensuring transparency and accountability for the fiscal and financial affairs of municipalities and municipal entities through in-year and annual reporting. Real transparency and accountability can only be achieved where there is a clear link between the strategic objectives agreed with the community in the integrated development plan (IDP) and:

- the Budget
- Service Delivery and Budget Implementation Plan (SDBIP)
- Service Delivery Agreement with any municipal entity
- performance agreements of senior management and officials
- in-year reports (MFMA sections 71 and 72)
- the annual financial statements (AFS)
- annual performance report
- the annual report

MFMA reforms include ensuring transparency and accountability for the fiscal and financial affairs of municipalities and municipal entities through in-year and annual reporting.

All these components form one process to ensure that actual performance is reported against what was planned in the IDP. This is referred to as the golden circle of reporting. Municipalities make use of the Service Delivery and Budget Implementation Plan (SDBIP) as an important tool to integrate the various reports. We discuss the SDBIP in more detail later.

A municipality must regularly assess and measure its performance in terms of the objectives contained in its budget, SDBIP and IDP. Reporting serves to inform council and stakeholders of progress against promises, and alert on potential financial and non-financial risks arising during budget implementation. As a result, reporting plays an important role in promoting good fiscal governance. Reports are the most important tools allowing and enabling councillor, stakeholder and community oversight.

Municipalities generally conduct two types of reporting: on **in-year performance** and **annual performance**. Reports on in-year performance include **monthly (MFMA section 71) budget statements, mayoral quarterly (MFMA section 52(d)) reports, mid-year (MFMA section 72) performance assessments** and other ad-hoc financial and non-financial reporting. In terms of annual reporting, all municipalities are required to submit an **annual report** for each financial year, which includes its **annual performance report**, audited **annual financial statements** and a discussion of results. Council must then produce an **oversight report** on the annual report. Councillors will be required to use, understand and review in-year reports, annual performance report, annual financial statements, audit reports and annual reports in discharging their oversight over municipalities and municipal entities.

This approach to municipal financial management places increased importance on oversight and accountability for the executive mayor or committee and all non-executive councillors.

In - Year Reporting

Monthly Budget Statements (MFMA section 71)

The municipal manager must submit monthly budget statements no later than 10 working days after the end of each month to the mayor and the relevant provincial treasury. These must provide information on the municipality's budget and reflect the following information for the month and for the financial year up to the end of that reporting period:

- actual revenue per revenue source
- actual borrowings
- actual expenditure per vote
- actual capital expenditure per vote
- the amount of any allocations received, expenditure on those allocations, excluding expenditure of the equitable share and allocations exempted from this clause by the DORA

The monthly statement must include a projection of revenue and expenditure for the rest of the financial year and any revisions from initial projections. All amounts stated in the statements must be compared with corresponding amounts in the municipality's budget. Councillors need to conduct oversight on in-year reports to monitor progress with implementation of municipal budget.

Reports therefore provide information to council (and the community) to assess the performance of the municipality. Council has an important role to play in promoting effective, transparent and accountable use of municipal funds.

Mayoral Quarterly Reports (MFMA section 52)

Mayoral quarterly reports, as required by section 52(d) of the MFMA, are based on a review of actual financial information and performance against quarterly projections contained in the SDBIP.

Annual service delivery targets (SDTs) and performance indicators should therefore be divided into quarterly projections per vote – these are contained in component 3 as described by MFMA Circular 13 on the SDBIP. These performance indicators should be the same ones that are contained in the performance agreements of the municipal manager and senior managers. Performance reporting in the mayoral quarterly report facilitates integration of the IDP, the budget and the performance management system (PMS).

Mid-Year Assessment Report (MFMA section 72)

In addition to the monthly and quarterly reporting responsibilities, the municipal manager must also assess the performance of the municipality during the first half of the financial year and submit this report no later than 25 January. In this assessment the municipal manager must take the following into account:

- the monthly budget statements (the 6th monthly budget statement may be incorporated into the mid-year budget and performance assessment)
- the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the SDBIP
- the past year's annual report and progress on solving problems identified in the annual report
- the performance of all municipal entities under sole or shared control of the municipality

The municipal manager must submit these reports to the mayor, the National Treasury and the relevant provincial treasury. In completing these reviews, the municipal manager must recommend whether an adjustments budget is necessary and recommend revised projections for revenue and expenditure, where necessary. The mayor should table this report in council by the end of January. The mid-year budget report shows progress with implementation of the municipality's budget and IDP and should be used by councillors in considering the adjustments budget that may be tabled.

End –Year Reporting

The Annual Report

The purpose of the annual report is to compare actual performance of the municipality with that promised in the IDP and budget. According to MFMA Circular 11 (Annual Report Guidelines), the annual report is a key performance report to the community and other stakeholders. Once it is approved by council, it must be placed on the municipality's website, copies must be sent to various authorities and it must be made available to the wider community.

The MFMA identifies the following three purposes of an annual report (section 121):

- to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates
- to provide a report on performance against the budget of the municipality or municipal entity for that financial year
- promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity

Councillors need to review quarterly reports to assess progress being made towards achievement of a municipality's objectives

Councillors must consider the content of the annual report presented before them and approve it if it truly reflects the performance of the municipality for the financial year concerned

The annual report must include an assessment by the accounting officer of performance against the measurable performance objectives (MPOs) approved in the budget (and contained in the SDBIP and annual performance agreements) including service delivery targets and other performance indicators (MFMA Circular 13 – SDBIP).

Annual Financial Statements

The financial statements form an integral part of the annual report, which must be approved by council at the end of January. The financial statements indicate the extent to which the municipality has been successful in implementing its budget during the financial year.

The financial statements can assist councillors to effectively carry out their oversight function by assessing whether the funds at the disposal of the municipality were utilised in an efficient and effective manner.

According to the MFMA, the financial statements of a municipality must

“fairly present the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results and its financial position as at the end of the financial year”.
(MFMA section 122)

The financial statements must include:

- A Statement of financial position (balance sheet)
- Statement of financial performance (income statement)
- Cash flow statement
- Statement of net changes in net assets and
- Supporting notes to the statement

The financial statements should also disclose information on the following:

- ✚ Intergovernmental grants and transfers; and
- ✚ Remuneration of councillors, officials and members and officials of municipal entities.

More information on disclosure requirements can be found in sections 123 to 125 of the MFMA. The financial statements of a municipality and municipal entity must be compiled according to the Generally Recognized Accounting Practice (GRAP).

The Oversight Report

The oversight report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA requires the council to consider the annual reports of its municipality and municipal entities and to adopt an oversight report containing the council’s comments on each annual report. The oversight report must include a statement on whether the council:

- ✚ has approved the annual report, with or without reservations
- ✚ has rejected the annual report
- ✚ has referred the annual report back for revision of those components that can be revised

The oversight report is thus clearly distinguished from the annual report. The annual report is submitted to the council by the accounting officer and the mayor and is part of the process for discharging accountability by the executive and administration for their performance in achieving the goals set by council.

It follows therefore that the oversight is the last chance council has to affirm that there was proper reporting on the achievement on the municipality’s financial and non-financial performance as per IDP-related performance indicators and service delivery targets (SDTs).

The oversight report is a report of the municipal council and follows consideration and consultation on the annual report by the council itself.

The oversight report is a report of the municipal council and follows consideration and consultation on the annual report by the council itself. As mentioned above, the oversight report concludes whether the council has approved the annual report, with or without reservations, whether council has rejected the annual report, or whether council has referred the annual report back for revision of those components that can be revised. Please refer to MFMA Circular 32 for further discussion and guidance on the oversight report.

Reporting Formats

In-year reporting for management and oversight purposes should be simple and easy to understand. It should be in a format that meets the internal requirements of the municipality, structured in terms of the vote and in a manner that reports on performance against the budget. The Budgeting and Reporting Regulations (BRR) (2009) provide new formats for the in-year reports which the municipality and municipal entity must produce such as the MFMA section 71 monthly budget statements, section 52 mayoral quarterly reports (municipality only) and section 72 mid-year assessment reports. These new reporting formats are specified in the BRR (2009) of schedule C and schedule F for municipalities and municipal entities respectively and include all the required tables, charts and explanatory information. Councillors should familiarise themselves with these new formats as a good understanding of them will help them to interrogate and properly interpret these reports when they are submitted to council.

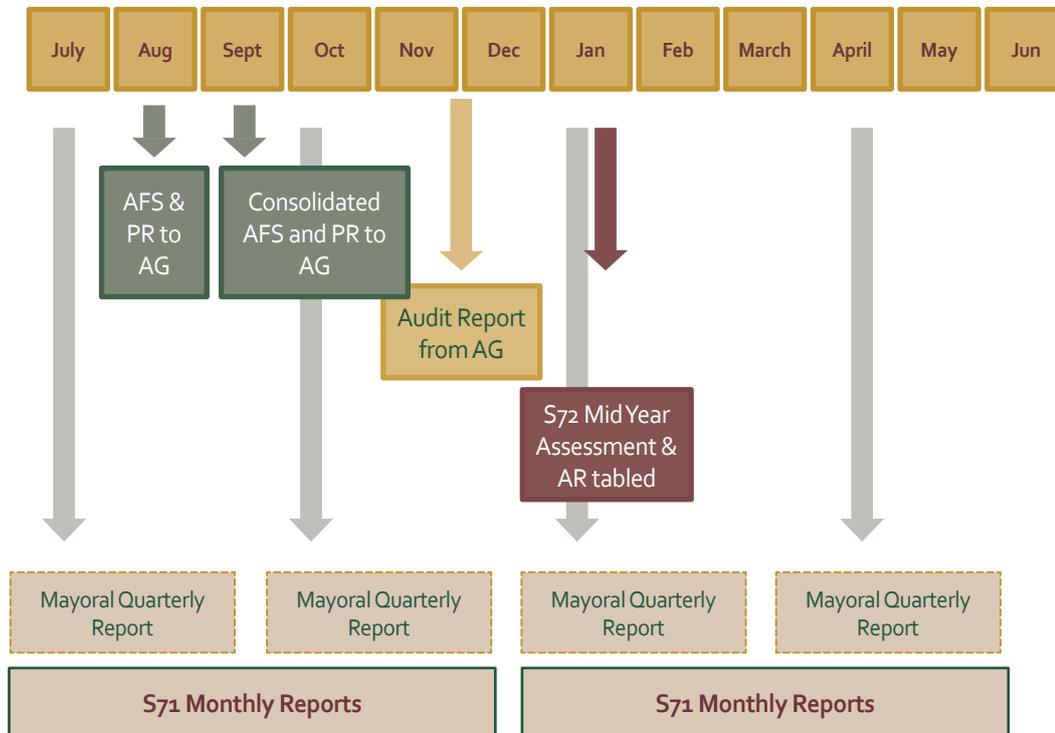
The annual financial statements and annual reports should also be in the formats as provided by the National Treasury in its guiding circulars. The contents of the annual financial statements have been defined in the MFMA as, a statement of financial position, a statement of financial performance, a cash-flow statement, and other statements that may be prescribed and any notes to these statements.

The annual report contents have been outlined in section 121 of the MFMA and includes a copy of the annual financial statements, AG's report, annual performance report, an assessment of any arrears on municipal taxes and service charges, assessment of municipal performance against measurable performance objectives for revenue collection, corrective action in response to audit report, any explanation to clarify issues in the financial statements, and information determined by the municipality, recommendations of the audit committee, etc. Kindly refer to MFMA Circular 10 for guidance on the format and content of the annual report and annual financial statements. The emphasis should be on quality and timeliness of information provided and disclosed.

The Reporting Cycle

The diagram below summarizes the important events in the reporting calendar.

Figure 9: Events in the reporting calendar



- The municipal manager must submit the section 71 monthly financial report to the mayor and provincial treasury 10 working days after the end of each month
- The municipal manager must also submit the financial statements to the AG in August
- The AG must submit the audited financial statements two months after the submission of the financial statements by the municipality
- The mayor must table the quarterly report in council thirty days after the end of each quarter
- On the 25th of January the municipal manager must submit the section 72 mid-year assessment report to the mayor, provincial treasury and National Treasury. By the 31st January the mayor must table this report in council
- The mayor must also table the annual report in council in January, together with submitting the annual report to the AG, provincial treasury and the department responsible for local government in the province
- The council considers the annual report and produce an oversight report which must be tabled in council two months after the submission of the annual report

Handover reports for the newly elected councils

The National Treasury recommends that the municipal manager of each municipality provide the newly elected council with a handover report that includes important orientation information regarding the state of finances, service delivery and capital budget information of the municipality. This handover report should be tabled at the first meeting of the new council.

It is proposed that the handover report should include:

- ✎ Background information on the demographics, socio-economic profile and organizational structure of the municipality
- ✎ An overview of key municipal policies, outstanding matters regarding the municipal turnaround strategy and its current financial standing
- ✎ The municipality's 2009/10 audit outcomes and how audit queries are being addressed
- ✎ Background on basic services and how backlogs are being addressed, asset management plan and matters around maintenance and a list of main infrastructure projects planned for the 2011/12 budget and MTREF
- ✎ A list of key processes requiring council input over the next six months, e.g. revision of the IDP, approval of specific policies etc.

Councillors should also request and be provided with the municipality's revised IDP, adopted 2011/12 budget (if already passed), the mid-year assessment report and performance report for 2010/11, the latest monthly financial statement, and the annual report for 2009/10.

What is my role as councillor in municipal reporting?

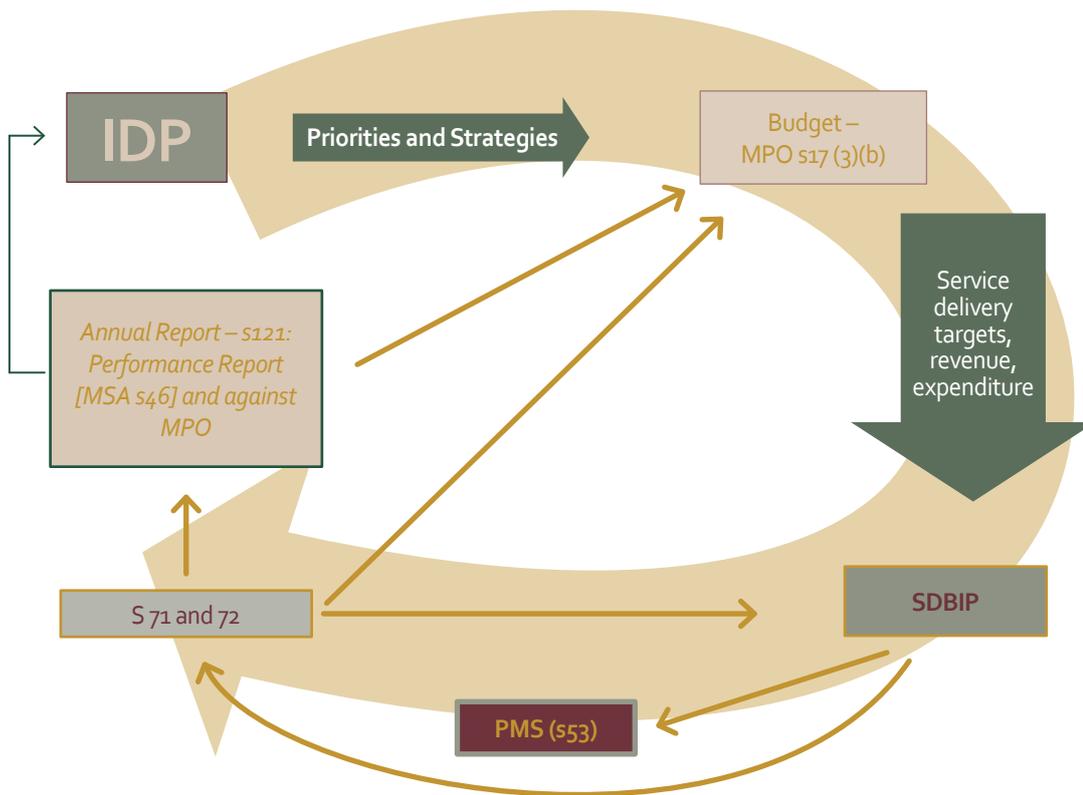
- ✎ Councillors need to use, understand, and review in-year reports, annual financial statements and annual reports in discharging their oversight over municipalities and municipal entities
- ✎ Councillors' oversight responsibility is accomplished through the proper assessment and response on these financial and non-financial reports that assess effectiveness, efficiency, service quality and municipal productivity
- ✎ The council must produce an oversight report, which is a consideration and deliberation of the municipal annual report which is tabled in council
- ✎ Councillors should use these reports to hold officials and senior management accountable for making proper use of municipal resources. Information about recent financial performance is useful in assessing anticipated future financial performance of the municipality

The SDBIP as a monitoring tool which aligns planning, budgeting, reporting and performance management processes in a municipality

One may ask how then does one integrate municipal reporting with its budgeting, performance management and planning processes? What is the golden thread which holds all of these processes together? And what can council rely on to check whether the policies and programmes adopted in the IDP are implemented by the municipal administration? National Treasury has produced MFMA Circular 12 and Circular 13 which explains the concept of the **Service Delivery and Budget Implementation Plan (SDBIP)** and the definition of a vote. The SDBIP is meant to be the binding agent that holds the planning, budgeting, reporting and performance management processes together. The SDBIP therefore acts as a contract between the council, administration and the community. The integration of the various public expenditure management processes is presented in the diagram below:

The SDBIP is meant to be the binding agent that holds the planning, budgeting, reporting and performance management processes together.

Figure 10: SDBIP alignment of planning, budgeting, and reporting and performance management processes



First we will look at how **Measurable Performance Objectives (MPOs)** can be used in practice and then we will look at how the SDBIP acts as a pragmatic tool to align these processes.

Measurable Performance Objectives (MPOs)

The MFMA requires MPOs to be linked to each vote to ensure that the community can hold municipalities accountable for service delivery, expenditure and revenue. Annual MPOs are to be included for each vote or function and will generally also be required for all or most sub-functions. MPOs include service delivery targets and other financial and non-financial indicators (MFMA Circular 13).

The SDBIP breaks down annual MPOs or targets and indicators for each vote into quarterly projections for the forthcoming budget. To comply with section 53(1)(c)(iii) of the MFMA, annual performance agreements of senior managers should contain quarterly projections spelt out in the SDBIP.

What is the SDBIP?

According to the MFMA, the SDBIP is a detailed plan, approved by the mayor for implementing the municipality's delivery of services and its annual budget. Information contained in the SDBIP allows it to establish a link between the roles of the mayor, the council, municipal officials and the local community and facilitates the process for holding senior managers accountable for their performance (MFMA Circular 13).

According to the SDBIP Circular, because the SDBIP is a management and implementation plan, it does not have to be approved by council – it is, however, tabled before council and made public to the local community. The SDBIP informs and is consistent with the budget, the IDP and performance agreements of senior management. If this takes place, the SDBIP will become a tool that facilitates monitoring of the following:

- ✎ execution of the budget
- ✎ performance of senior management
- ✎ achievement of strategic priorities

Since the SDBIP will be a public document, it will enable the community to monitor their municipality's progress regarding these three processes. If the SDBIP is to achieve these objectives, it must satisfy certain minimum requirements. The National Treasury refers to these as the five necessary components.

- ✎ Component 1: Monthly Revenue Projections
- ✎ Component 2: Monthly Expenditure Projections
- ✎ Component 3: Quarterly Performance Objectives
- ✎ Component 4: Ward Information for Expenditure and Service Delivery
- ✎ Component 5: Detailed Capital Plan

Please refer to MFMA Circular 13 for more information on the SDBIP.

What is my role as councillor in municipal reporting?

- ✎ The SDBIP provides council with a practical tool for aligning the budgeting, strategic planning, reporting and performance management processes
- ✎ Strategic planning, budgeting, reporting and performance management must be integrated in order to build effective local government structures capable of fulfilling the developmental needs of its community
- ✎ During the quarterly reviews, councillors should review whether the SDBIP is on track and that the mayor and municipal manager are taking appropriate action to correct any significant deviations
- ✎ The SDBIP requires senior managers to explain variances between planned and actual service delivery. In some cases these variances are justified and beyond the control of a municipality. If, however, a variance is due to bad planning or incompetence on the part of the municipal administration, the responsible senior manager will be held accountable. This makes the SDBIP a very powerful performance management tool and allows ward councillor oversight over senior municipal management

Municipal auditing

External Audit

The Public Audit Act (Act No. 25 of 2004) introduces new provisions for the auditing of institutions in the public sector as well as the functions of the Auditor-General. The inclusion of the Auditor-General's report in the annual report means that the annual financial statements that also form part of the annual report, have been audited. The report by the Auditor-General should be included in its original format, as received by the Auditor-General, without changes.

The roles and responsibilities of External Audit

External audit has the duty to give assurance to management about the accuracy of financial information that is reported in the financial statements. The most important requirements for effective external auditors are independence and authority. In general, their authority is reinforced by the power they are given to access all information they want and to determine the nature of audit they want to perform (e.g. financial, compliance or value for money audits). The Auditor-General acts as the external audit for all state organs in South Africa. The office is established in terms of section 188 of the Constitution.

Types of audits

Value for money audits focus on the effectiveness of services that have been delivered by a particular municipality, as well as efficiency and economy of programmes. Based on this evaluation, external auditors express an opinion on reported information in terms of whether it truly reflects the performance of the municipality.

Compliance audits review compliance of the municipality with the legal prescripts that affect the municipality. Compliance in this case extends to the implementation of the budget.

Financial audits focus on the accuracy and fairness of financial information that is reported in the municipal financial statements. This approach is usually systems based in the sense that auditors look at whether systems used to produce financial information are adequate. At other times auditors use a risk management approach, where samples of data are used to analyse trends and identify outliers so more focus can be directed into those areas.

Audits of predetermined objectives

Section 20 of the Public Audit Act clearly states that the Auditor-General must include information on the municipality's performance against its predetermined objectives in its audit report. An audit report must be compiled for each audit that the Auditor-General conducts. Such an audit report must express an opinion on:

- Whether the annual financial statements fairly present the financial position of the municipality
- Whether there is legislative compliance in regards to financial matters, financial management and other related matters

Whether the reported performance relate to the predetermined objectives

Source : Section 28 of the Public Audit Act

Audit opinions

For financial statements, each audit is accompanied by one of the four possible audit opinions, namely, **unqualified opinion, qualified opinion, adverse opinion and disclaimer of opinion.**

An **unqualified opinion** means that the financial statements of the municipality fairly represent the financial position of the municipality and are in line with Generally Recognised Accounting Practices (GRAP). There are times where an unqualified opinion is modified without affecting the status of the opinion on the financial statement of the municipality. This is usually referred to as emphasis of matter and may or may not affect annual financial statements.

A **qualified opinion** is expressed when the municipality's financial statements present the financial position, results of operations and cash flows in line with GRAP except for the matter of the qualification. These are expressed when some scope limitation or a departure from GRAP exists but is not sufficiently serious as to warrant an adverse opinion or disclaimer of opinion.

An **adverse opinion** is expressed when the auditor concludes that the annual financial statements do not present the municipality's financial position, results of operations and cash flows in line with GRAP. It is only issued in situations where financial statements contain serious departures from GRAP and the qualification of annual financial statements is not sufficient to disclose the misleading or incomplete nature of the financial statements.

A **disclaimer of opinion** is issued when the auditor is not in a position to express an opinion on the municipality's financial statements. A disclaimer may be issued in cases where:

- the auditor is not in a position to issue an independent opinion with respect to the performance of the municipality under consideration
- a material scope limitation exists
- there is significant uncertainty and therefore insufficient evidence on which to form an opinion

What is my role as councillor in preparation for external auditing?

- Councillors must ensure that audit reports, supplied by the municipal audit committee is comprehensively studied and the proposals implemented. Thereby, council can be assured that the municipality will be ready for the external auditing process
- Councillors should take care that the municipality has appropriate performance management systems, processes and frameworks in place and adhered to
- A Councillor should monitor that the administration develop and implement mechanisms, systems and processes for auditing the results of performance measurements as part of its internal auditing processes (MFMA Regulation 14(1)(a))
- With performance audits, council can play an enhanced role as policy makers and as an oversight body of the municipality

Internal Audit Function

The Internal Audit Unit

The MFMA requires each municipality and each municipal entity to have an internal audit unit. The internal audit unit should be established as an independent section within the council that takes direction from and provides support to the audit committee and municipal manager/accounting officer. It is generally established with the appointment of professional internal audit staff as employees of council, although small and medium-sized councils may choose to share the function with the district and other municipalities.

The head of the internal audit function is accountable functionally to the audit committee and administratively to the municipal manager and should report regularly on the following:

- An assessment of the adequacy and effectiveness of internal control processes and risk management
- Significant issues relating to such controls, including potential improvements to established structures
- The status of the annual audit plan in relation to its milestones

Benefits of having an Internal Audit Unit

Some of the benefits are:

- Improves transparency, accountability, efficiency
- Enhances service delivery
- Discourages fraud and corruption
- Continuous evaluation and independent advice on risk management, internal control and governance processes
- In house consulting

The Audit Committee

An audit committee is an independent advisory body which must advise the municipal council, the political office bearers, the accounting officer and the management staff of

Councillors must ensure that the internal audit unit exists and undertakes its responsibilities impartially and is effective in promoting good corporate governance within the municipality

the municipality, or the board of directors, the accounting officers and the management staff of the municipal entity, on matters relating to:

- ✎ Internal financial control and internal audits
- ✎ Risk management
- ✎ Accounting policies
- ✎ Adequacy, reliability and accuracy of financial reporting and information
- ✎ Financial reporting adequacy, reliability and accuracy
- ✎ Performance management
- ✎ Effective governance
- ✎ Legislative compliance

The audit committee therefore reviews and analyses reports received from the municipality's internal audit unit. The audit committee is also required to audit the performance measurements of the municipality on a continuous basis and submit quarterly reports on their audits to the municipal manager and the performance audit committee (MFMA Regulation 14(1)(c)). A municipality is required to annually appoint and budget for a performance audit committee (MFMA Regulation 14(2)(a)) or it may make use of the performance audit committee of the district municipality in whose area it falls (MFMA Regulation 14(2)(h)(i)). The audit or performance audit committee must furthermore also report their findings at least twice a year to the municipal council.

Benefits of having an Audit Committee

Some of the benefits of an Audit Committee are:

- ✎ It ensures independent oversight
- ✎ It strengthens the independence of internal and external audit functions
- ✎ It ensures the credibility of financial information and acceptable standards of corporate governance
- ✎ It helps councillors and management to fulfil their legal responsibilities
- ✎ It improves the communication channel between councillors, senior management, internal and external auditors
- ✎ It promotes improved effectiveness, efficiency and economy of operations

What is the relationship between the Internal Audit Function and External Audit?

The relationship between internal and external audit is very important. In a given municipality, budget formulation, implementation, monitoring and reporting functions need to be effective. Internal audit, through its powers to assess internal control systems, needs to do a thorough job that will complement what external auditors do. That is, external auditors must feel confident to rely on the work done by internal auditors in doing an internal audit and in expressing an opinion on the financial statements and performance of the municipality. For this to happen, staff of an internal audit unit must be competent and must have done relevant and quality work.

What is my role as councillor in relation to the internal audit and audit committee?

- ✎ Approve the structure that ensures independence of internal audit
- ✎ Ensure that internal audit have resources to execute their duties (budget, human resource, equipment)
- ✎ In cases where internal audit is outsourced the chief audit executive should be appointed

It is imperative that the municipal council acts on the proposals and observations made by the audit committee or performance audit committee.

- ✎ The members of an audit committee must be appointed by the council of the municipality. No councillor or staff of the municipality may be a member of the audit committee
- ✎ The council must request reports from the audit committee and ensure that management considers the recommendations made
- ✎ The council must request the evaluation of the audit committee from management to check whether it meets its objectives
- ✎ The councillor must ensure that there is no conflict of interest in the audit committee members

Municipal Reporting and Oversight Responsibilities	
The Municipal Manager	Prepare and submit financial statements to the AG (MFMA, S126), Provincial Treasury and provincial department of local government (MFMA, S 127).
	Inform the local community the AG and MEC for Local Government that the annual report will be tabled in council (Systems Act, S 46(3)).
	Attend council meetings on the annual report, respond to questions from council and must submit minutes to the AG, the Provincial Treasury and provincial department for local government (MFMA, S 129).
	Make the oversight reports public (MFMA, S 129). Attend meetings on the oversight report and submit copies to AG, Provincial Treasury and provincial department of local government.
	Respond to questions from MEC and AG about annual report (Systems Act S 46(3)).
The Mayor	Table the annual report to council (MFMA, S 127).
	If the annual report is not tabled within seven months after the end of the financial year, provide explanations to council and submit sections of the report that are ready (MFMA S 126).
The Council	Consider the annual report and adopt an oversight report (MFMA, S 129). Oversight report to include a comment on whether the council: has approved the annual report with or without reservations; has rejected the annual report; or has referred the annual report back for revision of those components that can be revised.
	Request speaker or any other councillor to investigate the reasons for failure in the report being tabled and ensure the financial statements are submitted to the AG and the relevant reports and documents are tabled in council.

Municipal Reporting and Oversight Responsibilities	
The AG	Audit financial statements and submit report within three months of receipt.
	If unable to complete the audit within three months must submit explanatory report to Parliament (MFMA, S 126).
	May submit the financial statements and annual report directly to the council, national treasury, the relevant provincial treasury, the MEC responsible for local government and any prescribed organ of state if the mayor fails to submit the annual report on time (MFMA, S 127).
	Submit names of municipalities that have not submitted financial statements to Parliament and to the provincial legislatures (MFMA, S 133).
The MEC for Local Government	Compile and submit to provincial legislatures a consolidated report on the performance of municipalities in the province (Systems Act, S 47).
	Ensure MMs submit annual reports and oversight reports to the provincial legislature (MFMA, S 132).
The National Treasury	Monitor the budgets of municipalities to establish whether they are consistent with the national government's fiscal and macroeconomic policy and comply with Chapter 4 of the MFMA (MFMA, S 5(2)).
	Promote good budget and fiscal management by municipalities, and for this purpose monitor the implementation of municipal budgets, including their expenditure, revenue collection and borrowing (MFMA, S 5(2)).
	Monitor and assess compliance by municipalities and entities with the MFMA, GRAP and GFS (MFMA, S 5(2)).
	Investigate any system of internal control in any municipality or entity and recommend improvements (MFMA, S 5(2)).
	Take appropriate steps if a municipality or entity commits a breach of the MFMA, including the stopping of funds to a municipality in terms of S 216(2) of the Constitution if the municipality or entity commits a serious or persistent material breach of any measures referred to in that S 216(2) and take any other steps to perform its function effectively (MFMA, S 5(2)).
The Provincial Treasury	Monitor compliance with the MFMA (S 5(4)).
	Monitor the preparation by municipalities in the province of their budgets (MFMA, S 5(4)).
	Monitor the monthly outcome of those budgets (MFMA, S 5(4)).
	Monitor the submission of reports by municipalities in the province in terms of the MFMA (S 5(4)).

Municipal Reporting and Oversight Responsibilities

The MEC for Finance

Consider the mayor's statement regarding non-compliance by the municipality in terms of any provision of Chapter 4 of the MFMA (MFMA, S 27).

Consider the mayor's report on a delay in the tabling of an annual budget, the approval of the SDBIP or the signing of the annual performance agreements (MFMA, S 53).

The MEC for Finance must submit, to the provincial legislature, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity to the provincial legislature no later than 45 days after the end of each quarter (MFMA, S 71(7)).

Consider the AG's report in those cases where a municipality has failed to submit its financial statements (MFMA, S 113).

Consider the notification by a municipality if it encounters serious financial problems or anticipates problems in meeting its financial commitments (MFMA, S 135).

Coordinate provincial intervention in terms of the MFMA and any supporting processes and documents, such as financial recovery plans (MFMA, S 139).

Minister of Finance

Comment on draft national legislation directly or indirectly amending the MFMA, or providing for the enactment of subordinate legislation that may conflict with the MFMA before it is introduced in Parliament (MFMA, S 4).

Take appropriate steps to ensure that a municipality in the exercise of its fiscal powers in terms of s229 of the Constitution does not materially and unreasonably prejudice: (a) national economic policies, particularly those on inflation, administered pricing and equity; (b) economic activities across municipal boundaries; and (c) the national mobility of goods, services, capital or labour (MFMA, S 20(2)).

Consider a financial recovery plan in terms of provincial interventions as allowed by the MFMA (S 143).

Make recommendations on national intervention if the conditions for a provincial intervention in a municipality in terms of S 139(4) or (5) of the Constitution are met and the provincial executive cannot or does not adequately exercise the powers or perform the functions referred to in that section (MFMA, S 150).

May make regulations or guidelines applicable to municipalities and municipal entities in concurrence of the Cabinet member responsible for local government (MFMA, S 168).

The Minister COGTA

Annually compile and submit to Parliament and the MECs for Local Government a consolidated report of local government performance in terms of general KPIs (Systems Act, S 48).

Key Points

Table: Synopsis of municipal financial and performance management reports

Report	Responsible person?	When?	Purpose?	Contents?
Annual Report (MFMA, S121)	Accounting Officer	Annually	Financial and non-financial performance oversight	MFMA, S121(3)
AFS (MFMA, S122)	Accounting Officer	Annually	Financial oversight	MFMA, S123, 124, 125
Oversight report (MFMA, S129)	Council	Annually	Completion of accountability cycle	Council's comments on annual report; either approval, rejection or referral of annual report.
S71 report	Accounting Officer	Monthly	Financial oversight	MFMA, S71 (1-3)
S72 report	Accounting Officer	Bi-annually	Financial and non-financial performance oversight	MFMA, S72 (1-3)
Mayoral Quarterly Report (MFMA, S52)	Mayor	Quarterly	Financial and non-financial performance oversight	Reporting against annual service delivery targets (SDTs) and performance indicators per vote

- Once the annual report is tabled, the council effectively has two months in which to consider the report, invite public submissions and to finalize its oversight report.
- National Treasury has produced Circular 12 and Circular 13 which explains the concept of the Service Delivery and Budget Implementation Plan (SDBIP) and the definition of a vote.
- SDBIP establishes a link between the roles of the mayor, the council, municipal officials and the local community and facilitates the process for holding senior managers accountable for their performance.
- The external auditor has the duty to give assurance to management about the accuracy of financial information that is reported in the financial statements.
- In South Africa, the Auditor-General is regarded as the external auditor of government – also referred to as the “Supreme Audit Institution”.
- For financial statements, each audit is accompanied by one of the four possible audit opinions, namely, unqualified opinion, qualified opinion, adverse opinion and disclaimer of opinion.
- The audit committee reviews and analyses reports received from the municipality's internal audit unit.
- An audit committee consists of a minimum of three members, none of which may be councillors and of which the majority of members must be external to the municipality.
- The internal audit function of a municipality can be outsourced if the municipality needs help with developing its internal capacity and the council of the municipality or the board of directors of the entity has determined that this is feasible or cost effective.
- An internal control system deals with the management of risk within a municipality, often grouped into managerial, financial, operational and strategic systems and which use specific risk prevention strategies.

1.10 Performance Management

Introduction

One of the more frequently heard criticisms of local government is that it is not delivering the required services or it is not delivering an efficient standard performance management of service. Performance management for local government contributes to creating a performance culture in the public service at municipal level. Performance management is a mechanism that is used to ensure that the municipality is doing its work and delivering on its mandate.

Each municipality is legally required to develop a performance management system (PMS) that will enhance organisational efficiency and effectiveness, account for the use of municipal resources and indicate the achievement of outcomes. A PMS should also be able to act as an early warning mechanism as it reflects performance or underperformance, thus allowing for relevant intervention for improvement.

If, during the assessment of a person's performance, it is shown that they have not met the required performance targets, an attempt is made to provide assistance and support to achieve sufficient output. If there is a continuous underperformance or non-performance, remedial or punitive action can be taken by council, such as suspension from office, disciplinary processes and termination of the contract.

Performance management is not just an organisational tool for measuring performance and delivery of services of the municipality but also has an important individual component.

Currently section 57 employees of the municipality are required to have a performance management contract that holds them accountable to their employer for delivery against **key performance indicators (KPIs)** that are contained in their performance management contract. These individual contracts follow best practice in both the public and private sector, where employees are required to set performance indicators and targets with their employer and to work towards achieving these indicators. This measures their output and performance and contributes to the overall effectiveness of the employee. In this respect the employee of the municipality plays an important part in the organisational performance of the municipality. Each employee should be aware that their functions and responsibilities contribute to the overall municipality performance and delivery on its mandate. Each individual performance contract will be linked with the long and short-term goals of the municipality contained in their IDP.

Councillors should not be wary of performance management but view it as a tool that can assist them in better achieving delivery and performance in their work. A good understanding of performance management will have long-term benefits for councillors as they can use it to indicate to their communities progress as well as challenges that the municipality experiences in the delivery of services and development and job creation.

Performance management for local government contributes to creating a performance culture in the public service at municipal level. Performance management is about setting indicators of performance and measuring achievements against these indicators. A PMS is a useful tool to determine underperformance or non-performance, thus allowing for required intervention.

Legal Framework for Performance Management

The requirement that government is performance driven is found in the **Batho Pele White Paper, 1997** that stipulates that national and provincial government departments develop performance management systems.

The **White Paper on Local Government, 1998** expands upon the *Batho Pele* vision. The White Paper states that developmental local government will be realised through:

- integrated development planning and budgeting;
- **performance management**; and
- working together with local citizens and partners.

The **Structures Act** and the **Systems Act** are the two pieces of legislation that give effect to the White Paper.

The Structures Act requires municipalities to annually review:

- the needs of the community;
- its priorities to meet the needs of the community, the processes for involving the community;
- its organisational and delivery mechanisms for meeting the needs of the community; and
- the overall performance of the municipality.

These requirements provide the basis for performance review and assessment and emphasises the important role that communities have in the process. In practice this translates to communities being part of the development of the PMS and the monitoring, measurement and review processes contained in the PMS. Councillors must ensure that these consultative recommendations contained in the regulations are met when implementing their municipality's PMS.

Chapter 6 of the Systems Act provides the legal framework for performance management in municipalities and requires that it be an intrinsic part of the IDP. The Act requires all municipalities to:

- develop a PMS;
- set targets, monitor and review performance based on indicators linked to their IDP;
- publish an annual report on performance for the councillors, staff, the public and other spheres of government;
- incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government;
- conduct an internal audit on performance before tabling the report; and
- involve the community in setting indicators and targets and reviewing municipal performance.

Councillors should ensure that they are familiar with the Municipal Performance Planning and Management Regulations, 2001 and the 2006 regulations for municipal managers and managers reporting to municipal managers issued by the Minister for Cooperative Governance and Traditional Affairs, which provides for specific requirements for performance management.

The regulations address issues such as the roles and responsibilities of the council and the local community in the functioning of performance management and how PMS should be linked to the IDP.

Batho Pele principles provide guidance for PMS:

- consultation
- service standards
- access
- courtesy
- information
- openness and transparency
- redress
- value for money.

These principles have also formed the basis for PMS for local government.

Who develops the PMS?

The main role-players in performance management are the same as in the IDP process (see 1.6 above on IDPs). Section 39 of the Systems Act states that the executive mayor, executive committee, or a special committee of councillors (in a 'plenary type' municipality) must manage the development of the PMS and submit it to council. Responsibilities, in this regard, must be assigned to the municipal manager. The PMS must clearly state the functions and responsibilities of each of the role-players.

Principles of performance management

When a municipality develops its PMS it should be guided by principles in the Act and the regulations. Councillors need to familiarise themselves with the following principles:

- ✎ the PMS should be particular to that municipality's circumstances; it must be commensurate with its resources, it must be suited to its circumstances and it must be in line with the priorities, objectives, indicators and targets contained in the IDP.
- ✎ The municipality must promote a culture of performance management among its politicians, and within its administration.
- ✎ The municipality must administer its affairs in an economical, effective, efficient and accountable manner.
- ✎ The PMS must be able to serve as an early warning indicator for underperformance and provide for corrective measures when underperformance is identified.
- ✎ The Minister for Cooperative Governance and Traditional Affairs has set a number of general, compulsory KPIs. Municipalities must include these, together with the other KPIs that may be applicable, in their PMS.

Key Performance Indicators

The following KPIs must be part of each municipality PMS to the extent that they are applicable to that municipality. These are national indicators that are issued by the minister. The Minister is required to set minimum standards for municipalities. These KPIs are issued by the Minister after consultation with the provincial MECs for local government and SALGA.

- ✎ The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal.
- ✎ The percentage of households earning less than R1 100 per month with access to free basic services.
- ✎ The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's IDP.
- ✎ The number of jobs created through municipality's local economic development initiatives including capital projects.
- ✎ The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan.
- ✎ The percentage of a municipality's budget actually spent on implementing its workplace skills plan.
- ✎ Financial viability of the municipality.

When developing the PMS the municipality must set its own KPIs, which include input indicators, output indicators and outcome indicators, in respect of their development priorities and objectives.

The regulations state that KPIs must be measurable, relevant, objective and precise

The KPIs are applicable to the municipality's administrative units and employees, as well as every municipal entity and service provider that the municipality has a service delivery agreement with. The regulations also require that councillors involve communities when setting their KPIs.

Key performance indicators must be measurable, relevant, objective and precise. The municipality must develop KPIs for all its units, employees as well as its service providers.

The following page has an example of a KPI that meets the requirements of the regulations.

Key performance area	Key performance indicator	Target /result	Measure	Who	Importance
Participation	Council meetings are open to the public	At least 75 % of meetings are open to the public	Record of meetings	Municipal manager	1 2 3 4 5
	Formally recognised mechanism for consultation	There are ward committees	Council policy	Municipal manager & council	1 2 3 4 5
	Public participation in budgeting	At least 1 public meeting per year on the budget. At least 2 opportunities for ward committees to make input on budgeting	Record of meetings	Council	1 2 3 4 5
Consultation	Report on expenditure and financial management is available to the public	The meeting where the Auditor-General's report is tabled, is advertised. The Auditor-General's report is tabled at council meetings that are open to the public & wards committees	Record of meetings	Council, finance manager & ward councillor	1 2 3 4 5

Key performance area	Key performance indicator	Target /result	Measure	Who	Importance
Consultation	Community is able to track municipal progress through reports	Project report on projects and programmes must be given. Each ward councillor reports on projects at ward committee meetings	Record of meetings	Ward councillor	1 2 3 4 5
	Delivery of service and projects addresses greatest needs of residents	All development is reflected in the IDP and subject to consultation	Record of meetings & consultations	Ward councillor	1 2 3 4 5
	Priorities in project implementation match priorities in IDP	Local ward priorities are reflected in planning and project implementation	Priorities in IDP & records of ward committee input. Project reports from municipal departments	Ward councillor	1 2 3 4 5

Source: *Ilizwe la Batho*, EISA, 2005

Performance targets

Each KPI must contain performance targets. The regulations provide a number of criteria for performance targets:

- be practical and realistic;
- measure the efficiency, effectiveness, quality and impact of the performance on the municipality as a whole, the administrative component such as the various;
- units within the municipality, e.g. finance unit, structure, body (this could be a service provider to the municipality) or person (such as the municipal manager or the chief financial officer) for whom the target has been set;
- be commensurate with available resources;
- be commensurate with the municipality's capacity; and
- be consistent with the municipality's development priorities and objectives set out in its IDP.

These criteria highlight the importance of both the available budget and the IDP in the determination of the PMS. The PMS cannot exist in a vacuum and must be in line with the IDP. Similarly, it will not be an effective tool if it has unrealistic budgetary implications. This means that the councillors that are part of the development of the PMS must fully apprise themselves of the municipal budget and the IDP.

The KPIs must be reviewed annually by the municipality as part of its performance review process and if the municipality amends its IDP it must also review its KPIs. Remember that the PMS must be in line with the municipality's IDP.

The role of ward committees in performance management

Ward committees are, in most instances, the primary method of ensuring local community participation in the working of the municipality. There is a legal requirement for the municipality to include local communities, through the ward committees, in setting KPIs and performance targets and to ensure community involvement in monitoring and reviewing these. When determining the key performance areas (KPAs) of a municipality there may be competing interests from the various wards depending on the issues that they consider to be most important. The performance management system should incorporate as many of these interests as are viable and sustainable.

It is important to remember that each ward has a ward committee and their interests may be very different, e.g. a ward that has an airport may be concerned about pollution, both environmental and noise pollution.

Monitoring, measuring and reviewing performance

Community involvement in the process of monitoring, measuring and reviewing performance is important, as the municipality must, after consultation with the local community, develop and implement mechanisms, systems and processes to monitor, measure and review performance. The performance must be measured, monitored and reviewed against the KPIs and the performance targets.

The mechanisms for review must identify the strengths, weaknesses, opportunities and threats to the municipality in meeting its KPIs and performance targets.

To achieve this community involvement and if there is no other appropriate municipal structure for community participation, the municipality must establish a forum for community participation. The municipality must invite the local community to identify people to serve on the forum. These may include representatives from the ward committees. The people that are part of the forum must be representative of the composition of the municipality. Councillors may be called upon to establish this consultative community forum during the establishment and implementation of the PMS. Remember, it may not necessary to establish this forum, even though it is provided for in the law. The performance review process will often be part of the IDP review process, the budget review process, the service delivery implementation plan monitoring and the annual report of the municipality. It is important that duplicate processes and structures are not established and that resources and time is wasted setting up another forum when existing structures can meet the required objective. Councillors should ensure that they find the most effective way to monitor and review performance management based on existing processes and structures that they have in the municipality. The monitoring mechanisms must make provision for reporting to the municipal council at least twice a year. These processes should be articulated in the municipality's PMS policy.

The council should identify those issues of interest that relate directly to the KPAs of the municipality and include them in the performance management system of the municipality.

KPIs must contain performance targets that are practical and realistic, in line with the municipality's IDP and take into account the municipality's budget.

Auditing performance measurement

Each municipality's performance measurement is audited in two ways:

- ✎ an internal municipal auditing process, and
- ✎ annually by the Auditor-General.

The municipality must develop and implement mechanisms, systems and processes for auditing the results of performance measurements. This is part of the municipality's internal auditing processes.

The internal auditors must audit the performance measurements of the municipality on a continuous basis and submit their reports quarterly to the municipal manager and the performance audit committee (see below).

The internal auditing report forms part of the annual report that a municipality must prepare annually. The annual report (better known as the S46 report) of the municipality must contain:

- ✎ a performance report reflecting the municipality's and any service provider's performance during the financial year, compared against targets and performance in the previous year, the development and service delivery priorities and the performance targets for the next year and the measures that were taken to improve performance;
- ✎ the financial statements for the year; and
- ✎ an audit report on the financial statements and the audit report on the municipality's performance measurement.

The annual report is publicised in the media and local communities are invited, through the media, to a council meeting where the annual report is tabled or discussed. This is to ensure transparency and accountability of the performance of the municipality.

The municipal annual reports are consolidated and the MEC for local government submits them to the provincial legislature and to the minister. The consolidated report must identify municipalities that underperformed during the year and propose corrective action that will be taken.

The regulations require that each municipality must have a performance audit committee that must consist of at least three members. The majority of these members may not be councillors or employees of the municipality. The role of auditing committee is to act independently of the municipality and to provide an accurate reflection of the state of the municipality. At least one of the people on the auditing committee must have experience in performance management. A local municipality does not have to appoint its own performance audit committee but make use of its district council's performance audit committee.

The performance audit committee must focus on economy, efficiency, effectiveness and impact in terms of the indicators and targets. The committee must communicate directly with the council, the municipal manager or the auditors of the municipality. The committee can investigate, access any municipal records for that purpose, request attendance at its meetings or, if necessary, ask information from anyone.

Phases in performance management

In summary, councillors should know the phases in the performance management system:

- ✚ know the key performance areas contained in the IDP;
- ✚ set key performance indicators;
- ✚ set targets for the performance of the municipality;
- ✚ monitor, measure and review; and
- ✚ report.

Community consultation is part of phases two and four.

Provincial and national monitoring of local government

Chapter 10 of the Systems Act requires the MEC for local government in a province to establish mechanisms to:

- ✚ monitor municipalities in the province in managing their own affairs, exercising their powers and performing their functions;
- ✚ monitor the development of local government capacity in the province;
- ✚ assess the support needed by municipalities to strengthen their capacity to manage their own affairs, exercise their powers and perform their functions.

In achieving this monitoring, the MEC must rely as far as possible on the annual reports submitted by the municipalities. However, the MEC is entitled to ask the municipality for any additional information it needs for the effective monitoring. If a MEC believes that a municipality in the province cannot or does not fulfil a legal obligation or that maladministration, fraud, corruption or any other serious malpractice has occurred or is occurring in the municipality, the MEC can request the municipal council or municipal manager to provide any further information. The MEC also has the power to designate an investigation into the conduct of the municipality. Before the MEC orders the investigation he or she has to motivate it to the NCOP.

Understanding service level agreements

A service delivery agreement is a contractual arrangement between a municipality and an external mechanism to deliver municipal services. The type of contract depends on the particular need of the municipality and will depend on the appropriate service and risk transfer. An options analysis and feasibility study should determine the type of contract used. Councillors, as part of their responsibilities, are required to oversee partnership agreements with outside service providers. There are a number of different contracts, the most typical of which are discussed below.

Service contract

A service contract is typically short-term, running from one to three years. Under this contract a service provider receives a fee from the municipality to manage a particular aspect of a municipal service. Examples include repair and maintenance or billing and collection functions. The involvement of NGOs and CBOs in municipal service provision through this type of arrangement is often successful as other arrangements are considered and capacity and experience developed.

The consolidated annual statements containing the audited performance of the municipalities are submitted to the provincial legislature and nationally to the minister. The report identifies municipalities that have underperformed during the year and proposes corrective action that will be taken.

The Minister of Cooperative Governance and Traditional Affairs can request municipalities to provide any required information for the purpose of national monitoring.

Management contract

In this form of contract the responsibility of the service provider is the overall management of all aspects of a municipal service, but without the responsibility to finance the operating, maintenance, repair, or capital costs of the service. Also averaging three to five years, management contracts specify payment of a fixed fee with final payment made once the contractor has met performance targets. An example of this form of agreement is the management of a water utility.

Lease

In a lease agreement the overall management of a municipal service is the responsibility of the service provider, with the council's operating assets leased to the contractor. In some cases, the service provider may be responsible for collecting tariffs from residents and assume the related collection risk. Leases usually apply over an eight to fifteen year period. Examples include the lease of a municipal market, port or water system.

Build/Operate/Transfer (BOT)

Under a BOT agreement the responsibility of the service provider includes design, building, management, operation, maintenance, and repair, at its own expense, of a facility to be used for the delivery of a municipal service. At the end of the contract the ownership of the facility rests with the council. BOTs may be used to develop new facilities, or expand existing ones. A BOT typically requires the council to pay the service provider a fee (which may include performance incentives) for the services provided, leaving responsibility for tariff collection with the council.

Concession

Here the service provider undertakes the management, operation, repair, maintenance, replacement, design, construction, and financing of a municipal service facility or system, often assuming responsibility for maintenance, operation and management of related existing facilities. Collection of service tariffs and collection risks are the responsibility of the contractor who then pays the council a concession fee (sometimes including a component that varies with revenue). Ownership of the existing facility remains that of the municipality and ownership of the new facilities constructed by the contractor is transferred to the municipality at the end of the concession period.

Licensing

The licensing of companies to provide municipal services. A municipality does not actually provide the service, but is required to regulate it as part of its constitutional responsibilities. It occurs in areas where there is a high level of private sector penetration into an area. Good examples include gas reticulation, the collection of certain waste streams and more commonly street trading. This mechanism is not treated in the legislative framework.

1.11 Public participation and citizen involvement

Introduction

This section highlights the importance and potential of citizen involvement and participation in local governance processes and in promoting municipal development. It looks at necessary pre-conditions, legislation that supports citizen involvement, explores the role of ward committees in more depth and the role of community development workers (CDWs) as a mechanism for increasing public participation.

Importance of public participation in local governance

International experience has shown that citizen and community participation is an essential part of effective and accountable governance at local level. One important way of achieving successful and lasting models to ensure that citizen participation takes place is through establishing structured and institutionalised frameworks for participatory local governance. Structured and institutionalised models of participation generally work when citizens see them as legitimate and credible, where there is political commitment to their implementation and they have legal status.

Structured and institutional models of participation *will not work when:*

- ✚ they try to co-opt independent and legitimate voices within civil society;
- ✚ there is no definite political commitment to the model; or
- ✚ the system exists in principle (that is, it sounds good on paper) but when it comes to carrying it out, the necessary resources are not available.
- ✚
- ✚ In discussion about South African local government, we see **workable principles for participation** in the calls for:
 - ✚ bringing citizens more effectively on board when it comes to local governance and municipal development;
 - ✚ making government more responsive to the people's needs and aspirations;
 - ✚ empowering citizens to fulfil their potential as partners with government;
 - ✚ deepening democracy beyond the representative dimension into a more participatory system.

A few simple pre-conditions are crucial for public participation to be successful. These include the need:

- ✚ for the process of participation to be meaningful and to be seen as meaningful;
- ✚ for both parties – the municipality and the public – to listen to each other rather than just talk to each other;
- ✚ to make it clear at the outset who makes the final decision, for example, if
- ✚ the views of the community are different to that of council, whose view will prevail?
- ✚ for resource participation to be funded and sufficient technical staff support the processes;
- ✚ to support the process – in all examples of good practice;

- ✎ to ensure that relevant information is presented to communities in an accessible form which may require the use of local languages
- ✎ to understand the distinction between
 - providing information
 - consultation
 - participation
- ✎ and being clear which is being used in particular circumstances;
- ✎ to provide feedback on the participation process and final decision that emerges;
- ✎ to include elected councillors in the participation processes;
- ✎ to ensure that policies exist that guide municipal staff in the manner and the reasons for participation; and
- ✎ to recognise that meetings are only one form of participation and unless properly managed, can bias input in favour of those that are vocal and/or articulate.

Source: Ward Committee Resource Book. DCoG/GIZ 2005

What does the overall policy and law say about public participation in local governance?

The Constitution of South Africa, 1996 and key legislation such as Chapter 4 of the Municipal Systems Act, 2000 and Chapter 4 of the Municipal Structures Act, 1998 provide a powerful legal framework for participatory local democracy.

Chapter 7 (section 152) of the Constitution sets out the objectives of local government. Public participation is an imperative of two objectives, to:

- ✎ provide democratic and accountable local government for local communities; and
- ✎ encourage the involvement of communities and community organisations in the matters of local government.

The White Paper on Local Government, 1998 defines developmental local government as local government committed to working with citizens and groups within the community.

The White Paper requires active participation by citizens at four levels, as:

- ✎ voters;
- ✎ participants in the policy process;
- ✎ consumers and service users; and
- ✎ partners in resource mobilisation.

Furthermore, municipalities:

- ✎ should promote active participation and municipal councillors should promote the involvement of citizens and community groups in the design and delivery of municipal programmes;
- ✎ can do a lot to support individual and community initiative, and to direct
- ✎ community energies into projects and programmes which benefit the area as a whole;
- ✎ must adopt inclusive approaches to fostering community participation, including strategies aimed at removing obstacles to, and actively encouraging, the participation of marginalised groups in the local community.

The central responsibility of municipalities is to work together with local communities to find sustainable ways to meet their needs and improve the quality of their lives.

The Municipal Structures Act, 117 of 1998 (section 19) requires municipalities to:

- ✚ Develop mechanisms to consult the community and community organisations in performance of its functions and exercising powers.
- ✚ Annually review the needs of the community and municipal priorities and strategies for meeting those needs and involving the community in municipal processes.
- ✚ Chapter 4 (Part 4) of the Act requires the establishment of ward committees. The objective is to enhance participatory democracy in local government. It also provides that the ward councillors shall be the chairperson of the ward committee and obliges the municipal council to make rules regulating the procedures to elect members of the ward committees.

The Municipal Systems Act, 32 of 2000 calls for municipalities to develop a culture of municipal governance that works hand-in-hand with formal representative government (that is, elected leaders) with a system of participatory governance (that is, community participation).

The Act also requires that municipalities develop mechanisms, processes and procedures for public participation.

Section 5(1) of the Act sets out the rights and duties of members of the local community.

Rights and duties of members of the local municipality:

- ✚ contribute to the decision-making of the municipality;
- ✚ be informed of decisions of the municipal council;
- ✚ disclosure of the state of affairs of the municipality;
- ✚ submit recommendations, representations and complaints;
- ✚ receive prompt response;
- ✚ use public facilities; and
- ✚ receive regular reports of the state of affairs of the municipality, including finance.

Members of the community have a duty to:

- ✚ observe the procedures of the municipality;
- ✚ pay promptly for service fees, rates, etc.;
- ✚ respect the municipal rights of the other members;
- ✚ allow officials reasonable access to property; and
- ✚ comply with municipal by-laws.

Other relevant laws include:

- ✚ **The Promotion of Access to Information Act, 2 of 2000** which gives access to state and other information required for the protection of rights. Within the context of local government, the public has a right (using the correct channels and procedures) to access any information or records of a municipality.
- ✚ **The Municipal Finance Management Act, 56 of 2003** which outlines ways in which the community can be informed of the financial situation of a municipality.
- ✚ **The Batho Pele White Paper, 1997** which aims to provide citizen orientated customer services.

Ward committees

The **Municipal Structures Act, 117 of 1998** provides for ward committees to be set up in Category A and B municipalities. The primary function of a ward committee is to be a formal communication channel between the community and the municipal council. Ward committees are advisory committees which can make recommendations on any matter affecting the ward. The municipal council makes rules/terms (in the form of a policy or a by-law) of reference that guide the functioning of ward committees.

Structure of Ward Committees

A ward committee consists of the following:

- ✎ the councillor as the chairperson who represents the ward as elected in the local government elections; and
- ✎ up to ten members from the ward who are elected by the community they serve.

Working with Ward Committees

The ward councillor should encourage ward committees to input into the:

- ✎ integrated development planning;
- ✎ performance management; and
- ✎ budgeting process.

The council should support ward committees by providing training for ward committee members, the necessary understanding of municipal processes and provide logistical support (transport, meeting venue, re-imbusement of out of pocket expenses for transport etc.) to allow ward committees to participate meaningfully.

Ward committees and the community

Ward committees support councillors in working with the community in two ways by:

- ✎ representing the community; and
- ✎ building relationships with the community.

Ward committees as community representatives

The mix of area-based representatives and sector-based representatives is a sound principle that can be adjusted to suit circumstances. **Rural wards** may, for example, need a higher proportion of geographically-based representatives to cover dispersed settlements or villages.

In **urban areas** where certain interests cross-cut localities, it may be advisable to have a higher proportion of seats given to interest groups. Nevertheless, one needs to be mindful that South Africa is still a class and race-delineated society and ward committees should also be representative of local demographics.

Councillors can do the following to promote public participation:

Encourage input into planning and implementation of municipal service partnerships by:

- ✎ involving ward committees, NGOs and CBOs to develop proposals that council could consider;

Reference

For more practical guidance also see *National Ward Committee Guidelines, 2005 and Ward Committee Resource Book, dplg/GTZ 2005.*

As the chairperson of the ward committee, the ward councillor is responsible for ensuring proper communication between the ward committee and the council.

- appointing a committee of community representatives to advise the municipality on priorities for service development; and
- requesting that community representatives evaluate future service providers and to monitor the performance of those providing services.

Report on council activities on a regular basis

Councillors can encourage ward committees to make constructive suggestions for improvement and, if necessary, organise the community to help get the job done.

Report on annual performance

Councillors should prepare a report that shows how it has performed in relation to their objectives and the budget. The report and audited financial statement must be made available to the public.

Strengthening the relationship with the community

Councillors should create favourable conditions for ward committees to be fully and actively involved in the affairs of the local municipality. This may include setting up meetings, taking minutes, giving financial and administrative support, to enable ward committees to do their work.

The ward committee's main tasks are to communicate and consult with the community in respect of development and service plans. They can make sure that citizens are involved in and informed about council decisions that affect their lives.

Role of the ward councillor (Chairperson)

A ward councillor is directly elected to represent and serve the people in a specific ward, and is the chairperson of the ward committee. The ward councillor should make sure that the interests of all the people in the ward are represented in council as properly as possible.

The ward councillor should be in touch with the issues in the area, understand the key problems and monitor development and service delivery. In committees, caucus and council meetings the ward councillor is the direct link between the council and the citizens. She or he makes sure that the community is consulted and kept informed about council decisions, development and budget plans that affect them.

People can also direct their problems to the ward councillor and she or he should deal with these in an appropriate way, for example, by raising these issues within council.

CDWs assist communities in explaining what their needs are.

Community Development Workers (CDWs)

CDWs are public officials who work with municipalities where they live to bridge the gap between service provision by government and access by the communities. CDWs are required to address, amongst other things, the lack of information, knowledge and poor communication that communities experience in relation to government services. Municipalities are responsible for the CDW daily programme.

A few principles of ward committee composition

Community representatives should:

- *decide for themselves who 'credible representatives' are*
- *represent clearly identifiable interest groups*
- *not to be 'hand-picked' by councillors*
- *represent a community mandate and not a political party's mandate*
- *represent development issues even if they do not correspond neatly with municipal department functions*
- *not allow the participation of individual citizens, to be 'crowded out' by the participation of community.*

Role and task of the CDWs

CDWs link communities with all government spheres and departments. They are community facilitators and organisers. Their functions are to:

- assist communities in explaining what their needs are;
- develop and support community structures;
- facilitate public participation in government development projects (e.g. IDP, LED, infrastructure and service delivery projects); and
- identify service blockages in the community find solutions to identified needs and blockages by interacting with national, provincial and local government structures.

What is the link between ward committees and CDWs?

It is important that the ward councillor supports and facilitates a healthy working relationship between CDWs and the ward committee:

- CDWs could attend ward committee meetings and offer advice;
- ward committees should be familiar with the CDWs in their area;
- ward committees and CDWs should meet to clarify the roles of each;
- CDWs could offer operational/secretarial support to the ward committee;
- CDWs may be able to resolve co-ordination problems between various spheres of government that arise at the local level; and
- the ward committee ensures that the municipality is briefed on its efforts to resolve such problems through CDWs.

CDWs and ward committees can build good relations by:

- CDWs supporting ward committees by assisting with the production of reports, minutes, plans etc.
- CDWs creating awareness of ward committee activities amongst the local constituency and act as referral agencies.
- It is important for the ward councillor and ward committees to meet with their local CDWs and work on mutually beneficial terms of reference and operating systems. The municipality should support and facilitate co-operation between CDWs and ward committees.

Key points

- International experience has shown that citizen and community participation is an essential part of effective and accountable governance at local level.
- Key policies and legislation provide a strong framework for public participation and citizen involvement in local governance and municipal development.
- Structured and institutionalised processes and mechanisms are key to successful public participation.
- Ward committees play an important role to ensure formal and proper communication between the community and the council.
- Being the chairperson of the ward committee, the ward councillor has a very important role to play.
- Ward committees need support and resources to function effectively.
- A healthy working relationship between the ward councillor, ward committee and CDWs is critical to achieve the improvement of service delivery and development.

1.12 Meeting procedures

Introduction

Councillors will be required to attend and chair meetings on a regular basis as part of their overall responsibilities. Municipalities hold different types of meetings

Meetings are held to:

- exchange and evaluate information;
- solve problems;
- resolve conflicts;
- disseminate information;
- exchange ideas and experiences; or
- inspire and develop team work.

Why meetings fail

- The meeting was unnecessary; that is, the real purpose of the meeting had probably not been properly planned by the organisers.
- The purpose of the meeting might not be clear; without a shared view of the purpose of the meeting, it is difficult for the chairperson to guide the meeting.
- The meeting was held at an inappropriate venue.
- The wrong people were present and the right people were absent.
- The chairperson was not effective.
- The meeting was disrupted.
- Nothing was decided; allowing too much time for participation can lead to digressions and disturbances.

This section provides a broad overview of the types of meetings and meeting procedures and the procedures followed at these meetings.

Councillors participate in meetings at two levels, namely:

- ward committee, constituency and public meetings; and
- council meetings.

Types of meetings

Ward committee meetings

These are regular meetings of the ward committee members and should be held on a regular basis, at least 6 times a year, preferably monthly so that issues can be tabled and reported on regularly.

These meetings are chaired by the councillor who is also responsible for ensuring that notice of the meeting is circulated, an agenda drafted and circulated and minutes recorded and circulated.

Constituency meetings

These are meetings between the ward councillor and the constituents to provide regular feedback and input between the councillor and the residents.

Special meetings

These are meetings that can be convened when the need arises. For example to elect a project steering committee or to agree on criteria to employ people for the water/electricity/housing project, rezoning a residential area into an industrial area, or flooding in certain areas after heavy rains.

Council meetings

These meetings are held quarterly unless a special meeting is called for a particular issue.

Committee meetings

It is common practice for municipal councils to establish committees to deal with specific clusters of powers and functions, for example planning and urbanisation, water and electricity or finance and budgeting. Participation on these committees allows councillors to dedicate time to in-depth debates on specific issues.

Mayoral and Collective Executive Committees

Councillors may also be requested to participate in a Mayoral or Collective Executive Committee.

Ward committee, constituency and public meetings

Functions of Councillors

The councillor is the chairperson of the ward committee and responsible for calling meetings for the election of ward committees as well as convening regular ward committee meetings. In addition, the councillor calls constituency and public meetings. It may assist the councillor for the ward committee to agree on one of the members taking on the duties of a committee secretary. The secretary would take minutes of the meeting and work closely with the councillor in distributing minutes and preparing and circulating the agenda or other notices. In some municipalities an official may be available to take on this function.

Committees consist of a group of people who meet regularly. The committee, under the guidance of the chairperson, must agree to the rules it will follow at meetings. Follow-up work may be required in between meetings and the chairperson in consultation with the committee may allocate certain tasks to members of the committee, or establish a smaller committee, a sub-committee, to complete this task. These tasks have to be reported on at the next meeting so that all members are kept up to date of the progress.

The legislation provides that the councillor acts as chairperson and does not make provision for any other position on a committee. However, it may be helpful to the councillor to allocate different roles to ward committee members such as vice-chairperson, treasurer and secretary.

The following is a guideline that can assist councillors as chairperson of a ward committee or any other committee work where the councillor acts as a chairperson.

The councillor is the chairperson of the ward committee and responsible for calling meetings for the election of ward committees as well as convening regular ward committee meetings.

The personal example that he or she sets with regard to behaviour and attitude serves as an important model for the committee. An unbiased chairperson leads with courtesy and respect and does not abuse his or her position.

Duties of the chairperson during meetings

The chairperson is responsible for:

- ✚ starting the meeting at the agreed time;
- ✚ ensuring that a quorum is present;
- ✚ declaring that the meeting is open;
- ✚ announcing and then dealing with the items as they appear on the agenda (agenda orders may not change without the agreement of the committee);
- ✚ deciding the order in which the persons present participate in the discussions; and
- ✚ stating clearly all motions brought before the assembly, and putting them to the vote according to the correct procedure.

Skills of a chairperson

The smooth working of the committee depends on the chairperson's knowledge and skills as well as on his/her personal qualities. The following skills help the chairperson to work effectively.

Guiding discussions

The chairperson should:

- ✚ Explain clearly what the topics for discussion are, making each topic as specific as possible. Particularly if the topic is limited, it is vital that the chairperson define the topic precisely so as to focus attention on the relevant issues.
- ✚ See that each interested party has the opportunity to speak, without anybody being too long-winded.
- ✚ See that only one person speaks at a time and should stop unnecessary interruptions.
- ✚ Keep people more or less to the point, but never giving the impression of being in a hurry.
- ✚ Giving full and polite attention to each point, striving constantly to understand it rather than to evaluate it in terms of his or her own opinions.
- ✚ Help to interpret each member's points, sometimes by restatement, so that nobody misunderstands anybody else.
- ✚ Relieve tension by intervening when two members are in danger of falling out. For example, he or she can point out some way in which the parties agreed, or shift the subject slightly with a touch of humour.
- ✚ Decide when discussion of an item has gone on long enough.
- ✚ Respect everyone's rights. Encourage quiet and shy people to speak and do not allow domineering people to ridicule other members' ideas. This can be done by saying 'we have heard from this side of the table this evening, are there other people who may want to comment?'
- ✚ State what has and what has not been agreed before the committee moves on from one item to the next – this ensures that nobody is in any doubt about what has been agreed on, and
- ✚ Indicate what action, if any, is to be taken – for example, that the secretary will send a letter to so and so.

The most important role of the chairperson is to provide leadership.

Skills to help the chairperson work effectively

- *Guiding discussions*
- *Clarifying and summarising*
- *Facilitating.*

It is a good idea for the chairperson to make the first summary statement so that the members will have a model for this behaviour.

How to chair a successful meeting

- *Establish your own style*
- *Keep control of the process*
- *Keep control of the task*
- *Keep people focused on the task*
- *Clarify points*
- *Summarise people's contributions*
- *Judge when a conversation should stop and when it should continue*
- *Do not start an item before concluding the previous one*
- *Remind the group how much time is allocated*
- *Use questions.*

Clarifying and summarising

Clarifying is a skill that can be applied valuably during discussions. It involves focusing on key underlying issues and sorting out confusing and conflicting feelings and ideas. On the basis of a summary, decisions about where to go next can be made at the end of the discussion. The chairperson might make some summary statements or might ask each member to summarise so that all members understand the decisions taken. It is a good idea for the chairperson to make the first summary statement so that the members will have a model for this behaviour. Sometimes, however, the chairperson may want to close the session with his/her own reactions.

Being flexible

Occasionally issues and concerns arise that are so important that the chairperson must alter the agenda to discuss them before returning to the prepared agenda. If necessary the chairperson can ask for a five minute break to discuss with the key leaders how to handle the issue and restructure the agenda or it can be discussed with the full meeting. The chairperson should be prepared to recommend an alternate agenda, dropping some items if necessary, to deal with the urgent items.

Facilitating

The chairperson can facilitate the group process by:

- assisting members to express openly their fears and expectations;
- actively working to create a climate of safety and acceptance in which people will trust one another and will therefore engage in productive interchanges;
- involving as many members as possible in the group interaction by inviting and sometimes even challenging members to participate;
- working towards lessening dependency on the facilitator;
- encouraging open expression of conflict and controversy;
- helping members to overcome barriers to direct communication.

Qualities of the Chairperson

A chairperson is likely to require the following qualities:

Stamina

Leading a group can be taxing and draining, as well as exciting and energising. A facilitator therefore needs physical and psychological stamina and the ability to withstand pressure in order to remain vitalised throughout the course of a meeting. Meetings can be long and sometimes boring; the chairperson needs to be attentive throughout the meeting.

Sense of humour

There are many truly humorous situations. Committees occasionally exhibit a real need for laughter and joking, simply to release the tension that has built up – laughter is the best medicine.

Confidence in confronting

A chairperson and committee members are often afraid to confront group members for fear of hurting them, of being wrong or of inviting retaliation. It does not take much skill to attack another or to be merely critical. It does, however, take both caring and skill to

confront group members when their behaviour is disruptive of the committee functioning. In confronting a member, a facilitator should challenge specifically the behaviour to be examined, avoiding labelling the person.

Source: Adapted from the *EISA Facilitating Meetings Handbook*

Procedures

The meeting procedure for ward committee, constituency and public meetings requires preparation and organisation. To ensure that meetings are constructive the following procedures need to take place:

Notice of meeting

A notice of meeting should be prepared and circulated to the relevant participants (for example ward committee members if a ward committee, constituents if a constituency meeting). The notice of meeting should be circulated with the agenda and a copy of the minutes of the previous meeting.

Agenda

The agenda specifies the items that will be discussed. Input to the agenda should be obtained from the participants. For example, if it is a ward committee meeting, the councillor should contact the members to ask if there are any items that they would like included in the agenda. A draft agenda should be circulated prior to the meeting and agreed on at the meeting.

The chairperson needs to be attentive throughout the meeting.

Elements of an agenda

- Title of the meeting
- Date, time and venue
- Welcome
- Apologies
- Adoption of minutes of the previous meeting
- Matters arising
- Other matters to be discussed and decided/ new matters
- Motions related to the above
- Reports
- Any other business/ general
- Closure
- Supporting documents attached

Sample agenda

Iketsetseng Municipality Agenda

3rd May 2006 – Iketsetseng municipality ward committee meeting

- Welcome
- Present and Apologies
- Adoption of the agenda – the meeting should agree to the contents of the agenda. If there are any items that were left out or a participant would like included they should be noted and added to the agenda.
- Minutes of the Previous Meeting
- Matters Arising – this item deals with decisions and tasks allocated at the previous meeting and the status of these activities such as fundraising for a school hall
- Adoption of minutes – The minutes are adopted either the way they are or if there are any errors in the previous minutes recorded
- Other items such as
 - Financial report
 - Road closure on Fifth Avenue
 - Fundraising
- Any other business

Reference

For information on the function of ward committees refer to the **dplg/GTZ 'Having Your Say'** handbook for ward committee members.

Minutes of the meeting

The secretary has the responsibility of taking minutes of the meeting and circulating the minutes. In the case of a ward committee meeting, if it is the first meeting that is being held, the councillor may need to request the municipal council to assist with taking minutes until the committee has agreed on whether to appoint one of its members as secretary. If it is a constituency or public meeting the secretary of the ward committee can fulfil this role.

The minutes are an accurate record of the issues raised at a meeting and the discussion on the issues raised. Minutes will also record motions tabled and resolutions assessed. Ward committee meetings are more informal than council meetings. However, for a meeting to run smoothly and allow for open discussion and debate they need to be well structured and all participants need to understand the procedures and agree on the process.

Council Meetings

The second type of meeting that councillors participate in is council meetings.

As with ward committee meetings or constituency or public meetings, there are certain meeting procedures to be followed outlined below.

Notice of Meeting and Agenda

An agenda is an integral part of meeting procedure as with the ward committee or constituency meetings.

- The secretariat gives written notice of a meeting to each member and observer;
- Notices of meetings have to be given not less than seven calendar days before the meeting;
- Special meetings can only be called if one quarter of the members of the council submit a written request to the secretariat explaining why they want the meeting;
- The secretariat must issue a notice convening the special meeting within seven days of receipt of the request for a meeting.

Sample agenda

Agenda of the 55th Ordinary Council Meeting of the City of Johannesburg

It is hereby notified that the 55th Ordinary Meeting of the City of Johannesburg Council will be held in the Council Chamber, Ground Floor, Metropolitan Centre, Braamfontein on Thursday 26 January 2010 at 14h00 – City Manager

- Opening
- Applications for leave of absence
- Official notices
 - Proposal of condolences by the mayor/speaker
 - Proposal of condolences by councillors
 - Proposals of congratulations by the mayor/speaker
- Confirmation of minutes
- Questions of which notice has been given in terms of Section 12 (1) of the Standing Rules
- Reports of the executive mayor
 - Recommendations to the Council (Section A)
 - Decisions under delegated authority (Section B)
- Motion: Councillor Mr. ABC
- Announcement by the Speaker

Proceedings at meetings

- ✎ The chairperson shall control and conduct a meeting and may for such purpose issue directions to any participant or person, and at his or her discretion adjourn the meeting at any time.
- ✎ Whenever the chairperson speaks during a meeting, any participant then speaking or intending to speak shall be silent and all persons present shall be silent so that the chairperson may be heard without interruption.
- ✎ A participant who speaks shall confine his or her speech strictly to the motion or proposal under discussion or to an explanation or point of order and no discussion shall be allowed which will anticipate any matter on the agenda.
- ✎ Any participant may ask the chairperson for permission to address the meeting:
 - on a point of order with a view to calling attention to any departure from the prescribed procedure
 - in personal explanation, in order to explain some material part of his or her former speech which may have been misunderstood, and any participant so asking shall be heard forthwith unless the chairperson rules the point of order or explanation to be inadmissible.
- ✎ If a participant misconducts himself or herself, behaves in an unseemly manner or obstructs the business of any meeting or challenges any ruling of the chairperson, the chairperson shall direct such person to conduct himself or herself properly and if speaking to discontinue his or her speech.
- ✎ In the event of a persistent disregard by any person of the directions of the chairperson, the chairperson shall direct such person to retire from the place where the meeting is being held for the remainder of the meeting, failing which the chairperson may direct that he or she be removed from such place.
- ✎ Any other person who misconducts himself or herself, behaves in an unseemly manner or interrupts proceedings at any meeting, shall, if the chairperson so directs, leave the place where the meeting is being held, failing which the chairperson may direct that he or she be removed from such place.
- ✎ Any interpretation by the chairperson of these Rules of Order shall, if any participant present so requests, be recorded in the minutes.

Source: Local Government Transition Act, 1993

Standing orders

Standing rules govern behaviour in council meetings and guide the running of council meetings. Standing orders are like the rules of a game which players and the referee must adhere to. Standing orders are applicable to everyone who attends council meetings including councillors, traditional leaders and members of the public.

Standing orders include:

- ✎ **Attendance register** – a register is kept of everyone who is present at the meeting. Participants will be required to sign the register.
- ✎ **Removal of an official, councillor or member of public** – if an official or councillor or member of the public (including ward committee members) misbehaves they may be removed in the interest of keeping order in the council chamber at the request of the chairperson.
- ✎ **Quorum** – for a meeting to take place there has to be a sufficient number of members of the council (or committee) present - at least half the number of members. This is referred to as a quorum.

Standing orders are applicable to everyone!

This prevents decisions being made with only two people present. At the same time members of the council could deliberately not attend so that a meeting can continually be delayed if they do not want particular decisions to take place.

Standing rules will provide for the length of time that members must wait before the meeting can be cancelled, for example 20 minutes, and if not enough members are present the meeting is cancelled. Standing rules also spell out the number of times a meeting can be delayed without a quorum.

✚ **Asking questions** – members of council are entitled to ask questions about matters discussed in council reports. There are two types of questions, namely, oral questions which are asked during a meeting and written questions that are submitted before a meeting.

Why ask oral questions?

Usually oral questions are asked during a debate on a particular matter to obtain information or clarification about a matter a speaker has risen. Rules and order may also allow a councillor to ask a question on a completely unrelated matter if it is in the interest of the municipality that the question be asked and answered. It is important to make sure that the question being asked is to the point and relevant to the topic under discussion.

Why have written questions?

Written questions give a councillor the opportunity to consider the answers before the council meeting and an precise wording of the question and that the response becomes part answer provided in writing at the next of the official records of the municipality. It may also require the person to whom the question is asked to prepare the answer if, for example, specific figures or facts are required.

- ✚ **Speaking at council meetings** – Councillors may speak at council meetings. Councillors are restricted to the length of time that they speak to allow for maximum participation. Members must stand when speaking.
- ✚ **Voting** – Voting is done by show of hands except for the appointment of office bearers where a secret ballot is conducted. If two candidates receive the same number of votes for a particular position then the mayor uses their vote, a “casting vote” for one of the candidates.
- ✚ **Derogatory remarks** – Councillors should be respectful of each other. For example, if one councillor swears at another or says something offensive to another member, they can be suspended and asked to leave the meeting.
- ✚ **Meeting behaviour** – Standing orders stipulate a particular code of conduct of behaviour at meetings. For example, arriving under the influence of alcohol, shouting at other members or sleeping during the meeting constitute misconduct in terms of the code.
- ✚ **Dress** – Standing rules stipulate that members should dress appropriately.

Resolutions and motions

Councillors must be familiar with the decision-making processes of council in order to begin to have an influence on issues important to his or her constituency.

Motions

Motions are usually used to call for or propose something that may be a little more controversial. It is a useful tool to use especially if the administration is not cooperating

Written questions must be submitted

with the council as council motions cannot be ignored. A councillor can make sure that an issue they want discussed is on the agenda for a committee or council meeting by submitting a motion. This is a written proposal and must be submitted to the municipal manager a prescribed number of days before the meeting. In this way a councillor can ensure that the items to be discussed will be on the agenda. A councillor can also propose a motion in council and in some cases this is debated immediately and agreed on by majority vote and becomes a resolution.

The process to follow in introducing a motion:

- ✎ A problem is identified in the community.
- ✎ A councillor submits a document in which he or she explains the problem and suggests a solution (this is the motion). The councillor gets another councillor to second it. The councillor who seconds the motion can belong to any party.
- ✎ The motion should be discussed with the councillor's party caucus in order to get support for the motion.
- ✎ The motion should be submitted for inclusion to the council's agenda at least ten days before the monthly council meeting. If the motion is urgent, the councillor can submit it at the start of the meeting and explain why it was not submitted in time.
- ✎ In council, the chairperson asks if the motion is opposed. If the motion is not opposed, then it will be accepted without any discussion. If the motion is opposed the following procedure is followed:
 - The councillor is asked to explain (or move) the motion. He or she has to argue in favour of the motion.
 - The members who oppose the motion are given an opportunity to say why they oppose it.
 - The chairperson allows debate on the matter.
 - When the chairperson is satisfied that the matter has been sufficiently debated, the proposer is allowed to say a final word before the debate is closed.
 - The chairperson then asks the council to vote on the matter
 - If the motion is agreed to (we say it is carried), the motion is sent to the relevant department in the form of a recommendation for implementation.

Resolutions

A resolution is a recommendation to council. When council agrees to the recommendation by a majority vote the recommendation becomes a resolution of council.

Sample of a resolution

Development planning, transportation and environment (Transportation planning and management). It is recommended that the MMC for Development Planning, Transportation and Environment be authorised to sign this Charter with the Gauteng MEC for Public Transport, Roads and Works on behalf of the City.

- ✎ The Gauteng Inter-governmental Transport Charter attached as Annexure B to the report (amended as described in Paragraph 3(5)) be approved.
- ✎ The MMC for Development Planning, Transportation and Environment be authorised to sign this Charter with Gauteng MEC for Public Transport on behalf of the City.
- ✎ Any transport policy re-alignment arising from the Charter be incorporated into the current update of the Integrated Transport Plan (ITP)

Director: Planning, Transportation and Management

A councillor can make sure that an issue they want discussed is on the agenda for a committee or council meeting by submitting a motion.

Key points

- Councillors will be required to attend meetings on a regular basis as part of their overall responsibilities. Municipalities hold different types of meetings and councillors need to feel confident about the proceedings that follow so that they can contribute to debate and discussion and participate fully. Councillors will also be required to chair ward committee meetings.
- The most important role of the chairperson is to provide leadership. The personal example that he or she sets with regard to behaviour and attitude serves as an important model for the committee. An unbiased chairperson leads with courtesy and respect and does not abuse his/her position.
- Ward committee meetings are less formal than council meetings. However, all meetings follow a set of procedures that guide the process and set out the way in which committee members conduct themselves.
- Standing rules govern behaviour in council meetings and guide the running of council meetings. Standing orders are like the rules of a game which players and the referee must adhere to. Standing orders are applicable to everyone who attends council meetings including councillors, traditional leaders and members of the public.
- Councillors must be familiar with the decision-making processes of council in order to begin to have an influence on issues important to his or her constituency.

What is my role as a councillor?

- Councillors will be required to attend and chair meetings on a regular basis as part of their overall responsibilities.
- There are two kinds of meetings that councillors participate in: (1) ward committee, constituency and public meetings; and (2) council meetings.
- The councillor is the chairperson of the ward committee and responsible for calling meetings for the election of ward committees as well as convening regular ward committee meetings. In addition, the councillor calls constituency and public meetings. The legislation provides that the councillor acts as chairperson and does not make provision for any other position on a committee. However, it may be helpful to the councillor to allocate different roles to ward committee members such as vice-chairperson, treasurer and secretary.
- The most important role of the councillor in these meetings is to provide leadership.
- Councillors also participate in council meetings. Here a councillor can introduce a motion at the meeting where he or she submits a document presenting a problem in the community and a possible solution.

2 Roles and responsibilities of councils and councillors

Introduction

After their election, councillors are faced with the challenge of understanding council processes and coming to grips with how best to fulfil their mandate as representatives of the people at local government level.

To do this councillors need a **working knowledge** of the key responsibilities of councillors, and a basic understanding of the principles that should guide their decisions and actions as councillors.

Each council would have standing rules and orders to guide councillors. This will detail procedures and policies regarding council business.

This chapter looks at the key principles of developmental local government and how councillors can apply them in their work on council. It then considers the main roles and duties of a councillor, and finally introduces the councillor to the code of conduct for councillors and the principles of delegation of authority.

Councillor roles in promoting developmental local governance

Councillors are representatives of their constituents and their immediate needs. They also have the responsibility that the decisions that they make must address past imbalances in access to services and opportunities. At the same time, councillors need to be conscious of the impact of these decisions on future generations. This is a large responsibility and needs to be made within a democratic framework that relies on frequent consultation with community members, ward committee members, organised interest groups, and close co-ordination amongst all levels of government from local to provincial to national.

Local government in South Africa is guided by the concept of developmental local government as described in the White Paper on Local Government, 1998. As previously stated, its vision is that local government should...

“work with local communities to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives.”

It should especially target those members and groups within communities that are most often marginalised and excluded, such as women, disabled people and the very poor.

In order to achieve these results, councillors will be expected to:

- evaluate the policies and programmes of the municipality;
- take into consideration the needs of the people they represent; and
- make recommendations that can improve these policies and programmes in line with the objectives of developmental local government.

Objective

To equip councillors with the knowledge and skills that will enable them to carry out their work and understand their role.

Councillors are representatives of their constituents and their immediate needs. They also have the responsibility that the decisions they take must address past imbalances and access to services and opportunities.

The key principles of developmental local government, as stated in the White Paper on Local Government, 1998 are each discussed in more detail on the following pages. Each principle is accompanied by questions that councillors should consider as they carry out their work, to help ensure that they are contributing to developmental local government.

Maximising social development and economic growth

The municipality must make sure that people have the basic services necessary to sustain their lives – such as water, sanitation, electricity, and refuse removal. In addition, the municipality also has a role to play in promoting the social development of its residents, such as through sports and recreation, libraries, good health care, and a safe environment.

The municipality is also meant to help create employment opportunities at local level through providing infrastructure and developing programmes that can support small businesses or attract larger ones. It can do so through using the ‘buying power’ of the municipality to support jobs for local people. The municipality has a particular responsibility to make sure the poor and marginalised can access services and job opportunities.

Example

Councillors need to ask:

- Do the municipality’s policies for installing the infrastructure prioritise the use of local labour?
- Do they prioritise the use of contractors that are owned by previously disadvantaged racial groups?
- Are the services provided in a way that ensures that the rights of the poor to a free allocation of water and electricity are safeguarded?

Integrating and co-ordinating

Creating integrated living environments involves paying attention to all the different needs that a community must meet in order to sustain itself. It also means that resources will be concentrated so that past imbalances created by apartheid planning and poverty will gradually be reduced. In addition, to ensure a healthy quality of life for all, the environment must also be protected. A municipality tries to achieve this mainly through its IDP that is developed for a five-year period and reviewed every year by council.

Example

If land is identified for housing, it should either be in a place that already has adequate schools, health clinics, parks, basic services, etc. or the plan must provide for delivering these services in co-ordination with the housing settlement. Different levels of government as well as different departments within a municipality will be responsible for co-ordinating their activities in accordance with that plan. The councillor and community will also be involved in developing the plan and monitoring progress towards it. The councillor’s responsibility is to ensure that the IDP process does include consultation with communities and that their concerns about the importance of intergovernmental relations in the delivery of services are reflected and taken seriously.

Reviewing policies for social and economic growth:

- Does the policy or programme target the poor and disadvantaged? If not, in what way could the policy ensure that it prioritises the social and economic needs of the poor and disadvantaged?
- Is the implementation of the policy or programme having the intended effect to increase social development and economic growth, especially in areas/wards of greatest need?
- Are there additional resources required, such as more funding or improved infrastructure, in order to better meet these goals?

Some of the questions that a councillor will need to ask when considering an IDP would include:

- *Does my municipality's IDP consider all the major issues present in this community, or does it leave something out? Does it help to preserve or improve the environment?*
- *Is this plan going to be implemented in a step-by-step way where responsibilities of all those implementing it are clearly stated?*
- *Is the implementation going according to plan, or are there major blockages that have arisen. What can be done to resolve these?*

Democratising development, empowering and redistributing

Democracy in South Africa is about more than just voting. It is about people having the right to be informed about what their government is doing, and having the right to participate in decision-making, especially when the decisions directly affect them. This helps create empowered citizens who have the initiative to continue to contribute to the development of their communities.

Councillors (especially ward councillors) play an extremely important role in promoting democracy by making sure that community members and organisations have the chance to present their views on any matter to be considered by council.

Councillors must also be diligent in reporting to their constituencies about what council has committed to and what progress is being made.

Leading and learning

Developmental local government refers to the need for strategic thinking to develop solutions to the challenges facing the municipality into the future. The Department of Local Government must make sure that its people develop the skills needed to thrive in an increasingly complex world. It must be able to generate a sense of common purpose amongst its citizens so that the positive outcomes of development can be maximised.

A councillor's responsibility is to work with citizens in realising these challenges.

Developing a strategic vision

- *Am I helping to educate my constituents about the broader issues affecting the sustainability of our communities, municipality, and country?*
- *Am I promoting respect for human rights?*
- *Am I encouraging the potential and initiative of my constituency?*
- *Am I helping to create a vision for my municipality that is informed by the principles of developmental local government?*

Report back to constituencies through:

- *community forums*
- *constituency meetings*
- *ward committee meetings.*

Report backs should be regular!

Promoting democracy and empowerment:

- *What are the best ways I can get input into council plans and processes from citizens, communities and interest groups?*
- *How can I demonstrate that I am available to and concerned about my community or constituency?*
- *How can I make sure the community is involved in implementing the plans and programmes of the council?*

Oversight is the management of an organisation or institution or set of institutions and the individuals, structures and organs that constitute them

Oversight

Oversight is the management of an organisation or institution or set of institutions and the individuals, structures and organs that constitute them – by overseeing, supervising, or more colloquially, checking on the performance or operation of a person or group within the institution. Oversight is also a system for addressing questions of potential risk in the implementation and administration of projects or programmes through establishing guidelines and regulations, or other structures and processes and involves reviewing and monitoring the activities and work of those responsible for implementing and administering the programmes. Oversight is not a subtle thing; it is about extracting a commitment from those who are responsible for doing certain things that they will be done in the context of the laws, and policies that prescribe how they would be done, and done in the public interest. Those responsible for doing them have the responsibility to report on what is being done and if not, why not. Oversight is both a condition and a process, in which information needs to be made available regarding structures, administration, implementation, processes, compliance and how these translate into the carrying out of the mandates that councillors decide are the priorities of the municipality and who would implement them.

The concept of oversight is related to the idea of accountability. Accountability is the extent to which decision-making is responsive to the needs of the people in a municipality, is transparent, consultative and has systems in place to detect and punish wrong-doing or work not being done. Accountability is also both a condition and a process. As such citizens can ask serious questions and assess the degree to which municipalities and their professional staff and officials as well elected councillors are accountable. Oversight has more than one meaning. These are:

- Oversight as direction-setting
- Oversight as supervision
- Oversight as a part of monitoring the locality, identifying problems, devising appropriate solutions through by laws, policies, regulations or funding. This will include evaluating any interventions a municipality may make and the performance of those officials responsible for implementing them. Apart from the formal performance monitoring and evaluation system councillors will also need a system to monitor and evaluate their own performance.

Because councillors are elected, they hold the mandate of the people in the municipality and as such act in the collective interests of the people in that locality and the interests of the party that they represent. Because local government in South Africa has both legislative and executive powers – we also have a separation of powers at local level, between legislative (by law) functions and executive powers (exercised by the mayor, executive council or mayoral committee). As such the body of councillors must oversee the mayor, executive council or mayoral committee.

Councillors are accountable to the people of the municipality as well as their party structures. Because they exercise powers and functions, elected councillors, in the formal governance system, act on behalf of the people of the municipality and their party and must therefore oversee/ supervise and hold to account the appointed officials of the municipality to see that they implement and execute the decisions, policies and activities of the municipality and administer and keep proper records of them. Thus, oversight can be said to be comprising two elements:

- the power to direct (policy oversight, decision-making); and
- the power of review (supervision/questions).

Conceived in this way, it becomes clear that oversight is a statutory power. Civil society actors and communities impact on oversight in various ways – through research, lobbying, law suits, petitions, protests, marches and so forth – but they do not exercise formal oversight. Communities expect and demand accountability which they expect councillors will provide through their process of conducting oversight.

Oversight functions can be internal (managerial oversight) or external (legislative/by law oversight). Oversight is related, but is not the same, as ‘holding to account’ (checking on performance, the punishing of wrongdoing), responsiveness (the degree to which a municipal agency acts on the basis of the needs of people), and transparency (the degree to which information is available and decision-making is explained and justified publicly).

Key roles of a councillor

This section summarises in practical terms the roles that a councillor is expected to perform within council. It is not an exhaustive list, but highlights the major activities of a councillor in a simple and straightforward way. Councillors will learn more through experience and through the direction of the council leadership how best to perform their duties.

The specific functions of a councillor are not comprehensively dealt with in legislation, although Section 53 of the Systems Act 2000 does direct that each municipality must ‘define the specific role and area of responsibility of each political structure and political office bearer of the municipality and of the municipal manager’ and within that define how the councillors and municipal managers and other staff members should interact. Councillors are advised to obtain such documents from their municipality for further guidance.

In addition, the role of a ward councillor as chair of the ward committee is specified in the Structures Act. In Chapter 7 of the MFMA, the mayor’s responsibilities as the political leader of the council are defined. A mayor may delegate some aspects of their responsibilities to a councillor serving in any of the council committees. The mayor, however, remains answerable to any of the delegated functions.

Appointment of senior management

The Municipal Systems Amendment Bill, 2010 was passed by Parliament during April 2011. In the main, it deals with matters pertaining to the appointment of senior management within a municipality. The municipal council must appoint a municipal manager as head of the administration of a municipality, who must have the prescribed skills, competencies and qualifications. If the manager appointed does not meet the prescribed requirements, the appointment is null and void.

Section 56 managers are appointed by the Council, after consultation with the municipal manager. Again, the appointed manager must have prescribed skills, competencies and qualifications, failing which the appointment is null and void.

In both cases, the appointment lapses if they do not sign a performance agreement within 60 days of their appointment. Also, a newly appointed member of senior management may only take office after she or he has signed an employment contract.

A municipal manager or section 56 manager may not hold political office in a political party in a permanent, temporary or acting capacity. However, this does not apply to managers appointed before the Systems Amendment Bill took effect.

Important to note is that the five year contracts which was previously applicable to section 56 managers has now been removed but it does not mean they are permanent employees. The council still retains its discretion to contract senior management for a stipulated period.

The councillor's mandate

The councillor's role is not an easy one and will demand expertise and knowledge about the local government system and municipal environment. Councillors require an in-depth understanding of their mandate. High level of expectations of the community they serve, competing interests among the different groups of citizens living in the municipality, limited human and financial resources and tight timeframes for delivery of services are some of the difficult challenges that councillors will face during their term.

Important aspects of the councillor's mandate are:

- ✎ acting as representatives of the community they serve;
- ✎ providing leadership roles in the council;
- ✎ acting as custodians or guardians of public finances;
- ✎ carrying the cooperative governance ethos;
- ✎ providing effective oversight over the municipal executive and council officials; and
- ✎ accounting and being responsive to the committees they serve.

Critical to all of these is the requirement that they work to improve the lives of all the citizens in the municipality. The improvement of the peoples' lives can be achieved through the provision of basic services, development and growth of the economy, recognising and harnessing the skills potential of people living in the municipality, mobilising the people to make their own contribution to improve their living conditions and job creation.

Effective representation requires that the councillor knows and understands the interests of the people in their municipality. This means all residents in the municipality. Councillors need to have a thorough understanding and knowledge of the main issues in their municipality. They are the link between the public and the council and owe their primary loyalty to their public. To fully represent their municipality and if they are ward councillors, their wards, councillors should know:

- ✎ who the people are in their municipality and/or ward (this would include things like gender, age, employment status, economic status)
- ✎ what the key issues of these people are (these issues may be competing depending on different interest groups)
- ✎ their perspectives and opinions of council plans including the municipality's IDP
- ✎ the key infrastructure features of the municipality, such as the housing and health situation, sports and recreation facilities and access to transport
- ✎ the socio-political and economic features of the municipality (e.g. political parties, organised civil society, business organisations, investment bodies, etc.).

This effective representation means listening to the people that they serve and working towards addressing their concerns and issues as a professional and committed councillor. It also requires regular consultation and report backs to the communities. It is often at this report back stage that councillors receive the most criticism. An often-heard comment is that councillors are only seen every five years when it is time for their re-election. Ongoing consultation and ensuring that the public is kept informed of council decisions in an honest and open way contributes towards government accountability and provides an impetus for the councillor to be re-elected into office.

The councillor's mandate must guide their conduct of their duties.

Acting as representatives requires councillors to undertake the following responsibilities:

- policy making;
- decision-making;
- passing by-laws; and
- giving direction to the administration by providing supervision and oversight.

Who are the role-players in the municipality?

The council's role is to make policies and by-laws, monitor implementation and intervene or take corrective actions where necessary.

Mayor

The leadership of council is performed by the mayor (whose role slightly differs according to the type of leadership system present in the municipality). The mayor will work closely with a municipal manager, the official who heads the administrative structure of the municipality

The speaker

The speaker is a member of council who upholds the basic rules that apply to all councillors. The speaker makes sure that councillors follow the code of conduct and that there is adequate councillor support so that councillors are able to do their work effectively.

Councillors

Councillors sit in council on behalf of their constituents. Newly-elected councillors represent different political parties and/or organisations. Councillors need to interact with each other as every councillor is mandated by their respective voters. It can be a challenge for councillors to work together and cooperate in the interests of their municipality as a whole.

Officials

Officials staff the administrative offices of the municipality and implement policies of the council and provide expert advice in support of the council. It is important that councillors are not seen to be interfering with the work of officials, as the municipal manager is responsible for hiring and overseeing municipal staff.

Ward committees

Ward committees are made up members of a particular ward who are chosen by residents of the ward to advise the ward councillor. Their function is to raise issues of concern about the local ward to the ward councillor and to make sure ward residents have a say in decisions, planning and projects that the council or municipality undertakes which have an impact on the ward.

Citizens

Citizens are the residents of the ward. All role-players in the municipality will also need to respect the rules that determine the appropriate ways to engage with each other and the boundaries that determine the limits on their behavior, to ensure the effective administration of the municipality.

In general, the function of a council may be defined as:

- *representation*
- *providing leadership*
- *participating in decision-making*
- *exercising delegation and statutory powers.*

Reference

- *In a Plenary Executive System the mayor is the chairperson of the municipal council*
- *In a Collective Executive System the speaker is the chairperson of the municipal council and the mayor the chairperson of the executive committee*
- *In a Mayoral Executive System the speaker is the chairperson of the municipal council which elects an Executive Mayor who has executive powers. The mayor may be assisted by a Mayoral Committee.*

Councillors serve as representatives of the people

Councillors are the elected representatives of the people and are mandated as elected representatives to make decisions on behalf of their constituencies.

This idea is based on the principles of representative democracy which recognises the need for people to have a voice in their government, but assigns that voice to selected persons chosen through the voting process.

As elected representatives councillors need to carry out their duties in a *transparent* and *accountable* way. This means that councillors do not act as individuals and do as they wish. Their actions must be visible to the public so that the public (or party to which the councillor belongs) is able to object when it they feel their interests are not being adequately represented. In order to find out what is happening at Council level, the public has the right to attend council meetings, and get records and reports provided by council.

Councillors serve as facilitators of community/constituency input

Councillors are expected to be in close contact with their constituencies 'on the ground' and to keep council informed of the real experiences and views of the residents within the municipality. Local government legislation has emphasised the importance of public participation as a means to influence council processes. This means that elements of a *participatory democracy* are also in place in South Africa.

Participatory democracy is where citizens have the right not only to elect their representatives, but to participate actively in government decision-making on a continuous basis between elections.

Citizens do not have a vote on council, but are meant to influence their councillors to represent their views on any topic that affects them. Councillors have a duty to be accessible to the public to allow for that input.

Councillors serve as a communication link between council and community

Every council will be involved in various planning and policy making processes, and specific programmes or projects that are being implemented. The council will also conduct information campaigns on issues affecting the community. Councillors need to communicate these activities to the public in the interests of increasing transparency and promoting public involvement in these activities.

Sometimes radio or newspapers are used by the council, but the most effective outreach is often done by the councillors, working through ward committees, organised community groups, local party branches, public meetings, etc.

Municipal work is essentially public activity – the paradigm that government/municipal work is a secret activity must be challenged at all times. Rather, the approach should be how to manage the flow of information in the interest of the municipality. Communication should be based on an integrated communication strategy and programme, with core messages which guide all the actors. Councillors are advised to familiarise themselves with the communication strategy of their municipality.

Direct communication and mutual exchange of views with the public is the most effective form of communication. In working out campaigns and programmes, there should be a deliberate effort to understand the communication environment, including target groups, appropriate media platforms, messages and forms of interaction. Communication campaigns work best when they are carried out in partnership with others outside of municipality. This would include other government spheres, NGOs, etc. – all of which can, if mobilised and supportive, transmit similar messages sometimes with a greater measure of credibility and impact.

Councillors serve as members of committees

Councillors may have the opportunity to participate on committees within council. Committees are made up of a group of councillors who are usually designated to review or develop new policies relating to a specific issue. Committees may have different parties represented, and may also include relevant officials of the council work with the committee on an advisory basis. The committees develop policies to put before council. In order to be prepared to participate effectively on these the proposals for council to consider, and therefore, have a lot of influence. The executive committee has the most influence as it ultimately decides which proposals are adopted.

Councillors ratify key decisions of the council

Councillors have the responsibility to make important decisions through voting in council on issues such as resolutions of council, policy changes, the IDP and the annual budget. Councillors must become very informed about the content of each of the issues the council must vote on. Councillors will have the opportunity to debate many of the issues in the party's caucus, where councillors have the opportunity to represent differing views on the issue based on the interests of their constituencies and their own judgment. Once a decision has been taken in the caucus, party members are usually expected to vote in the council sitting according to that decision. This is particularly the case for PR councillors committees and it is essential that councillors should be informed by the basic principles of delegation.

Councillors help monitor the performance of the municipality

Councillors act as a key feedback mechanism for monitoring:

- whether the municipality's plans and programmes are achieving the intended effect
- whether services are being provided in a way that is efficient and fair
- whether capital projects as committed to in the IDP are actually taking place according to plan within a reasonable timeframe.

MFMA Section 167

A municipality may remunerate its political office-bearer and members of its political structures, but only: ... within the framework of the Remuneration of Public Office Bearers Act, 20 of 1998 setting the upper limits of the salaries, allowances and benefits for those office bearers and members.

It is important to keep in mind that the ward councillor and the ward committee are there to ensure that everyone can participate in local government, and not to try to control everything that goes on in the ward.

As ward councillors in particular often receive complaints from the public on specific problems they are in a good position to advise the public on how to resolve their issues. They can also assist their constituents in making formal complaints or petitions, as may be appropriate, for submission to the municipality, and can help follow up on the concerns brought to them.

The councillor is also given reports on various service delivery issues and the progress of capital projects, and should pass this information on to the community at every opportunity.

While a councillor cannot directly instruct an official on how to do his or her job, councillors do have a right to expect officials to meet accepted standards of service and can raise any serious concerns within council for attention by the relevant department.

Full and part-time councillors

Section 18 (4) of the Structures Act empowers a municipality to designate councillors determined by the MEC for local government as full-time councillors. A full-time councillor may not take on any other paid work unless he or she has the consent of his/her municipal council. In most municipalities the speaker and the mayor and the speaker are full-time councillors. Sometimes members of the executive and mayoral committee are full-time councillors.

Both full time and part-time councillors are equally important.

A councillor's right comes with responsibility. A councillor, as a political office-bearer, is paid a salary within the framework of the Remuneration of Public Office Bearers Act, 20 of 1998 and referred to in the Chapter 14, section 167 of the MFMA. The Act sets the upper limits of salaries and allowances and benefits, which cannot be exceeded. A councillor should consult with the accounting officer if he or she is unsure about any monies paid or given in cash or kind as he or she may be required to account for it or pay it back.

Role of ward councillor

Each ward councillor is elected by a specific geographically-defined ward within the municipality. The ward councillor, therefore, is expected to make sure that concerns related to his or her ward are represented on council.

The Structures Act provides for the **establishment of ward committees** to assist the ward councillor in understanding the needs and the views of the community. A ward committee should consist of up to ten members who serve as volunteers to advise the councillor, and may represent a certain sector, for example, women's groups or ratepayers associations or a geographic area or community within the ward. The ward councillor serves as **chair** of the ward committee and must hold regular meetings. A council may have a detailed policy on a ward councillor's responsibilities as ward committee chair, specifying the number of meetings, the type of reports to be made to the ward committee, etc. Ward councillors are also often expected to hold regular public meetings within the ward, and can interact directly with any interest group even if that group is not represented on the ward committee.

Role of PR councillor

The PR councillor is elected through the party lists and therefore is primarily accountable to the party. The PR councillor may interact with party structures at local and provincial levels, and can get input relevant to council business through such structures.

The PR councillor may in some cases also serve as a substitute chairperson to a ward committee in cases where the ward councillor cannot be present.

Advocacy on behalf of municipalities

Councillors may have the opportunity to participate in organised local government (represented by SALGA). Councillors in your municipality may be involved in provincial or national SALGA structures, which allow the views of municipalities to be heard at national level through the NCOP. This can increase awareness of the challenges facing municipalities, and motivate for policy change to address these challenges

Code of conduct

Councillors are bound by the Code of Conduct set out in Schedule 1 of the Systems Act. Councillors are accountable to the people who elected them and the Code of Conduct sets the framework that governs their behaviour. Councillors should set an example to their constituents, hence the Code requires councillors to **“perform the functions of office in good faith, honestly and a transparent manner”**. Councillors must also act in the interests of the municipality at all times in such a way that the credibility and the integrity of the municipality are not comprised. The Code of Conduct spells out specific ways in which the councillor must conduct him or herself with regard to:

- ✎ attendance at meetings
- ✎ disclosure of interests
- ✎ personal gain
- ✎ declaration of interest
- ✎ full-time councillors
- ✎ rewards, gifts and favours
- ✎ unauthorised disclosure of information
- ✎ intervention in administration and council property.

Breaches of the Code are regarded in a serious light, hence the Code also spells out procedures for a breach of the Code

The Prevention and Combating of Corrupt Activities Act, 12 of 2004 defines a public officer as any person receiving remuneration from public funds. A councillor is therefore subject to the laws that govern all other public officers as the Act defines the municipality as a public body.

Corruption is a major concern of the government, particularly where public funds are diverted for personal gain.

To provide for the strengthening of measures to prevent and combat corruption, the Prevention and Combating of Corrupt Activities Act was passed in 2003. Corruption and the misuse of public funds undermines the Bill of Rights, endangers the stability and security of a society, and undermines the institutions and values of a democracy and ethical values of

Councillors should consult the Promotion of Equity and Prevention of Unfair Discrimination Act, 2003.

Reference

Offences in respect of corrupt activities relating to public officers are detailed in the Prevention and Combating of Corrupt Activities Act, 2003.

morality among others. As this is the responsibility of the state it is therefore becomes the responsibility of public officials. But, it also requires mutual cooperation, with the support and involvement of individuals and groups outside of the public sector, to be successful.

As a public official, any councillor who directly or indirectly, accepts or agrees or offers to accept any gratification/favour from any person, whether for benefit for himself or herself or for benefit of another person is guilty of the offence of corrupt activity.

A councillor can be charged with a criminal offence if he or she deliberately influences or attempts to influence any of the municipal officials to refrain from the financial reporting requirements or interferes in the financial management responsibilities or functions assigned in terms of the MFMA.

As a councillor, the issue of conflict of interest may arise during your time in office. According to article 117 of the MFMA, no **councillor of any municipality may be a member of a municipal bid committee or any other committee** evaluating or approving tenders, quotations, contracts or bids, nor attend any such meeting as an observer. Interference in municipal procurement or supply chain systems is also strongly rejected. Persons in service to the state (which include councillors and municipal employees) or businesses in which such persons are a principle shareholder or manager cannot receive any contract for municipal services. If their close family members are awarded a contract of over R2 000, it was be disclosed in the municipality's financial statements. A councillor can also be found guilty if he or she deliberately or in a grossly negligent way gives incorrect, untrue or misleading information to the accounting officer that would affect financial decisions of a municipality.

Delegation of authority

The Structures Act and the Systems Act describe a wide range of powers and functions that may or may not be delegated. A municipality can only delegate authority if it is expressly or by necessary implication authorised to do so.

Councillors will mainly encounter the issue of delegated authority as it relates to the work of committees formed within council. Committees are formed in order to ensure is important for members of committees to understand that the committee operates under the authority of the executive mayor or executive committee of council and must regularly report back to this body on the progress of its activities and not over-step its mandate.

Principles of delegation

There are three basic principles which should be considered in delegation. SALGA has proposed the following:

Authority: The delegation or assignment of authority to a committee gives committee members the ability to act on behalf of the person or committee in whom the authority was originally vested.

When duties or functions are delegated, they must be vested with the authority to perform. Authority should, however, not be confused with power. Power has a coercive character, while here authority implies a conferred decision-making power. In this regard, the allocation of authority is a consequence of confidence in the abilities of the committee members.

Definition

Delegation means that one person/body (called the delegating authority) gives another person/ body (the delegated body) the authority to make decisions, execute powers, perform functions and discharge duties on behalf of the delegating authority.

Responsibility: The delegation of authority without the attendant responsibility is opening the door to abuse. The allocation of authority gives a subordinate committee the right to act. It assigns a committee with the responsibility to perform the duty according to the agreement.

Accountability: When an executive mayor or executive committee delegates authority, they remain accountable for the conduct of the committee to whom this authority was delegated. Accountability can, therefore, never be delegated. Accountability imposes the responsibility or obligation on the executive mayor or executive committee to ensure that the delegated instruction is carried out, so that it results in the satisfactory attainment of the desired objectives. Although control is integral to delegation, it may never function to inhibit delegation. As authority and responsibility are delegated downwards, so accountability flows upwards in an organisation.

Process of delegation

The executive mayor or executive committee must be certain that the subordinate committee has the ability to successfully undertake the task, before delegating or assigning a task or responsibility. The following process may be maintained for delegating authority:

- Determine what is to be delegated. A municipal council, for instance is prohibited from delegating the approval of its by-laws and its integrated development plans to a committee, political office bearer or to a municipal development plans to a committee, political office bearer or to a municipal.
- Determine what is to be delegated to whom. It is pointless to delegate authority to a subordinate committee that does not have the capacity to perform.
- The councillor/manager must delimit the delegation and set standards. This is so that the committee is left in no doubt as to the boundaries within which it may act with the entrusted authority.
- The delegator remains accountable to higher authority. Whilst the executive mayor or committee may delegate certain parts of its duties and responsibilities to another committee, it still remains accountable to the full council.

Benefits of sound delegation

The quality and speed of decision-making is improved the closer the delegations are made to the level at they will be implemented. This will also enable the councillors to consider grass-roots issues to refer to a full council meeting.

Delegation raises the level of confidence and morale of committee members, who by exercising the delegations develop a sense of ownership.

Delegation also enables the executive mayor or committee to concentrate on the more important issues, which they feel uneasy about delegating, or which they are prohibited from delegating in terms of legislation.

Collective bargaining

Collective bargaining is a type of negotiation used by employees to work with their employers. During a collective bargaining period, workers' representatives approach the employer and attempt to negotiate a contract which both sides can agree with. Typical issues covered in a **labour contract** are hours, wages, benefits, working conditions, and the rules of the workplace. Once both sides have reached a contract that they find agreeable, it is signed and kept in place for a set period of time, most commonly three years.

According to the Constitution the following functions may not be delegated by a municipal council:

- *The passing of by-laws*
- *The approval of budgets*
- *The imposition of rates and other taxes, levies and duties*
- *The raising of loans.*

The final contract is called a collective bargaining agreement, to reflect the fact that it is the result of a collective bargaining effort.

They can also be involved in the ongoing discussions about the agreement by speaking with union representatives and casting votes for union representatives and other officials. When negotiations begin for a new collective bargaining agreement, the process of soliciting input from employees and union representatives will begin again in order to bring new terms to the table.

Collectively bargained plans are agreements that are reached between employees and a group of employers. Typically, the process of collective bargaining is conducted through authorised representatives of the employees who interact with representatives of the employers. In local government this happens, as is clear in the constitution of the SALGBC, through the structures presently being National and Divisional Bargaining structures and in defined instances at Local Labour Forum in a municipality.

Disaster management

The strengthening of the mitigation efforts and overall response of local government to disasters, which are becoming an increasing reality particularly as the impact of climate change is becoming an everyday reality. SALGA has prioritised the following as key issues which are central to improving the management and co-ordination of disaster risk management at the local government level, notably the:

- Improved intergovernmental planning and co-ordination
- Increasing funding to enable effective municipal response
- Functional reporting to the highest political office in the sphere of governance concerned
- Active involvement of ward councillors with communities (this involves the strengthening and/or development of volunteer units)
- Technical expertise in each municipality (includes the appointment of Heads of Disaster Risk Management Centres with competencies in forecasting and strong leadership)
- Enhancing funding and capacity of fire services, ambulance services, emergency medical services, engineers and traffic services
- Active mitigation of climate change.

Gender mainstreaming

The 1995 Commonwealth Plan of Action on Gender and Development presents a vision of:

“a world in which women and men have equal rights and opportunities at all stages of their lives to express their creativity in all fields of human endeavour, and in which women are respected and valued as equal and able partners in establishing values of social justice, equity, democracy and respect for human rights. Within such a framework of values, women and men will work in collaboration and partnership to ensure people-centred sustainable development for all nations.”

Commonwealth Secretariat, 1995a

SALGA has prioritised the following as key issues which are central to improving the management and co-ordination of disaster risk management at the local government level

Gender mainstreaming is the central strategy of the Plan of Action for advancing gender equality and equity. It refers to the consistent use of a gender perspective at all stages of the development and implementation of policies, plans, programmes and projects. In terms of the public service, this would include the activities of the public service commission, the central personnel office of government, as well as personnel departments in core and sectoral ministries.

Gender mainstreaming involves simultaneously:

- bringing about institutional change to ensure the empowerment of both women and men through equal participation in decision-making on issues which affect their lives
- analysing all government policies and practices to examine the differential impact they have on men and women
- providing training and capacity building to enhance gender management skills and raise the general level of gender awareness.

Mainstreaming gender differs from previous efforts to integrate women's concerns into government activities in that, rather than adding on a women's component to existing policies, plans, programmes and projects, a gender perspective informs these at all stages, and in every aspect of the decision-making process.

Source: Handbook on Gender in Local Government

Integration and mainstreaming

In some institutions and organisations, it has been difficult to grasp the difference between 'integration' and 'mainstreaming' in the context of strategies and programmes on women's rights and gender equality as well as their own institutional change. This is not a semantic issue, as the difference has serious implications when it comes to understanding gender analysis in connection with strategies in favour of gender equality and equity.

For some institutions, integration of gender implies that women are given opportunities to participate in and benefit from existing policies, programmes and projects as they stand today. This assumes that the problem lies only with the omission of women's participation. On the other hand, mainstreaming of gender implies that institutions, policies, programmes and projects require a re-evaluation, so that they will explicitly benefit both women and men. It should not be taken for granted that women and men have common interests.

Mainstreaming presupposes that any institution, policy, programme or project is assessed in full cognisance of the fact that we live in a gendered world and that the concept of gender is relational, pointing at male-female relations in production and reproduction. This implies that changes for women will require changes for men as a matter of course. The norm for gender mainstreaming planning and implementation is gender responsiveness, which should be put to the test by relevant managers and staff on a regular basis. In addition, gender must also become a constituent category in the implementation and evaluation of institutions, policies, programmes and projects.

Some necessary conditions for promoting women's rights and gender mainstreaming:

- **Champions/Leaders** - Political will and commitment are required at the senior level in local government, and preferably with the mayor, CEO, town clerk or councillor acting as champions. This champion would be responsible for building the critical mass needed within municipal structures to carry the gender mainstreaming process forward. Political will, commitment and action are needed for the long term, and not just for one term of office and the election horizon.

Mainstreaming gender differs from previous efforts to integrate women's concerns into government activities in that, rather than adding on a women's component to existing policies, plans, programmes and projects, a gender perspective informs these at all stages, and in every aspect of the decision-making process.

Gender-sensitive indicators and targets should be monitored jointly by local government and constituents of both sexes.

- ✎ The Policy/Legislative Framework - A gender equality policy framework (inclusive of other social relations such as race, caste, ethnicity, ability/disability, age, sexual orientation, etc.) with a clear strategy and action plan for policy implementation. The action plan should explicitly mention who is responsible for what and set time-bound targets.
- ✎ Funding/Resources - Budgetary allocations with relevant staff are needed for the success of any gender equality initiative. Money speaks louder than recommendations and mission statements.
- ✎ Partners – These engage with the local government on a continuous basis and include women’s groups and civil society organisations that advocate equality.
- ✎ A commitment by the municipality to collect, analyze and use sex-disaggregated data is critical.
- ✎ Learning and Capacity-Building - A continual process of gender sensitisation, advocacy and lobbying both inside local government and with municipal partners in the public and private sectors.
- ✎ A Focus on Women and Girl-specific programmes and activities along with gender-specific ones. Short of these, no gender mainstreaming strategy can succeed.
- ✎ Transparency and Accountability - An open and transparent process of accountability to all residents when implementing gender equality policies and strategies.

Gender-sensitive indicators and targets should be monitored jointly by local government and constituents of both sexes.

3 Personal and leadership skills

Introduction

Proportional representation and ward councillors have been chosen by their communities to represent their community's interests. Because they are directly accountable to the communities they serve, their own personal leadership skills will be visible and will affect their ability to lead effectively, professionally and honestly.

Councillors are in a position to provide their community with the opportunity to use their strengths to develop their communities. They can help communities deal with, manage and prevent problems that may arise. They can also bring about change in the community.

Since local government depends financially on taxpayers, local communities and business, it has an interest in creating an environment for economic growth, including employment creation. Councillors are crucial to this growth and can contribute by maintaining regular contact with community forums which are engaged in community development. Councillors should also strengthen local business by making sure that its issues are tabled at council meetings and that feedback is provided. For example, making market space available to advertise and sell their products.

As councillors are directly accountable to the communities they serve, their personal and leadership skills will affect their ability to lead effectively, professionally, fairly and honestly. Councillors have a wide range of responsibilities from interacting with their constituencies, inputting into the IDP, participating in municipal committees and environmental planning and generally responding to the social and economic issues of their communities.

Regular feedback and interaction with constituents is necessary and provides an opportunity for a councillor to address previous and new concerns, correct misinformation and update constituents as to progress on projects, current programmes or matters raised previously by constituents.

Communication is a key to a councillor interacting with his or her community in a constructive and democratic way. Information dissemination, the circulation of relevant information between stakeholders, and the conducting of regular and participatory meetings are all vital functions of a councillor. The councillor works closely with the ward committee to ensure that communication happens.

Communities have expectations of their elected office bearers and councillors are responsible for meeting the expectations. At the same time situations will occur where expectations and perceptions as to how these make sure that the community expectations should be met may differ. Different groups and individuals within a community will have different interests. It is inevitable that people are consulted and included with different points of view will approach matters differently and they may not agree on the best way of engaging with an issue. A councillor therefore must be able to manage and interact with conflict in a constructive way.

Objective

Equip councillors with personal and leadership skills to effectively fulfil their role.

Community leaders need to be:

- *honest*
- *transparent*
- *accountable.*

They must:

- *listen to what the community is saying*
- *practice democracy by interacting with the community in a democratic way.*

Listen don't dictate!

What should a councillor do to make sure that the community and community organisations are consulted and included in the decisions of the local municipality? Are there special qualities and skills that a councillor needs to help him/her fulfil his/her mandate?

A councillor is part of the solution and not part of the problem.

This chapter considers some of the personal and leadership skills that will assist a councillor to improve the quality of life of his or her constituents.

Establishing a value base

Local government is regarded as 'democracy on the ground'. As elected leaders, councillors should lead by example. As leaders, councillors will have different types of relationships with the community. It is necessary, therefore, for councillors and members of the community to have a common understanding of the values and beliefs that underpin these relationships. Communities are made up of people with diverse interests which are represented through the ward committee. A councillor needs to be sensitive to these differences.

The ethos that forms the basis of this interaction includes:

- ✎ Respect for human dignity – the uniqueness of each human being is taken into account as well as his or her ability and responsibility to deal with problems according to his or her expectations, ability and resources.
- ✎ Self determination – people like to know that they have the ability to make decisions that affect their lives and the lives of the people in the community they serve.
- ✎ Self-help – this implies that the members of a community accept the responsibility to do something for themselves as members of the community, in order to improve their circumstances.
- ✎ Partnership – people who participate are given the opportunity to develop their abilities. The community, the ward committee and the councillor are partners in doing this.
- ✎ Justice – to provide sufficient opportunities for all members of the community without discrimination.
- ✎ Confidentiality – breaking confidence can be extremely destructive, and in Africa, lead to conflict. Keeping information confidential does not conflict with the need to be transparent and accountable. Confidential information is information shared between two or more people on the understanding that it will not be shared with a wider audience.

Source: *Making Democracy Work, A guide for Committees*, EISA manual

Like development, democratisation is not something that one person does for another. People must do it for themselves or it does not happen.

Source: Claude Ake 1991:38, in *Promoting Democracy in Africa*

The value base of community work



Questions which raise ethical awareness

- Which value may you undermine – if you ignore a complaint of citizens or the community, because you consider it as unimportant or irrelevant?
- Who might be affected – if you signoff a document without scrutinising the content because you are in a hurry to get home?
- Who might be harmed – if you put pressure on a subordinate to cut corners on a project so that you can meet your own deadlines and improve your own performance evaluation?
- Who is being excluded – if you advertise for a position in such a way that it privileges your friends or someone you would like to work with?
- Which value is being ignored – if you give information about tenders to family and friends before it is in fact public knowledge?

Public service values: the *Batho Pele* principles

It is crucial for a councillor to internalise and deliver people-centred services in line with the *Batho Pele* principles. The concept of *Batho Pele* was devised by Minister Zola Skweyiya, the former Minister for Public Service and Administration. It is a Sesotho saying meaning 'The People First'.

The Batho Pele White Paper aims to provide citizen-oriented customer service. It calls for a shift away from inward-looking, bureaucratic systems, processes and attitudes to the issues and interests of the people or the public.

The Batho Pele White Paper is the national government's key policy document for transforming public service delivery.

Councillors can assess how well they are serving their communities against the principles of *Batho Pele*.

The people first!

Rate your municipality's performance in terms of the *Batho Pele* principles

Service standards

Poor...Excellent

Citizens should be told what level and quality of service they will get so that they know what to expect.

1 2 3 4 5

Access

All citizens should have equal access to the services they are entitled to.

1 2 3 4 5

Courtesy

All citizens should be treated with courtesy and consideration.

1 2 3 4 5

Information

Citizens should be given full, accurate information about the public services they are entitled to receive.

1 2 3 4 5

Openness and transparency

Citizens should be told how local governments are run, how much they cost and who is in charge.

1 2 3 4 5

Redress

If citizens do not receive the quality of services they have been promised, they should be given a full apology and a full explanation, and also a speedy remedy. Their complaints should be received with sympathy.

1 2 3 4 5

Value for money

Services should be provided economically and efficiently in order to give citizens the best value for money.

1 2 3 4 5

Source: How Local Government Works, Module 2., Planact, 2001

The eight principles of Batho Pele

- **Consultation:** Citizens should be consulted about the level and quality of public services they receive and, where possible, should be given a choice about the services that are offered.
- **Service standards:** Citizens should be told what level and quality services they will receive so that they are aware of what to expect.

- **Access:** All citizens should have equal access to the services to which they are entitled.
- **Courtesy:** Citizens should be treated with courtesy and consideration.
- **Information:** Citizens should be given full, accurate information about the public services they are entitled to receive.
- **Openness and transparency:** Citizens should be told how national and provincial departments are run, how much they cost, and who is in charge.
- **Redress:** If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic positive response.
- **Value for money:** Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

Source: Adapted from DCOG/GTZ Ward Committee Resource Book, 2005:19

Improving public service delivery not only affects the individual user of the services, but the society in general (for example communities, business, NGOs, CBOs, etc).

The effective and efficient service delivery is essential for the future economic prosperity and social development of the country.

The *Batho Pele* principles can be used as a milestone for the councillors to monitor and provide a feedback on municipal service delivery quality.

Collective responsibility and accountability



A councillor is a public representative, representing all members of the community and obligated to do so in terms of Chapter 2(9) of the Constitution.

Effective councillors represent the interests of their constituency and use their authority to the benefit of the community.

Although a councillor may stand as either an independent candidate or for a specific party, once elected, a councillor is answerable to the entire community and their municipality irrespective of their political affiliation. As municipalities have an obligation to provide the public with open access to information about policies, programmes, services and initiatives, councillors have an important role to play in relaying this information. Information for public use must be readily available and disseminated to the public.

Batho Pele

- Consultation
- Service standards
- Access
- Courtesy
- Information
- Openness and transparency
- Redress
- Value for money

The people first!

A councillor needs to convey accurate, clear and complete information to his or her constituency about the municipality's programmes, policies and services.

A councillor needs to convey accurate, clear and complete information to his or her constituency about the municipality's programmes, policies and services. In turn the councillor needs to relay the feedback from his or her constituency back to the appropriate people. This involves disseminating information, and making information available to people.

Section 5(1) of the Systems Act gives members of the local community the right to:

- be informed of decisions of the political structures or political office-bearers of the municipality that may affect their rights, property and reasonable expectations
- regular disclosure of the state of affairs of the municipality including its finances.

Engaging with communities

There are different ways in which councillors can engage with their community to identify issues that concern them. These include:

- Ward committees
- Networking and consultation
- Regular meetings
- Information sheets
- Community radio stations and media
- Petitions.

Ward committees

Ward committees are elected by their ward to represent the views of the people in their community. They play an important role within the community and work with the councillor in identifying the issues and concerns of the ward.

Networking and consultation

Community organisations, religious groups, sports clubs, education institutions, and interest groups are an important part of a constituency. Although ward committees are made up of interest groups, councillors can plan regular meetings with a broader section of that particular interest group.

Regular meetings

Legislation provides that the councillor calls meetings with the community and the ward committee. Report-back meetings are an opportunity for the councillor to give feedback to the community and to request input on new ideas and issues. To make best use of council meetings, councillors should be fully prepared so that they can best represent community interests. Councillors should make sure that the issues, concerns and decisions taken at public and in ward committee meetings are conveyed to the municipal council and officials.

Information sheets

Preparing and distributing a short information sheet – this sheet could cover important decisions recently passed at council meetings, or could inform constituents about a public meeting and the topics it will cover.

Community radio stations and media

Community radio stations are a valuable source to use to inform constituents of meetings or get responses to local issues. Councillors should establish contact with their local

community radio stations and provide them with information and feedback. The print media and mainstream radio and television are a useful source where accessible.

Petitions

Councillors or individuals are allowed to submit petitions to the municipal manager or designated official. A petition is used to inform the council and the administration that a large number of people want something to be done about a particular issue. A petition is handed to the council secretary at a council meeting. Usually it is referred to the management committee who report on it to the council. The councillor or group that submits the petition needs to keep track of the progress.

Councillors need to be sensitive to their constituency and should ensure that the consultative process is inclusive by making sure that:

- ✚ women, elderly people and youth are included
- ✚ provision is made for physically challenged constituents
- ✚ the correct protocols are followed when inviting and consulting with traditional leaders
- ✚ events are held at accessible venues
- ✚ the time of the event is suitable to most constituents
- ✚ the language used is familiar to constituents (you may need to arrange for an interpreter).

Leadership skills

As elected leaders in the community, councillors make decisions. Decisions should be based on the concerns and issues of the community that the councillor represents. The ways in which decisions are made reflect different leadership styles.

Councillors need to consider their style of leadership in terms of their mandate, which is outlined in the legislation and aims to make local government more 'people centred'.

Some styles of leadership

Autocratic leadership

An autocratic leader makes decisions on behalf of the team. An autocratic leader uses the information they have in making a decision. They may ask others for information needed to make the decision but may not share the reason why this information is needed.

Consultative leadership

The leader shares the problem or information with the people or person they are working with. They ask for ideas and suggestions and base their decision on the input. The leader then makes the decision and takes responsibility for the decisions made.

Democratic leadership

A democratic leader shares the problem with the relevant team members as a group. The group generates and evaluates alternatives and attempts to reach agreement on a

Decisions should be based on the concerns and issues of the community that the councillor represents.

Leadership styles:

- Autocratic
- Consultative
- Democratic

A good leader:

- does not use his or her status to exploit people
- needs to show integrity
- uses fair processes
- considers the issues of the community
- does not allow power struggles to affect his/her leadership

solution. The leader facilitates processes that enable a decision to be made and tries not to influence the group to adopt a particular solution. The leader is willing to accept and implement a solution that has support of the entire group.

Local government needs to be people centred.

Situations may require a mix of different types of leadership, for example, if a fire breaks out in an informal settlement there is no time for a leader to consult with the residents or other people around as to what should be done. A decision has to be made immediately. After the fire, the councillor may need to consult with the residents of the area to find out the cause of the fire and thereafter call a meeting with residents to put in place mechanisms to prevent a similar situation happening (for example warning and response systems).

Handling authority wisely

Councillors have been delegated by voters and are in a position of authority. Councillors need to consider the manner in which they exercise their authority.

- ✎ Authority is best exercised through negotiation, consensus and agreement, rather than imposition.
- ✎ Remember the reason why authority has been granted – authority is given for a particular purpose and should be used to achieve this purpose.
- ✎ Authority is best exercised in a context of respect - respect has to be earned.
- ✎ People in authority use appropriate support and advice.
- ✎ There are limits to authority – authority must be exercised within the legal framework. Local government legislation clearly spells out what the role and function of a councillor is.
- ✎ People in authority are role models to the people they represent. The way in which a councillor conducts him or herself sets the example for their constituents.

*Time management**Effective time management is crucial to accomplish tasks as well as to avoid wasting valuable time.*

A councillor will find many demands on his or her time and challenged as to how best they should respond to these demands. Managing time effectively is a useful tool to enable a councillor to identify and prioritise which task is important and requires immediate attention and which can be attended to at a later stage. Often when faced with so many demands people tend to use their time unconstructively. It can assist a councillor to analyse how they spend their time and implement a few time saving methods that will help them utilise the time they have. Below are some examples of big time wasters.

- ✎ **Indecision** – think about it, worry about it, put it off, think about it, worry about it – you get the picture
- ✎ **Inefficiency** – going ahead and implementing an idea without analysing designing it first
- ✎ **Unnecessary interruptions**
- ✎ **Procrastination** – putting off doing the work (I can do it later)
- ✎ **Unrealistic time estimates** reading a 70 page document in an hour
- ✎ **Unnecessary errors** – trying to do something too fast due to time constraints
- ✎ **Poor organisation**
- ✎ **Ineffective meetings**
- ✎ **Micro management** – failing to let others perform and grow

- ✚ **Doing urgent rather than important tasks**
- ✚ **Poor planning strategy**
- ✚ **Failure to delegate** responsibilities
- ✚ **Lack of priorities**, standards, policies and procedures.

On the other hand, here is a list of some time savers.

- ✚ Manage the decision-making process, not the decisions
- ✚ Concentrate on one task at a time
- ✚ Establish daily priorities (short, mid and long-term)
- ✚ Handle correspondence efficiently and effectively without wasting time
- ✚ Throw away things that you don't need
- ✚ Establish personal deadlines and ones for the organisation
- ✚ Don't waste other people's time
- ✚ Ensure that all meetings have a purpose and time limit
- ✚ Delegate tasks to other members
- ✚ Keep things simple
- ✚ Use checklists and to-do lists
- ✚ Adjust priorities if new tasks originate.

Effective time management is crucial to accomplish organising tasks as well as to avoid wasting valuable time.

The following rules will help a councillor set up a management plan:

- ✚ Get started
- ✚ Get into a routine
- ✚ Do not say YES to too many things
- ✚ Do not commit yourself to unimportant activities
- ✚ Divide large tasks into smaller
- ✚ Do not put unnecessary effort into a project
- ✚ Deal with it once and for all
- ✚ Set start and stop times
- ✚ Plan your activities.

Communication

The ability to communicate effectively underpins the way in which councillors interact with their constituency, fellow councillors, municipal officials and ward committees. Many conflicts can be dealt with by improving communication.

Communication is a complex and dynamic process. It is an exchange of ideas and views in which people and their perceived reality interact.

Effective communication requires organised thought, clear expression and focused listening. Ineffective communication can lead to conflict.

It is important to create the right environment for effective communication to take place.

Ways of communicating

- ✚ Create a listening environment free from distractions where people are focused and can listen attentively.
- ✚ Non-verbal behaviour is a powerful way of getting a message across. Simple actions such as nodding the head, maintaining eye contact, using appropriate facial

Time management plan

Think of a plan you have set yourself to complete. Use the time management plan to work towards accomplishing your task by managing your time effectively.

- ✎ expressions, gestures, posture and body orientation can help in communicating.
- ✎ Active listening requires empathy and involves listening with a purpose: to gain information, solve problems, share interests. Wait for the person to finish what they are saying. Don't interrupt to give your opinion.
- ✎ Use questions to obtain information or to clarify exactly what the other person is saying.
- ✎ Be persuasive and not coercive – attack the problem and not the person.

Good communication skills require a high level of self-awareness.

Understanding your personal communication style can assist you in making a good impression.

The ability to communicate effectively underpins the way in which councillors interact with their constituency, fellow councillors, municipal officials and ward committees. Many conflicts can be dealt with by improving communication.

Communication is a complex and dynamic process. It is important to create the right environment for effective communication to take place is important. Effective communication requires organised thought, clear expression and focused listening. Ineffective communication can lead to conflict.

Effective communication helps build public trust, confidence and integrity between all the stakeholders.

Effective listening

Listening 'well' is an important part of effective communication. Active listening requires listening with an active mind and it is important for the councillor when interacting with his or her constituent/s to show that they are interested, to listen with understanding even if they don't agree fully with what the person is saying.

Some useful points that may assist a councillor when interacting with their constituency or chairing a meeting or facilitating a workshop is:

A good listener is...

- ✎ empathic
- ✎ non-judgemental
- ✎ encouraging
- ✎ observant
- ✎ willing
- ✎ interested
- ✎ respectful
- ✎ patient.

A good listener...

- ✎ maintains eye contact
- ✎ paraphrases
- ✎ doesn't interrupt
- ✎ uses body language
- ✎ encourages
- ✎ probes
- ✎ asks relevant questions

Municipalities have an obligation to provide the public with open access to information.

- ✚ waits for the right moment to analyse
- ✚ encourages openness
- ✚ does not put forward their own opinions
- ✚ only answers questions asked of them
- ✚ does not put words into the mouth of the participant.

A good listener listens...

- ✚ with their head, for thoughts or facts
- ✚ with their heart, for emotions
- ✚ with their stomach, for needs
- ✚ with their feet, for determinations/will/intention
- ✚ for context and also for su-context, i.e. what is not being said and ask questions of clarity

Body language

Body language is important during communication. It is regarded as a central part of non-verbal communication. Important points to remember about body language:

- ✚ it can reflect cultural issues
- ✚ can reflect power relations or issues
- ✚ avoid people's personal bubble or private space (but recognise different cultures have different space issues)
- ✚ maintain eye contact, but do not stare
- ✚ when a body is moved forward, it shows interest, it may also be a move of aggression or assertiveness
- ✚ when the body is moved backwards it may show disinterest, non-engagement or threat
- ✚ other small things like fiddling may indicate disinterest or discomfort
- ✚ when interrupted acknowledgement the interruption.

Paraphrasing

- ✚ say the same thing using different words
- ✚ reflect the four levels of listening
- ✚ get more clarity from the individual by asking questions
- ✚ focus on the speaker, not yourself
- ✚ summarise.

Importance of acknowledging emotions

- ✚ allow emotions to be expressed
- ✚ it helps to defuse strong feelings; anger, frustration, hurt
- ✚ it allows participants to feel safe and recognised. It facilitates a space in which people are able to begin to recognise each other empathetically. It opens the way to identifying the real issues.

Managing and resolving conflicts

A major duty of elected representatives is to interact with and respond to the issues of a wide variety of people who may have different interests. These interests may also differ from the views of the councillor.

Conflict can arise between the following

Ward councillor and PR councillor

While some of the duties will overlap in terms of the Structures Act, the PR councillor does not represent the ward directly.

The ward councillor, as the chairperson of the ward committee, convenes meetings and is frequently more attuned to the issues of the ward for which he or she is responsible. Tension can arise if councillors are not familiar with the legislation and if clear roles and tasks are not assigned.

Ward councillor and municipal manager

Municipal managers are responsible for managing and instructing municipal officials. While councillors are concerned with policies and plans regarding delivery of services, the municipal manager oversees that officials deliver the services to the people as the employees of the municipality.

A situation can occur where the councillor feels that the manager is 'deliberately' not assisting them or not offering the necessary administration support. For example, a councillor may be spending a lot of time doing administrative and implementation work of the municipality and the municipal manager may feel that his or her decisions are being undermined, while the councillor feels that he or she is doing this because in this way they can be sure that their requests will be attended to. Or a councillor may be approaching staff in various units directly and requesting them to undertake tasks.

This can create tension between the councillor and the municipal manager, where the councillor feels that the municipal manager is 'deliberately' not assisting them on the one hand and on the other hand the manager and/or the officials may feel on the one hand and on the other hand the manager and/or the officials may feel.

Ward committee members

Ward committees represent a diversity of interests including civic or rate-payer bodies, development organisations, labour unions, business associations, women, youth, and faith-based organisations.

Given the different interests tension can occur between the different members on the ward committee. For example, in an urban area some members may support neighbourhood boom gates whilst others may feel that this infringes on a person's right to free access and use of public property. Or some members may support the use of a local hall as an afternoon care centre for young children of working parents, whilst another group may feel such a centre will create unnecessary noise.

A councillor may find him or herself in a situation where they have to diffuse tension between the different interests and find an agreeable solution to the dispute.

Ward councillors and ward committees

Ward councillors work closely with ward committees and are responsible for chairing ward committee meetings, calling report-back meetings and liaising with the community. They communicate council decisions to the ward committees who then report back to the community.

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Ward councillor and the community

The ward councillor is responsible to the community as their elected representative. If the ward councillor does not provide regular report backs and communicate with their constituency, tension may develop. On the other hand, a councillor may feel that they have reported back but that their constituents do not understand the constraints or processes of council and that their requests are unreasonable. Tensions can also arise on specific issues such as service delivery or land and natural resources.

Ward councillor and speaker and/or mayor

Councillors are expected to work closely with the speaker's office in arranging for the election of ward committees. This may require that the councillor arranges transport, a venue, an interpreter and notifies the constituents. The speaker may be responsible for conducting the election. If the roles are not clearly differentiated, tension can arise.

Ward councillor and CDWs

The CDW programme started in 2003 to ensure that service delivery reaches the poor and marginalised communities. The CDWs serve as a bridge between government and citizens and have to work closely with councillors and ward committees. CDWs are employed by provincial government and are drawn from the youth community in which they live. Ward committee members and even councillors see this as a duplication of their roles. The CDWs are appointed and paid, while ward committee members are representatives who receive no remuneration at present. Councillors may find themselves in conflict with CDWs.

Councillors will be required to facilitate processes to manage conflict that arises.

If conflict is effectively managed, it may lead to positive outcomes with new levels of cooperation and understanding between the parties involved.

There are different processes that can be undertaken to resolve conflict. While these processes require extensive training in understanding the conflict dynamic, a councillor will be involved in using the negotiation process in his or her position as chairperson of the ward committee, chairing constituency and special meetings and interacting with his/her constituents. At the same time a councillor may find him or herself in a situation where they are required to play the role of a mediator, for example conflicting interests that may arise between ward committee members or a dispute between diverse groups or individuals in the community. This chapter briefly looks at one of the tools that a councillor can use when resolving a dispute. This is the problem-solving method.

Processes to resolve conflict:

- Negotiation
- Mediation
- Arbitration

Conflict needs to be managed effectively

- **Negotiation** – a process where parties engage with each other in an effort to come to an agreed outcome. This usually takes place in forums, committees or meetings that are set up between contesting parties to reach agreements. It is a verbal interactive process involving two or more parties who are seeking to reach an agreement over a problem or conflict of interest between them. The parties involved seek as far as possible, to preserve their interests but adjust their views and position in the joint effort to achieve an agreement. Managing parties involved seek as far as possible, to preserve their interests but adjust their views and position in the joint effort to achieve an agreement (Managing Change: Negotiating Conflict Mark Anstey, Juta 1999).
- **Mediation** (also referred to in the Labour Relations Act as Conciliation) – a process where a third party intervenes to assist the parties in dispute to find a mutually acceptable settlement. Mediation is implemented at all levels of human relationships, be it international relations, political disputes, community conflicts, judicial disputes, environmental disputes etc. Mediators cannot push any party's interests exclusively but must act impartially. The practice of mediation is shaped by the issues in dispute, the parties involved, the dynamics of a particular dispute and the field of intervention (Folberg and Taylor 1984, *Practical Peace-Making: A Mediator's Handbook*, Mark Anstey, Juta 1993). Mediators require extensive training in understanding and working with the conflict dynamic and conflict mediation skills to enable them to assist the parties in coming to an agreed solution.
- **Arbitration** – a process that relies on an arbitrator to resolve the dispute by ruling in favour of one or other party. An arbitration is a formal process where a third party, that is the arbitrator, determines the outcome of a dispute. The arbitrator hears arguments of both parties to establish facts and makes a ruling as to the outcome. Parties agree to abide by the arbitrator's award. Arbitrators are often (but do not necessarily have to be) legal practitioners and require extensive training.

Problem solving

Councillors may find themselves either in the position of mediator of one of the parties or directly involved in the conflict. Often the councillor will be required to facilitate a meeting where disagreements arise or be called in to mediate a dispute either on a personal or community level.

A good leader needs to find a way to deal with problems proactively. They should bring the disputing parties together to find an appropriate solution to the problem

The problem-solving model, like the one below, may be helpful for councillors.

The problem solving model

Step 1 – Introduction

The purpose of this step is to develop trust and allay fears. It is important to re-assure all parties involved that your role is to assist the parties to come to a solution that they are all in agreement with.

A good leader needs to find a way to deal with problems proactively.

Step 2 – Understanding and diagnosis

The purpose of this step is to advance understanding and analyse the dispute. This stage allows parties to identify commonalities, interests and needs to assist in identifying the cause of the problem. This step identifies what the issue is, that is, name the problem.

Step 3 – Problem solving

The purpose of this step is to develop consensus

- ✚ generating options – invite both sides to think about how the situation can be resolved by brainstorming ideas
- ✚ agreeing on criteria to assess each option, the criteria could include:
 - ✚ what is possible immediately
 - ✚ financial consideration
 - ✚ who will carry the financial burden
 - ✚ choosing the best solution.

Step 4 – Closure

The purpose of this step is to bring closure by reaching an agreement and implementing it. This can be achieved by developing a list of steps that should be taken to raise concerns and how to address them effectively, identifying resources needed to implement a decision or to carry out an action plan and listing the tasks and working out the time it will take to complete them.

What is my key role as a councillor?

- ✚ Councillors have been chosen by their communities to represent their community's interests. Because they are directly accountable to the communities they serve, their own personal leadership skills will be visible and will affect their ability to lead effectively, professionally and honestly.
- ✚ Councillors have a wide range of responsibilities from interacting with their constituencies, inputting into the IDP, participating in municipal committees and environmental planning and generally responding to the social and economic issues of their communities.
- ✚ Regular feedback and interaction with constituents is necessary and provides an opportunity for a councillor to address previous and new concerns, correct misinformation and update constituents as to progress on projects, current programmes or matters raised previously by constituents. Communication is key to a councillor interacting with his or her community in a constructive and democratic way.
- ✚ As elected leaders, councillors should lead by example. As leaders, councillors will have different types of relationships with the community. It is necessary therefore for councillors and members of the community to have a common understanding of the values and beliefs that underpin these relationships. Communities are made up of people with diverse interests which are represented through the ward committee. A councillor needs to be sensitive to these differences.
- ✚ A councillor will find many demands on his or her time and be challenged as to how best they should respond to these demands. Managing time effectively is a useful tool to enable a councillor to identify and prioritise which task is important and requires immediate attention and which can be attended to at a later stage.

4 Co-operative Governance: the importance of national and provincial processes for municipalities

Introduction

This chapter aims to provide an overview of the important role that co-operative governance plays in the delivery of services, overall development and growth.

It provides information on the objectives of the national Government's Programme of Action, the NSDP, the PGDS and the impact that they have on local government and the work of councillors. The chapter illustrates how local government is informed and how it influences these national and provincial government processes.

Co-operative governance

Why is co-operative governance important?

To ensure that government delivers on its mandate to provide services for its people, addresses challenges such as poverty and unemployment and promotes and enhances investment, development and growth. It is important that all three spheres of government align their functions and responsibilities and ensure that their policies, strategies and programmes are clearly aligned. This means that the three spheres of government should work together in a spirit of mutual co-operation and support.

What is co-operative governance?

Local government is one of the three spheres of government. The Constitution of South Africa, 1996 establishes national government, provincial government and local government as **distinctive, interdependent and interrelated spheres**. Despite each sphere having different roles and responsibilities the Constitution recognises that the spheres cannot work independently of each other. Chapter 3 of the Constitution provides for co-operative governance. The co-operation should take place in mutual trust and good faith through:

- ✎ fostering friendly relations
- ✎ assisting and supporting one another
- ✎ informing and consulting on matters of common interest
- ✎ co-ordinating their actions and legislation
- ✎ adhering to legal procedures
- ✎ not taking legal action against each other.

How is co-operative governance achieved?

The Intergovernmental Relations Framework Act, 13 of 2005 provides for the structures and institutions to foster intergovernmental relations.

The objective of the Act is to comply with the provisions in the Constitution on co-operative governance and to facilitate co-ordination in the implementation of policy, legislation and overall programmes, including:

Objective

To make councillors aware of guiding national and provincial policies and processes that are relevant to local development and service delivery.

- ✚ coherent government
- ✚ effective provision of services
- ✚ monitoring implementation of policy and legislation
- ✚ realisation of national priorities.

The **important features** of intergovernmental relations are service delivery, public accountability, co-ordination and integration, effective implementation, dispute resolution and sustainable development.

The **institutions and structures** that work to achieve mutual consultation and co-ordination of policy and legislation are:

- ✚ the President's Co-ordinating Council (PCC)
- ✚ National Intergovernmental Forums
- ✚ Provincial Intergovernmental Forums
- ✚ District Intergovernmental Forums and
- ✚ Intermunicipality Forums.

The forums are consultative of nature and should be used to discuss and consult on laws and policies that affect the various functional areas in each sphere of government. These intergovernmental institutions are responsible for the development of intergovernmental processes and for initiating and overseeing the implementation of joint work programmes.

The **District Intergovernmental Forums** facilitate intergovernmental relations between the district municipalities and the local municipalities that it serves. They consist of the mayor of the district municipality and the mayors of the local municipalities. These Forums interact with the Provincial Intergovernmental Forums, and deals mostly with local issues.

Why is local government so important for co-operative governance?

The Act recognises the importance of local government's full participation in intergovernmental relations, as it is the key site of service delivery and development. Often local government is considered to be the least important sphere of government, yet national legislation and parliament has given it prominence in the delivery of services and development. The Act has expanded the role of local government in intergovernmental processes and this requires full commitment for local government's participatory processes; these are the IDPs and ward committees. To ensure that the Act is effectively implemented the processes **require active participation from councillors.**

Councillors play a critical role in these processes.

What are implementation protocols?

To achieve co-operative governance the three spheres of government agree on implementation protocols. The protocols will:

- ✚ set out clearly the outcomes of the joint work to be undertaken by the three spheres
- ✚ details who is responsible for what
- ✚ determines what resources are required and who will provide them
- ✚ established indicators to measure whether the outcomes have been achieved
- ✚ put in place oversight mechanisms to ensure that the outcomes are achieved.

The Intergovernmental Relations Framework Act, 13 of 2005 has expanded the role of local government in intergovernmental processes.

Implementation protocols are developed by the three spheres of government requires careful co-ordination.

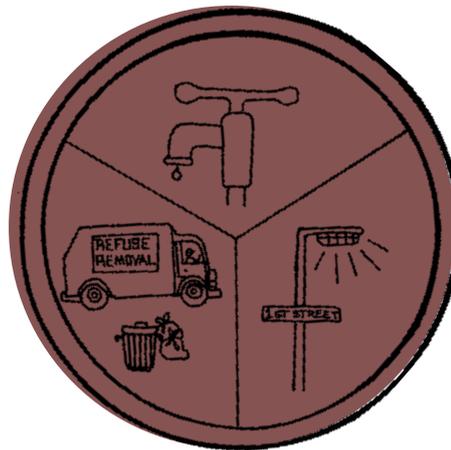
What happens if there are disputes between the spheres of government?

The Act also provides for mechanisms and procedures to facilitate the resolution of intergovernmental disputes. These dispute mechanisms aim to resolve conflict. If a formal intergovernmental dispute has been declared the involved parties must meet as soon as possible to define areas of agreement, and to agree on mechanisms and procedures to resolve the dispute. The parties to the dispute then appoint a person to act as a facilitator. If this is not done the Minister of Cooperative Governance and Traditional Affairs or the provincial MEC for Local Government can intervene and require that progress reports are referred to them.

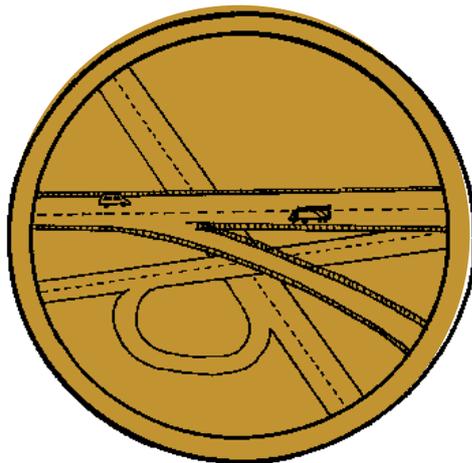
For practical guidance also consult the booklet on Framework for Intergovernmental Relations in South Africa. The IGR Practitioner's Guide, DCoG 2006.

The Constitution of South Africa recognises the importance of the three spheres of government working together to provide good governance. They are the local, provincial and national spheres of government.

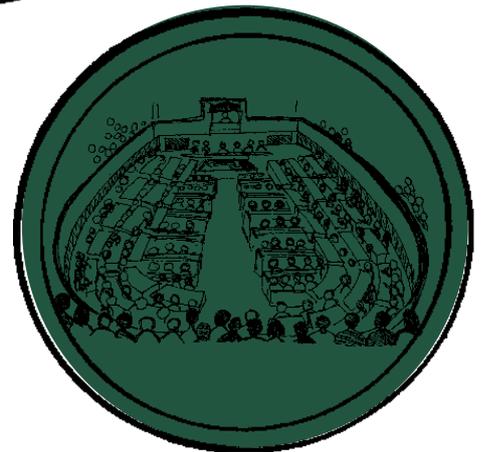
Local



Provincial



National



Spheres of government

Government's programme of action

Every year in February the President makes a State of the Nation speech at the opening of parliament. It is in this speech that he gives the country an overview of the state of development in the country and the priorities of government for the year – the Government Programme of Action (POA). Each year the POA will build on the programme of the previous years and also introduces new aspects to government's overall vision.

In line with the concept of co-operative governance it is important that all public servants, including municipal councillors, members of parliament and members of provincial legislatures understand the POA. This Programme will affect the work of municipalities and councillors must familiarise themselves with its key components and deliverables.

Every two months the Cabinet (part of national government, also known as the Executive) reports on progress of the POA at a Cabinet meeting.

The POA is divided into five clusters that make it easier for different government departments to work with each other on common areas. These clusters represent the different sectors and give effect to the objective of integrated governance. Each of the 23 government departments are grouped in cluster committees dealing with similar sectoral challenges. Oversight of the clustered activities is provided by the ministers who constitute the six Cabinet clusters.

These cabinet clusters have been established to reduce the fragmentation of governance and to ensure that each government department knows what the other is doing in areas of mutual interests and where there may be overlaps in their work

The clusters are supported by corresponding clusters of Directors-Generals (DG) who work closely with the Policy Co-ordination and Advisory Services (PCAS) in the Presidency. The DG clusters ensure that the deployment of departmental resources keeps step with the agendas being set by Cabinet clusters. The deliberations of the Cabinet clusters are thus kept well informed and able to take co-ordinated administrative action.

These five clusters are:

- economic, investment and employment
- governance and administration
- international relations, peace and security
- justice, crime prevention and security
- social.

The Department of Cooperative Governance (**DCoG**) has responsibilities under the clusters of economic, investment and employment, governance and administration and social. Their responsibilities are addressed in conjunction with other departments that work in the sector. So for example the implementation of the EPWP would require **DCoG** to work with the Department of Public Works. In some of the activities **DCoG** is the lead department, but in all instances co-operation between all departments working within that sector is required.

An example of a programme where **DCoG** takes the lead is the implementation of Project Consolidate. Project Consolidate aims to strengthen management in 139 under performing municipalities that have severe management and implementation challenges.

A useful tool for councillors is the IDP Nerve Centre that provides information on intergovernmental planning. www.idp.org.za

Remember that every year there are changes to the POA and that councillors need to familiarise themselves with these changes, as they will impact upon their work. Co-operative governance requires that the three spheres of government align their work and the annual POA influence the yearly priorities of local government.

Government's POA is one of the most important documents that a local councillor should have access to and understand. Government has established a website to assist in the explanation of terminology and provide all the material needed to understand the work of co-operative government. Councillors should use this valuable tool to assist their understanding of their roles and responsibilities.

National Spatial Development Perspective

What is the NSDP?

The NSDP was launched in 2003.

It is a perspective, not a national plan and acts as a policy co-ordination and indicative planning tool for the three spheres of government. It provides an important mechanism against which the strategies of the spheres of government can be monitored. The NSDP is an instrument that informs the respective development plans of the three spheres of government; these are the IDP (Local), PGDS (Provincial) and MTSF (National).

The key objective of the NSDP is to provide an approach to intergovernmental planning and alignment that supports and enhances co-operative governance.

The NSDP is continuously being refined and revised, based on input from local, provincial and national government.

One of the key objectives of the NSDP is to provide an indication of development potential in various geographic spaces across the country. If, for example, an area or geographical space is identified as having growth and development potential through tourism, the relationship between the NSPD, the PGDS and the municipal IDPs must be informed by this identification of development potential.

Why do we need a NSDP?

One of the major challenges facing government is to improve intergovernmental dialogue to ensure that national and provincial programmes link to municipal priorities. Government recognises that the three spheres of government have often functioned in a vacuum; this is particularly so in the case of local government. This results in wasted resources, duplication or contradiction of initiatives and ineffective utilization of human resources.

The vision and principles of the NSDP serve as a guide for meeting government's objectives. These objectives are:

- economic growth
- employment creation
- sustainable service delivery
- poverty alleviation
- the eradication of historic inequities including spatial distortions.

The Presidency, when releasing the NSDP, said that its principles should play an important role in the respective development plans of local and provincial government, namely IDPs and PGDS.

Why is the NSDP important to local government?

The vision of the NSDP is that:

South Africa will become a nation in which investment in infrastructure and development programmes support government's growth and development objectives:

- ✚ by focusing economic growth and employment creation in areas where this is most effective and sustainable
- ✚ supporting restructuring where feasible to ensure greater competitiveness
- ✚ fostering development on the basis of local potential
- ✚ ensuring that development institutions are able to provide basic needs throughout the country.

The NSDP identifies development potential of localities in Categories of Development Potential. Local government should use these categories of development to identify the advantages of infrastructure investment and/or development spending. Reports from the municipalities on the effectiveness of this spending are conveyed to national government and is used to periodically update the NSDP

The NSDP also provides a guide to encourage greater and innovative interaction and co-ordination between the spheres of government between government departments about the spatial priorities of the country.

It is important that the NSDP supports and informs local government's spatial planning, while at the same time local government's IDPs are recognised as being a critical component of spatial planning. NSDP objectives will only be achieved if IDPs are in line with national spatial development planning.

The NSDP provides a concrete mechanism in terms of which integrated development planning in the local sphere, provincial planning and national spatial guidance can be formally linked in support of national priorities and objectives.

These objectives cannot be achieved unless there is:

- ✚ awareness of and buy-in to the NSDP vision and its principles by all organs of government
- ✚ the linkage and alignment of the PGDS, IDPs, as well as sectoral, departmental and financial planning in all spheres of government
- ✚ the extent to which the NSDP and its principles find practical manifestation in the PGDS, IDPs and sector department plans
- ✚ dialogue between spheres and between departments and institutions within spheres on development potential and poverty/need within particular localities
- ✚ annual comments and reports by organs of government on how their strategies are informed by the NSDP principles and their comments on the spatial narrative and maps in the NSDP. (www.idp.org.za)

Government recognises how important it is for all spheres of government to closely work together. To this end each one of the spheres need to understand each other's plans and policies and ensure that they co-operate and integrate with each other. Hence, councillors must be well aware of policies and plans of the other spheres of government.

Provincial Growth and Development Strategies

What is the PGDS?

The PGDS is the development framework of the province and contains an indication of the specific potentials in the province broken down to a district level, the province's proposed economic growth trajectory and an indication of the sectors and the areas in which the province plans to invest. Just as municipalities have IDPs and national government has developed the NSDP, provinces are all encouraged to develop their own PGDS.

Provincial governments are expected to play an important role in ensuring that economic planning, infrastructure investment and development spending is in line with the principles contained in the NSDP. The PGDS is a tool that guides and co-ordinates the allocation of national, provincial and local resources and private sector investment to achieve sustainable development outcomes.

Who are the role-players in PGDS?

Some of the role-players that would need to collaborate on the formation of the PGDS include:

👉 Government bodies:

- Metropolitan, district and local municipalities
- Neighbouring or strategically linked provinces
- National government departments
- Provincial sector and line departments, including development and trade forums and organisations
- Parastatals
- International donors, trade bodies and NGOs.

👉 Private and civil organisations:

- Organised business and labour
- National and regional community based organisations
- Corporate bodies
- Academic and training institutions
- Social and cultural bodies.

The Premiers take the responsibility for annually reviewing the targets set in the PGDS and ensuring that the provinces and municipalities work towards achieving the goals and objectives. Particular sector departments, such as Economic Affairs and Tourism and Education, are still required to provide their strategic approaches, and show how these align to the development perspective of the PGDS. PGDS are collaborative efforts that bring all parties to the table.

One of the most important stakeholders in the process is the municipalities and, by implication, the councillors.

To effectively articulate their requirements councillors must understand that a PGDS must necessarily reflect choices and thus there may be trade-offs. This will impact directly on the metropolitan, district and local municipalities and metros and districts in particular must support and buy into the focus of the PGDS.

You can access your province's PGDs at www.idp.org.za

Municipalities are key stakeholders in both the development and implementation of the PGDS.

Key points

- There are three distinctive, interdependent and interrelated spheres of government: national, provincial and local.
- The Intergovernmental Relations Framework Act, 13 of 2005 has expanded the role of local government in intergovernmental processes. Councillors play a critical role in these processes.
- District Intergovernmental Forums should be established to facilitate intergovernmental relations between the district municipalities and the local municipalities that it serves.
- Government's POA identifies sectoral priorities for all spheres of government. Local, national and provincial government work with each other to implement the POA.
- The NSDP is a national policy strategy that identifies development and investment potential in various geographic spaces across the country.
- PGDS are the development framework of the province and contain an indication of the different development potentials in the province. Municipal IDPs and PGDS must be clearly aligned.
- Service delivery, investment and development are important components of NSDP, PGDS and IDPs.

5 Protocol and international co-operation

Introduction

South Africa plays a very active role in international relations. This means that more and more people are involved in this field. The increase in participants poses the risk that work might not be as co-ordinated as it can be. This lack of co-ordination was identified by the International Relations, Peace and Security (IRPS) Cluster as a constraint that needs to be addressed.

The Cabinet Lekgotla suggested that the IRPS Cluster should submit guidelines to it on how co-ordination amongst role-players in South Africa's foreign policy can be improved. As a result, the cluster has been consulting with all three tiers of government to come up with the best possible co-ordinating mechanism.

This lack of co-ordination has in the past caused embarrassment to South Africa and/or put strain on relations with other countries. It also has other consequences such as the costs of duplication, lost opportunities and the loss of South African's credibility amongst partner countries. All of this has a negative effect on the benefits that South Africa should derive from its international interactions.

There is therefore a need to restate the objectives, principles and procedures that currently exist and which guide the conduct of the South African government in its interactions. It is also desirable that a structured policy approach should be adopted that will help role-players be more strategic in South Africa's international interactions.

Principles and objectives

At the heart of South Africa's foreign policy is the idea that we follow externally the values we hold internally in the country. These are the values and objectives of South Africa's foreign policy that should reflect in all of the country's international engagements.

South Africa's foreign policy is also guided firstly by priorities set by Cabinet and explained in detail in the IRPS Cluster's POA.

Secondly, the Constitution of South Africa sets out the functions of the various departments and spheres of government and this should inform the substance of the international relations activities of the various institutions.

Lastly, South Africa's Public Service Regulations, Public Finance Management Act and Municipal Finance Management Act require that it develops multi-year programme priorities and strategic delivery plans. This should also inform the substance of its international relations as well as its budgeting and performance management systems.

It should already be clear that this is quite a complex system. In addition, the various stakeholders also have complex governing systems. It is therefore important that consultation and co-operation with stakeholders take place to restate what measures

There is a need to restate the objectives, principles and procedures that currently exist and which guide the conduct of the South African government in its interactions.

At the heart of South Africa's foreign policy is the idea that we follow externally the values we hold internally in the country.

are in place to co-ordinate South Africa's foreign policy efforts as this is critical to achieving the strategic objectives of South Africa's international relations.

Mandate of the Department of International Relations and Co-operation (DIRCO)

The South African Constitution sets out the following responsibilities:

The President: ultimately responsible for the foreign policy and international relations of South Africa.

The Minister of International Relations and Cooperation: entrusted with the formulation, promotion and execution of South Africa's foreign policy and with the daily conduct of South Africa's international relations.

DIRCO: all official business with the receiving State shall be conducted with or through the Ministry of International Relations and Cooperation, unless otherwise agreed (Article 41(2) of the 1961 Vienna Convention on Diplomatic Relations). DIRCO is responsible for overall day-to-day aspects relating to the formulation, promotion and execution of South Africa's foreign policy; for the management and co-ordination of all South Africa's international relations and for ensuring policy cohesion on matters relating to International Affairs.

Stakeholders

Stakeholders include: the Presidency, National Departments, Parastatals, Provincial Governments and Legislatures, Local Governments and Councils, Parliament, South African Missions Abroad, Foreign Missions and International Organisations in South Africa.

The following sets out the practices that are followed when these stakeholders would like to engage with each other.

The Presidency

South African Missions abroad and foreign Missions in South Africa wishing to communicate with the Presidency continue channeling their communication through the DIRCO headquarters. While the Presidency may wish to contact South African Missions abroad and foreign Missions in South Africa directly, it is advisable that the DIRCO be informed of such communication, at the appropriate level. DIRCO, jointly with the Presidency, will continue with quarterly review meetings on Presidential international activities to ensure co-ordinated follow-up.

National Departments

Close co-operation and co-ordination on matters relating to Foreign Relations between DIRCO and other Departments, is necessary for the following:

International engagements/activities/visits: DIRCO should be notified and consulted with well in advance of international engagements/activities/visits. It should also be given comprehensive feedback and enough time to be able to follow-up.

Structured bilateral forums: DIRCO has a primary responsibility for co-ordinating structured bilateral forums. Increased participation in bilateral and multilateral negotiations of South

Close co-operation and co-ordination on matters relating to Foreign Relations between DIRCO and other Departments is necessary

African delegations needs careful management, in order to ensure a coherent and co-ordinated approach. This is important because an increasing number of agreements are reached which results in many activities that need to be managed. DIRCO continues to co-ordinate and ensure effective follow-up and implementation of international agreements/regimes.

Meetings, Conferences, Summits including Multilateral Engagements: DIRCO should be consulted well in advance of South African participation in international conferences/negotiations, irrespective of the nature or location. In consultation with DIRCO, decisions on which Department/s take/s the responsibility of 'lead department' need to be made on a case-by-case basis depending on the nature of the meeting/conference/summit.

Specific guidelines exist currently or must be developed for: preparatory meetings/activities before the conferences/Summits and meetings; delegations (size, make up and conduct); responsibilities before/during/after the conferences/ summits and meetings.

Conclusion of Agreements: South Africa's participation in the negotiations of international agreements/regimes with the support of international organisations has increased significantly and is often at a high level.

DIRCO, through the Office of the Chief State Law Adviser (IL), is the 'lead department' in all international law matters, including the conclusion of international agreements.

Provincial and Local Government (SALGA) and Legislatures and Councils

Provincial role players include: Premiers, Provincial Speakers, Provincial Legislatures, MEC's, Provincial Director Generals, Senior Officials, Portfolio Committees, Protocol officers in Premiers' and Speakers' offices.

Local Government / SALGA role players include: Metropolitan Mayors, Councillors, Chief Executive Officers, Municipality Managers, Protocol Officers.

Intergovernmental structures such as MinMec's, Mayors Forums and Premiers Forums for programme, information and support co-ordination.

Provincial and Local Governments, Legislatures and Councils are required to liaise with the DIRCO and the Department of Cooperative Governance (DCoG) when engaging in international activities.

Parliament

Parliament: MPs, National Assembly, National Council of Provinces, Speaker and Deputy Speaker, Parliamentary Committees.

In order to support Parliament's international engagements it is best that DIRCO should be informed in advance, through its Cape Town Parliamentary office. This will allow time if consultations need to take place beforehand.

Parastatals

Parastatals include: National Research Foundation, CSIR, IDC, SA Tourism, IMC, ESKOM, Human Sciences Research Council etc.

Regarding key international activities by National Departments, i.e. Presidential visits and bilateral interactions of strategic importance etc, the DIRCO will organise interdepartmental meetings, before and after the event. This is done in order to prepare and also to ensure the necessary follow-up on a continual basis.

Parastatals should continue to direct their interaction with DIRCO on foreign policy issues/ activities through the relevant line function department to which they ultimately report.

South African Missions abroad

The Head of a South African Mission is the main representative of the President and Government and represents South Africa in international relations. The channel of communication between South African Missions abroad and all government stakeholders is DIRCO headquarters. South African Missions abroad should guide visiting delegations in their international engagements and provide briefings to them on relevant developments in countries of accreditation.

Foreign missions accredited to South Africa

The Vienna Conventions on Diplomatic and Consular relations require that Foreign Missions in South Africa should ensure that DIRCO is fully informed of its engagements and activities with all government structures/stakeholders. Requests by Foreign Heads of Mission to meet with the President, Deputy President, Ministers and Deputy Ministers, should continue to be channelled through the DIRCO. South African stakeholders should ensure that DIRCO remains fully informed of all interactions and engagements with foreign Missions in South Africa.

Recommendations for improved co-ordination

After wide consultation with all relevant stakeholders the following recommendations have been accepted by the IRPS Cluster:

- There is a need for the establishment of an interdepartmental co-ordination structure on international relations. This will be made up of stakeholders on all three levels of Government who will meet on a regular basis to ensure proper co-ordination and strategic direction. The proposed structure will feed in to the IRPS Cluster.
- A calendar on anticipated international engagements will be jointly compiled on an annual basis and provided to stakeholders.
- Detailed procedures/operational manuals relating to guidelines on appropriate engagement are to be developed and subsequently adhered to.

Details of these recommendations are presented below.

Proposed new interdepartmental co-ordination structure:

Key to improving the co-ordination of South Africa's foreign relations is ensuring that all three tiers of Government co-operate more effectively, guided by a set of high level principles and policy objectives. The DIRCO and the DCoG have been engaging in this regard, and propose the following structure to improve co-ordination:

On-going: The DCoG and the DIRCO must continue to liaise with their primary national role players on matters relating to international relations – i.e. DCoG with Provincial and Local Governments and SALGA and the DIRCO with National Departments.

Similarly, the existing structures, namely the IRPS Cluster and the PCC and other intergovernmental fora such as the mayors fora and the premiers fora, should be used to better facilitate co-ordination of international relations. (At the level of the municipalities and provinces, preparations, plans and accounting for international interactions will be

communicated and cleared through the mayors fora and the premiers fora with the support of the responsible international relations/intergovernmental relations officials feeding information into these processes.)

Note is also taken of the fact that other national line departments do involve provinces, and at times local government, in international visits and exchanges. Therefore, the DIRCO will support the DCoG with extracting and reconciling such information from national departments in their interactions. The aim of this would be to keep track of all the provincial and municipal international interactions.

International Relations Clearing House (IRCH) / Consultative Forum on International Relations (CFIR): The IRPS Cluster has agreed to the establishment of an IRCH, which will be an interdepartmental structure comprising senior officials (with the required mandate) from all three levels of government. They that will meet on a biannual basis (preferably before the PCC meetings) to ensure proper information sharing and co-ordination. The objective of this forum will be:

- ✚ Information Sharing: sharing of information regarding all stakeholders' international involvements i.e. policy statements, visits abroad, conferences, summits, in-coming visits etc.
- ✚ Foreign Policy guidance on international issues
- ✚ Planning and co-ordinating of international visits: incoming and outgoing
- ✚ Discussion of pressing issues, enabling government to convey information in a consistent and principled manner on key Foreign Policy issues to various levels of Government
- ✚ Possible private sector/ civil society engagement and national outreach programmes.

It is important that consultation amongst the South African government stakeholders involved in international relations is ongoing. It is proposed that the structure that will be created to facilitate this co-ordination be known as the CFIR.

This forum will not be a policy making mechanism and policy remains the mandate of the IRPS Cluster. In fact, the CFIR will derive from and feed back into the IRPS Cluster.

After each meeting of the CFIR, a report will be compiled. This will be sent for information and consideration to the IRPS Cluster and other Clusters of government where necessary. A further option is that the IRPS Cluster may want to submit this report to Cabinet. This would encourage more cost-effective use of funds and the political buy-in and political accountability which are essential for effective co-ordination.

The meeting will be organised and chaired by DIRCO and secretariat services provided by DIRCO.

The information sourced will be placed on a calendar of events and circulated to IRPS Cluster and stakeholders. (Details follow below)

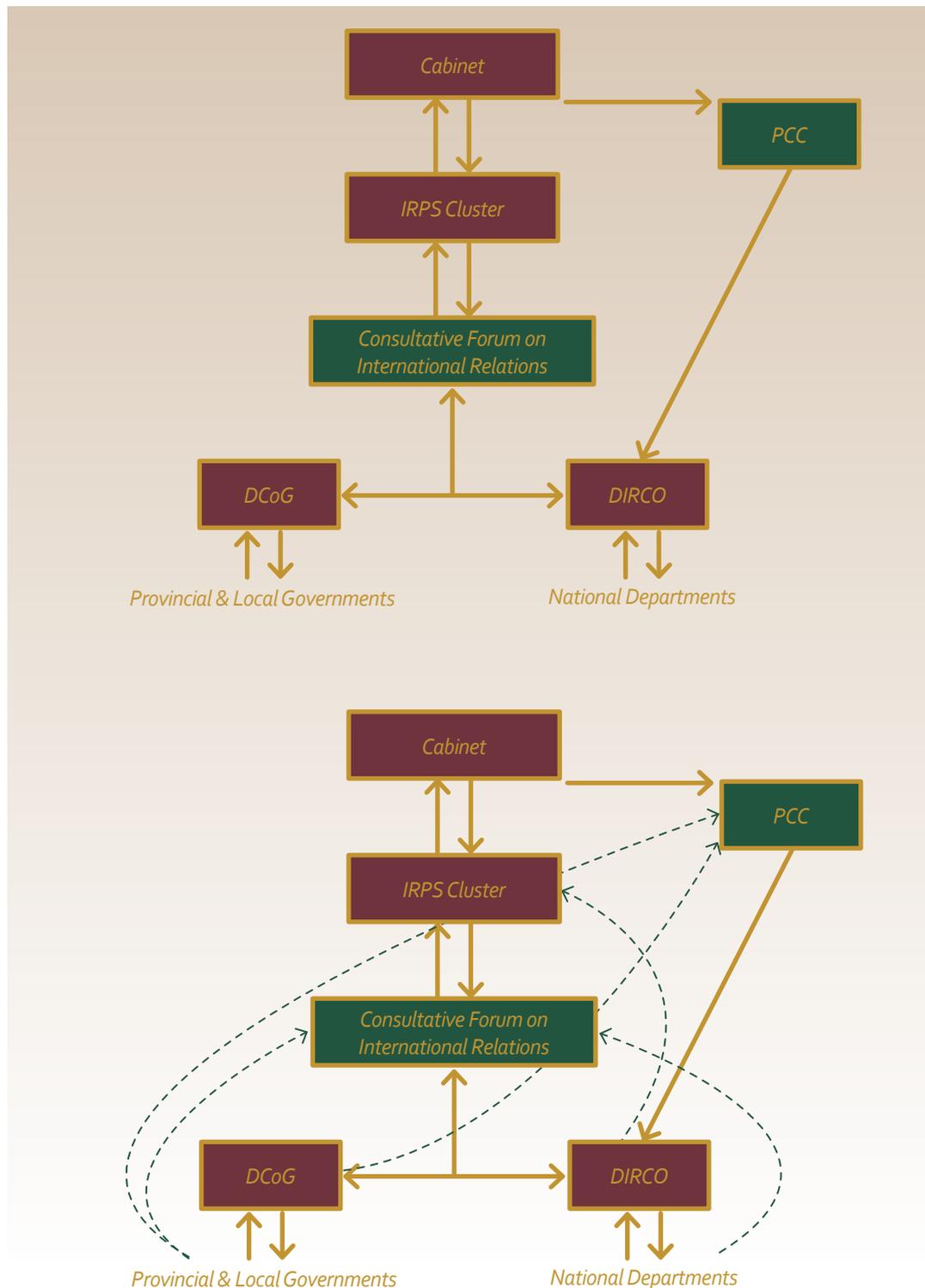
IRPS Cluster: The Consultative Forum on International Relations must report back to the IRPS Cluster. It should also provide feedback to other Clusters, and IGR so that National Departments that are not participants in the IRPS Cluster are also involved, and feedback could be provided to political principals at provincial and local level as well as in other line MinMec's.

The information sharing element and logistics support planning of this body is critical.

PCC: The PCC is a key IGR structure as it involves the Head of State and Provincial Premiers. Reporting to the PCC is critical. However, this body mainly deals with South African domestic/developmental issues on Provincial and Local Government level and does not include all line departments; but it remains important for the reasons mentioned.

International relations could be placed as a standing item on the PCC’s agenda, and the Minister of International Relations and Cooperation, or her representative, could address the PCC on strategic matters flowing from the IRPS Cluster as communicated by the IRCH, and provide political guidance, particularly to Premiers as there is no International Relations MinMec. The IRPS DG Cluster could make recommendations on policy issues which the Minister of International Relations and Cooperation could address the PCC about.

The proposed new co-ordinations structure is graphically illustrated as:



The gold arrows in both diagrams indicate the channel of communication in the new co-ordination structure. The green dotted lines in the second diagram show the already existing channels of communication, and show that National Departments and Provincial and Local Governments will be included directly in the Consultative Forum on International Relations.

Calendar of events

- ✎ DIRCO will co-ordinate and maintain a twelve monthly forecast calendar on international interaction. It will use the above mentioned inter-departmental meetings and additional feedback from stakeholders to compile the calendar.
- ✎ This calendar will be kept and maintained by the DIRCO.
- ✎ Departments, Provinces and Local Governments should provide regular updates and the calendar should be updated regularly.
- ✎ The second meeting of any given year would be to assess progress, variations, follow-up actions, share information and plan the activities for the rest of the year.

Policies and manuals

The following manuals/documents have been approved and should continue to be used as guidance in international engagements:

- ✎ Practical Guide and Procedures for the Conclusion on Agreements.
- ✎ Practical Guide and Procedures for the Binding of Agreements.
- ✎ Strengthening of Economic Diplomacy and the challenges of Co-ordinated Marketing of South Africa Abroad.

The following policies and manuals have been drafted by DIRCO and will be submitted to the inter-departmental meetings for consultation and approval:

- ✎ Draft Guidelines on South Africa's Participation in International Conferences, Summits and Meetings.
- ✎ Draft Guidelines on Visits Abroad.
- ✎ Draft Guidelines on the Role and Functions of South African Missions Abroad.
- ✎ Draft Guidelines on Interaction with Foreign Missions and International Organisations Accredited to South Africa.

6 List of all Municipalities

Abaqulusi Local Municipality	PO Box 57	Vryheid	3100
Aganang Local Municipality	PO Box 990	Juno	0748
Albert Luthuli Local Municipality	Private Bag X719	Carolina	1185
Alfred Nzo District Municipality	Private Bag X511	Mount Ayliff	4735
Amahlathi Local Municipality	Private Bag X2	Stutterheim	4930
Amajuba District Municipality	Private Bag 6615	Newcastle	2940
Amathole District Municipality	PO Box 320	East London	5200
Ba-Phalaborwa Local Municipality	Private Bag X01020	Phalaborwa	1390
Baviaans Local Municipality	PO Box 15	Willowmore	6445
Beaufort West Local Municipality	Private Bag 582	Beaufort West	6970
Bela-Bela Local Municipality	Private Bag X1609	Bela-Bela	0480
Bergrivier Local Municipality	PO Box 60	Piketberg	7320
Big 5 False Bay Local Municipality, The	PO Box 89	Hluhluwe	3960
Bitou Local Municipality	Private Bag X1002	Plettenberg Bay	6600
Blouberg Local Municipality	PO Box 1593	Senwabarwana	0790
Blue Crane Route Local Municipality	PO Box 21	Somerset East	5850
Bojanala Platinum District Municipality	PO Box 1993	Rustenburg	0300
Langeberg Local Municipality	Private Bag X2	Ashton	6715
Breede Valley Local Municipality	Private Bag X3046	Worcester	6849
Buffalo City Metropolitan Municipality	PO Box 134	East London	5200
Bushbuckridge Local Municipality	Private Bag X3016	Mkhuhlu	1246
Cacadu District Municipality	PO Box 318	Port Elizabeth	6000
Camdeboo Local Municipality	PO Box 71	Graaff-Reinet	6280
Cape Agulhas Local Municipality	PO Box 51	Bredasdorp	7280
Cape Winelands District Municipality	PO Box 91	Worcester	6849
Capricorn District Municipality	PO Box 4100	Polokwane	0700
Cederberg Local Municipality	Private Bag X2	Clanwilliam	8135
Central Karoo District Municipality	Private Bag X560	Beaufort West	6970
Chris Hani District Municipality	Private Bag X7121	Queenstown	5320
City of Cape Town Metropolitan Municipality	Private Bag X9181	Cape Town	8000
City of Johannesburg Metropolitan Municipality	PO Box 1049	Johannesburg	2000
City of Matlosana	PO Box 99	Klerksdorp	2570
City of Tshwane Metropolitan Municipality	PO Box 440	Pretoria	0001
Dannhauser Local Municipality	Private Bag X1011	Dannhauser	3080
Delmas Local Municipality	PO Box 6	Delmas	2210
Dihlabeng Local Municipality	PO Box 551	Bethlehem	9700
Dikgatlong Local Municipality	Private Bag X5	Barkly West	8375
Dipaleseng Local Municipality	Private Bag X1005	Balfour	2410
Ditsofotla Local Municipality	PO Box 7	Lichtenburg	2740
Dr JS Moroka Local Municipality	Private Bag X4012	Siyabuswa	0472
Dr Kenneth Kaunda District Municipality	Private Bag X5017	Klerksdorp	2570

Dr Ruth Segomotsi Mompati District Municipality	PO Box 21	Vryburg	8600
Drakenstein Local Municipality	PO Box 1	Paarl	7620
Eden District Municipality	PO Box 12	George	6530
éDumbe Local Municipality	Private Bag X308	Paulpietersburg	3180
Ehlanzeni District Municipality	PO Box 3333	Nelspruit	1200
Ekurhuleni Metropolitan Municipality	Private Bag X1069	Germiston	1400
Elias Motsoaledi Local Municipality	PO Box 48	Groblersdal	0470
Elundini Local Municipality	PO Box 1	Maclear	5480
Emadlangeni Local Municipality	PO Box 11	Utrecht	2980
Emakhazeni Local Municipality	PO Box 17	Belfast	1100
Emalaheni Local Municipality (EC)	Private Bag X1161	Lady Frere	5410
Emalaheni Local Municipality (MP)	PO Box 3	Witbank	1035
Emfuleni Local Municipality	PO Box 3	Vanderbijlpark	1900
Emnambithi-Ladysmith Local Municipality	PO Box 29	Ladysmith	3370
Emthanjeni Local Municipality	PO Box 42	De Aar	7000
Endumeni Local Municipality	Private Bag 2024	Dundee	3000
Engcobo Local Municipality	PO Box 24	Ngcobo	5050
eThekweni Metropolitan Municipality	PO Box 1014	Durban	4000
Ezinqoleni Local Municipality	PO Box 108	Izingolweni	4260
Fetakgomo Local Municipality	PO Box 818	Apel	0739
Fezile Dabi District Municipality	PO Box 10	Sasolburg	1947
Frances Baard District Municipality	Private Bag X6088	Kimberley	8300
Gamagara Local Municipality	PO Box 1001	Kathu	8446
Gariep Local Municipality	PO Box 13	Burgersdorp	9744
Ga-Segonyana Local Municipality	Private Bag X1522	Kuruman	8460
George Local Municipality	PO Box 19	George	6530
Gert Sibande District Municipality	PO Box 550	Secunda	2302
Govan Mbeki Local Municipality	Private Bag X1017	Secunda	2302
Great Kei Local Municipality	PO Box 21	Komga	4950
Greater Giyani Local Municipality	Private Bag X9559	Giyani	0826
Greater Kokstad Local Municipality	PO Box 8	Kokstad	4700
Greater Letaba Local Municipality	PO Box 36	Modjadjiskloof	0835
Greater Marble Hall Local Municipality	PO Box 111	Marble Hall	0450
Greater Sekhukhune District Municipality	Private Bag X8611	Groblersdal	0470
Greater Taung Local Municipality	Private Bag X1048	Taung	8580
Greater Tzaneen Local Municipality	PO Box 206	Burgersfort	1150
Greater Tzaneen Local Municipality	PO Box 24	Tzaneen	0850
Hantam Local Municipality	Private Bag X14	Calvinia	8190
Hessequa Local Municipality	PO Box 29	Riversdale	6670
Hibiscus Coast Local Municipality	PO Box 5	Port Shepstone	4240
Hlabisa Local Municipality	PO Box 387	Hlabisa	3937
Ikwezi Local Municipality	PO Box 12	Jansenville	6265
iLembe District Municipality	PO Box 1788	KwaDukuza	4450
Imbabazane Local Municipality	PO Box 750	Estcourt	3310
Impendle Local Municipality	Private Bag X512	Impendle	3227
Indaka Local Municipality	Private Bag X70113	Wasbank	2920
Ingquza Hill Local Municipality	PO Box 14	Flagstaff	4810
Ingwe Local Municipality	PO Box 62	Creighton	3263

Inkwanca Local Municipality	PO Box 1	Molteno	5500
Intsika Yethu Local Municipality	Private Bag X1251	Cofimvaba	5380
Inxuba Yethemba Local Municipality	PO Box 24	Cradock	5880
John Taolo Gaetsewe District Municipality	PO Box 1480	Kuruman	8460
Jozini Local Municipality	Private Bag X028	Jozini	3969
Kagisano-Molopo Local Municipality	Private Bag X522	Ganyesa	8613
Kai !Garib Local Municipality	Private Bag X6	Kakamas	8870
Kamiesberg Local Municipality	PO Box 38	Garies	8220
Kannaland Local Municipality	PO Box 30	Ladismith	6655
Kareeberg Local Municipality	Private Bag X226	Carnarvon	8925
Karoo Hoogland Local Municipality	Private Bag X03	Williston	8920
Kgatelopele Local Municipality	PO Box 43	Danielskuil	8405
Kgetlengrivier Local Municipality	PO Box 66	Koster	0348
Khâi-Ma Local Municipality	PO Box 108	Pofadder	8890
//Khara Hais Local Municipality	Private Bag X6003	Upington	8800
!Kheis Local Municipality	Private Bag X2	Groblershoop	8850
King Sabata Dalindyebo Local Municipality	PO Box 45	Mthatha	5099
Knysna Local Municipality	PO Box 21	Knysna	6570
Kopanong Local Municipality	PO Box 23	Trompsburg	9913
Kouga Local Municipality	PO Box 21	Jeffreys Bay	6330
Kou-Kamma Local Municipality	Private Bag X011	Kareedouw	6400
Kwa Sani Local Municipality	PO Box 43	Himeville	3256
KwaDukuza Local Municipality	PO Box 72	KwaDukuza	4450
Laingsburg Local Municipality	Private Bag X4	Laingsburg	6900
Lejweleputswa District Municipality	PO Box 2163	Welkom	9460
Lekwa Local Municipality	PO Box 66	Standerton	2430
Lekwa-Teemane Local Municipality	PO Box 13	Christiana	2680
Lepele-Nkumpi Local Municipality	Private Bag X07	Chuenespoort	0745
Lephalale Local Municipality	Private Bag X136	Lephalale	0555
Lesedi Local Municipality	PO Box 201	Heidelberg	1438
Letsemeng Local Municipality	Private Bag X3	Koffiefontein	9986
Local Municipality of Madibeng	PO Box 106	Brits	0250
Lukhanji Local Municipality	Private Bag X7111	Queenstown	5320
Mafikeng Local Municipality	Private Bag X63	Mmabatho	2735
Mafube Local Municipality	PO Box 2	Frankfort	9830
Magareng Local Municipality	PO Box 10	Warrenton	8530
Makana Local Municipality	PO Box 79	Grahamstown	6140
Makhado Local Municipality	Private Bag X2596	Makhado	0920
Makhuduthamaga Local Municipality	Private Bag 434	Jane Furse	1085
Maletswai Local Municipality	Private Bag X1011	Aliwal North	9750
Maluti-a-Phofung Local Municipality	Private Bag X805	Witsieshoek	9870
Mamusa Local Municipality	PO Box 5	Mamusa	2780
Mandeni Local Municipality	PO Box 144	Mandeni	4490
Mangaung Metropolitan Municipality	PO Box 3704	Bloemfontein	9300
Mantsopa Local Municipality	PO Box 64	Ladybrand	9745
Maphumulo Local Municipality	Private Bag X9205	Maphumulo	4470
Maquassi Hills Local Municipality	Private Bag X3	Wolmaransstad	2630
Maruleng Local Municipality	PO Box 627	Hoedspruit	1380
Masilonyana Local Municipality	PO Box 8	Theunissen	9410

Matatiele Local Municipality	PO Box 35	Matatiele	4730
Matjhabeng Local Municipality	PO Box 708	Welkom	9460
Matzikama Local Municipality	PO Box 98	Vredendal	8160
Mbhashe Local Municipality	PO Box 25	Idutywa	5000
Mbizana Local Municipality	PO Box 12	Bizana	4800
Mbombela Local Municipality	PO Box 45	Nelspruit	1200
Mbonambi Local Municipality	PO Box 96	KwaMbonambi	3915
Merafong City Local Municipality	PO Box 3	Carletonville	2500
Metsimaholo Local Municipality	PO Box 60	Sasolburg	1947
Mhlontlo Local Municipality	PO Box 31	Qumbu	5180
Midvaal Local Municipality	PO Box 9	Meyerton	1960
Mier Local Municipality	PO Box 178	Mier	8811
Mkhambathini Local Municipality	Private Bag X04	Camperdown	3720
Mkhondo Local Municipality	PO Box 23	Piet Retief	2380
Mnquma Local Municipality	PO Box 36	Butterworth	4960
Modimolle Local Municipality	Private Bag X1008	Modimolle	0510
Mogalakwena Local Municipality	PO Box 34	Mokopane	0601
Mogale City Local Municipality	PO Box 94	Krugersdorp	1740
Mohokare Local Municipality	PO Box 20	Zastron	9950
Molemole Local Municipality	PO Box 44	Dendron	0715
Mookgophong Local Municipality	Private Bag X340	Mookgophong	0560
Mopani District Municipality	Private Bag X9687	Giyani	0826
Moqhaka Local Municipality	PO Box 302	Kroonstad	9500
Moretele Local Municipality	Private Bag X367	Makapanstad	0404
Moses Kotane Local Municipality	PO Box 1011	Mogwase	0314
Moshaweng Local Municipality	Private Bag X117	Mothibistad	8474
Mossel Bay Local Municipality	PO Box 25	Mossel Bay	6500
Mpofana Local Municipality	PO Box 47	Mooi River	3300
Msinga Local Municipality	Private Bag 530	Tugela Ferry	3010
Msukaligwa Local Municipality	PO Box 48	Ermelo	2350
Msunduzi Local Municipality, The	Private Bag X321	Pietermaritzburg	3200
Mthonjaneni Local Municipality	PO Box 11	Melmoth	3835
Mtubatuba Local Municipality	PO Box 52	Mtubatuba	3935
Musina Local Municipality	Private Bag X611	Musina	0900
Mutale Local Municipality	Private Bag X1254	Mutale	0956
Nala Local Municipality	Private Bag X15	Bothaville	9660
Nala Local Municipality	Private Bag X15	Bothaville	9660
Naledi Local Municipality (FS)	Private Bag X1	Dewetsdorp	9940
Naledi Local Municipality (NW)	PO Box 35	Vryburg	8600
Nama Khoi Local Municipality	PO Box 17	Springbok	8240
Namakwa District Municipality	PO Box 5	Springbok	8240
Ndlambe Local Municipality	PO Box 13	Port Alfred	6170
Ndwedwe Local Municipality	Private Bag X503	Ndwedwe	4342
Nelson Mandela Bay Metropolitan Municipality	PO Box 116	Port Elizabeth	6000
Newcastle Local Municipality	Private Bag X6621	Newcastle	2940
Ngaka Modiri Molema District Municipality	Private Bag X2167	Mmabatho	2745
Ngqushwa Local Municipality	PO Box 539	Peddie	5640
Ngwathe Local Municipality	PO Box 359	Parys	9585
Nkandla Local Municipality	Private Bag X161	Nkandla	3855

Nkangala District Municipality	PO Box 437	Middelburg	1050
Nketoana Local Municipality	PO Box 26	Reitz	9810
Nkomazi Local Municipality	Private Bag X101	Malelane	1320
Nkonkobe Local Municipality	PO Box 36	Fort Beaufort	5720
Nongoma Local Municipality	PO Box 84	Nongoma	3950
Nquthu Local Municipality	Private Bag X5521	Nquthu	3135
Ntabankulu Local Municipality	PO Box 234	Ntabankulu	5130
Ntambanana Local Municipality	Private Bag X20066	Empangeni	3880
Nxuba Local Municipality	Private Bag X350	Adelaide	5760
Nyandeni Local Municipality	Private Bag X504	Libode	5160
O R Tambo District Municipality	Private Bag X6043	Mthatha	5099
Okhahlamba Local Municipality	PO Box 71	Bergville	3350
Oudtshoorn Local Municipality	PO Box 255	Oudtshoorn	6620
Overberg District Municipality	Private Bag X22	Bredasdorp	7280
Overstrand Local Municipality	PO Box 20	Hermanus	7200
Phokwane Local Municipality	Private Bag X3	Hartswater	8570
Phumelela Local Municipality	Private Bag X5	Vrede	9835
Pixley ka Seme District Municipality	Private Bag X1012	De Aar	7000
Pixley ka Seme Local Municipality	Private Bag X9011	Volksrust	2470
Polokwane Local Municipality	PO Box 111	Polokwane	0700
Port St Johns Local Municipality	PO Box 2	Port St Johns	5120
Prince Albert Local Municipality	Private Bag X53	Prince Albert	6930
Ramotshere Moiloa Local Municipality	PO Box 92	Zeerust	2065
Randfontein Local Municipality	PO Box 218	Randfontein	1760
Ratlou Local Municipality	PO Box 494	Stella	8650
Renosterberg Local Municipality	PO Box 112	Petrusville	8770
Richmond Municipality	Private Bag X1028	Richmond	3780
Richtersveld Local Municipality	Private Bag X113	Port Nolloth	8280
Rustenburg Local Municipality	PO Box 16	Rustenburg	0300
Sakhisizwe Local Municipality	P O Box 26	Cala	5455
Saldanha Bay Local Municipality	Private Bag X12	Vredenburg	7380
Sedibeng District Municipality	PO Box 471	Vereeniging	1930
Senqu Local Municipality	PO Box 18	Lady Grey	9755
Setsoto Local Municipality	PO Box 116	Ficksburg	9730
Sisonke District Municipality	Private Bag X501	Ixopo	3276
Siyancuma Local Municipality	PO Box 27	Douglas	8730
Siyanda District Municipality	Private Bag X6039	Upington	8800
Siyathemba Local Municipality	PO Box 16	Prieska	8940
Sol Plaatje Local Municipality	Private Bag X5030	Kimberley	8300
Stellenbosch Local Municipality	PO Box 17	Stellenbosch	7599
Steve Tshwete Local Municipality	PO Box 14	Middelburg	1050
Sunday's River Valley Local Municipality	PO Box 47	Kirkwood	6120
Swartland Local Municipality	Private Bag X52	Malmesbury	7299
Swellendam Local Municipality	Private Bag X11	Swellendam	6740
Thaba Chweu Local Municipality	PO Box 61	Lydenburg	1120
Thabazimbi Local Municipality	Private Bag X530	Thabazimbi	0380
Thabo Mofutsanyana District Municipality	Private Bag X810	Witsieshoek	9870
Theewaterskloof Local Municipality	PO Box 24	Caledon	7230
Thembelihle Local Municipality	Private Bag X3	Hopetown	8750

Thembisile Local Municipality	Private Bag X4041	Empumalanga	0458
Thulamela Local Municipality	Private Bag X5066	Thohoyandou	0950
Tlokwe City Council	PO Box 113	Potchefstroom	2520
Tokologo Local Municipality	Private Bag X46	Boshof	8340
Tsantsabane Local Municipality	PO Box 5	Postmasburg	8420
Tsolwana Local Municipality	PO Box 21	Tarkastad	5370
Tswaing Local Municipality	PO Box 24	Delareyville	2770
Tswelopele Local Municipality	PO Box 3	Bultfontein	9670
Ubuhlebezwe Local Municipality	PO Box 132	Ixopo	3276
Ubuntu Local Municipality	Private Bag X329	Victoria West	7070
Ugu District Municipality	PO Box 33	Port Shepstone	4240
Ukhahlamba District Municipality	Private Bag X102	Barkly East	9786
Ulundi Local Municipality	Private Bag X17	Ulundi	3838
Umdoni Local Municipality	PO Box 19	Scottburgh	4180
uMgungundlovu District Municipality	PO Box 3235	Pietermaritzburg	3200
uMhlabuyalingana Local Municipality	Private Bag X901	Kwanwanase	3973
uMhlathuze Local Municipality	Private Bag X1004	Richards Bay	3900
Umjindi Local Municipality	PO Box 33	Barberton	1300
uMkhanyakude District Municipality	PO Box 449	Mkuze	3965
uMlalazi Local Municipality	PO Box 37	Eshowe	3815
uMngeni Local Municipality	PO Box 5	Howick	3290
uMshwathi Local Municipality	Private Bag X29	Wartburg	3233
Umsobomvu Local Municipality	Private Bag X6	Colesberg	9795
Umtshezi Municipality	PO Box 15	Estcourt	3310
uMuziwabantu Local Municipality	PO Box 23	Harding	4680
Umvoti Local Municipality	PO Box 71	Greytown	3250
Umzimkhulu Local Municipality	PO Box 53	Umzimkhulu	3297
Umzimvubu Local Municipality	Private Bag X524	Mount Ayliff	4735
Umzinyathi District Municipality	PO Box 1965	Dundee	3000
Umzumbe Local Municipality	PO Box 561	Hibberdene	4220
uPhongolo Local Municipality	PO Box 191	Pongola	3170
uThukela District Municipality	PO Box 116	Ladysmith	3370
uThungulu District Municipality	Private Bag X1025	Richards Bay	3900
Ventersdorp Local Municipality	Private Bag X1010	Ventersdorp	2710
Vhembe District Municipality	Private Bag X5006	Thohoyandou	0950
Vulamehlo Local Municipality	Private Bag X5509	Scottburgh	4180
Waterberg District Municipality	Private Bag X1018	Modimolle	0510
West Coast District Municipality	PO Box 242	Moorreesburg	7310
West Rand District Municipality	Private Bag X033	Randfontein	1760
Westonaria Local Municipality	PO Box 19	Westonaria	1780
Witzenberg Local Municipality	PO Box 44	Ceres	6835
Xhariep District Municipality	Private Bag X136	Trompsburg	9913
Zululand District Municipality	Private Bag X76	Ulundi	3838

Glossary

Act	Any legislation which is formulated and passed by parliament.
Administration	The organisation that administers a local government.
Assets	Everything a corporation owns. It includes cash, investments, money due to it, materials, buildings and machinery.
Budgeting	Budgeting is the process of predicting and controlling the spending of within an organisation.
By-law	A law which is made by a local authority.
Capital budget	This part of the budget shows how much money local government is planning to invest in infrastructure or other capital assets.
Capital projects	Projects that purchase or construct capital assets. It often involves a purchase of land and/or the construction of a building or facility.
Caucus	Is a meeting of representatives of a particular party, often used to develop common positions on policy or choose representatives to various committees of council.
Constituency	Refers to the body of voters that elect their representatives in a democracy. A constituency is not just those voters that have voted for a particular candidate or party, but all people within the area governed by the municipality.
Council	This is the overall policy and decision-making body at the municipal level.
Debt	Money borrowed from lenders for a variety of reasons. The borrower pays interest for the use of the money and is required to repay the amount on a set date.
Decentralisation	Various means of more widely distributing decision-making to bring it closer to the point of service or action.
Deficits	A budget deficit occurs when a party/organisation/institution/government spends more money than it takes in.
Delegating authority	One person/body gives another person or body authority to act on their behalf.
Executive powers	Powers to enforce or carry out the laws.
Expenditure financial	The act of spending money for goods or services. Expenditure includes day-to-day spending, paying interest or buying things that last a long time.
Management	A set of procedures that is set up to ensure that money is spent in the way intended and not wasted or mismanaged

Financial year	A 12-month period used for preparing yearly financial reports in businesses and other organisations. In many areas laws require reports once in twelve months a year, but do not require that the twelve months runs on a calendar year, ie from January to December. The financial year of a South African municipality runs from July 1 of one year to June 30 the following year.
Grants	A contribution, usually money, by one government entity to another. Most often, these contributions are made to local governments from national and provincial spheres of government. Grants are usually made for specified purposes.
Income	The amount of money received from provision of services, or profit from savings or investments, or other sources.
Infrastructure	Services and facilities that support day-to-day economic activity. Infrastructure includes roads, electricity, telephone service, and public transportation. Infrastructure has traditionally been provided and maintained by the government.
Integrated development planning	A planning process that municipalities go through to ensure that projects that the municipality undertakes are in the interests of the community they serve. It also aims at co-ordinating projects to avoid waste or duplication of work.
Investments	Investment is a term with several closely related meanings in finance and economics. It refers to the accumulation of some kind of asset in the hope of getting a future return from it.
Judicial powers	The powers to interpret laws and apply them to persons charged with violating
Jurisdiction	Refers to three concepts: The authority or power that a local government body has. The area of a local government's authority, e.g. Durban or KwaMashu Its position in governmental hierarchy.
Levies	Levies are sums of money, similar to a tax, which are added to the purchase price of an object or service. In local government they are used for up keep and maintenance of the area or suburb.
Loans	A loan is a type of debt. The borrower initially receives an amount of money from the lender, which they usually pay back, in regular instalments, to the lender.
Loss	The amount by which the cost of a business exceeds its income. This happens when a municipality spends more than its income.
Multi-year budgeting	A multi-year budget is a document that records a government's planned expenditures and anticipated revenues for two or more consecutive years.
Objectives	Objectives are statements of attainable, quantifiable; intermediate-term achievements that help accomplish goals contained in the vision. For example, an objective would be to achieve "the construction of 80 units of affordable housing annually until the year 2010."
Operating budget	This part of the budget shows how much money is spent on running the administration and delivering the day-to-day services.
Ordinance	Refers to a rule or piece of legislation made by a province (provincial legislature).

Participatory democracy	Is where citizens have the right not only to elect their representatives, but to actively participate in government decision-making on a continuous basis between elections.
Partnerships	Relationships with other public and private sector organisations that support and enable the local government's plans for development.
Performance management	The process of defining outcomes, setting performance standards, linking budget to performance, reporting results, and holding public officials accountable for results.
Proclaim	To declare publicly and officially. Once laws are enacted, they are proclaimed in the government gazette for public information.
Profit	The excess of income over all costs. This means the money left over after a council has paid all the expenses.
Project	A project is a temporary task or set of tasks undertaken to create a unique product or service. Temporary means that the project has an end date. Unique means that the project's end result is different than the results of other functions of the organisation.
Public participation	The process of involving citizens in governmental decision-making processes. Participation ranges from being given notice of public hearings to being actively included in decisions that affect communities.
Rates	Rates are a form of taxation system that are used to fund local government.
Representative democracy	Recognises the need for people to have a voice in their government, but has assigned that voice to selected persons chosen through majority vote.
Revoke	Scrap a law as it is invalid.
Strategy	A strategy is a plan or method including options and priorities towards the achievement of a defined goal or objective. It links development goals with the actions required to achieve them. A strategy may have economic, social, environmental, and spatial components; it specifies the major problems to be alleviated and the opportunities to be realised by short-to medium-term investments in specific projects
Subsidies	A subsidy is generally an amount of money given by government to lower the price faced by producers or consumers of goods, generally because they are for the good of the community.
Surpluses	The amount by which the municipality receives more than it spends in any financial year.
Vision	A powerful vision provides everyone in the organisation with a picture that helps them to see what they are planning to create in the future. A vision statement provides a word picture of what the organisation intends to become – in five years. This statement should contain as concrete a picture of the desired state as possible. It should provide the basis for formulating objectives and strategies.

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