



SOUTH AFRICAN LOCAL
GOVERNMENT ASSOCIATION

SALGA

Inspiring service delivery

SALGA Annual Membership Levies – Northern Cape Province

Provincial Chief Financial Officers' Forum

08 March 2018

Outline

- i. Purpose
- ii. SALGA's Mandate
- iii. SALGA's Constitutional requirement,
- iv. MFMA imperatives,
- v. Formulae for determination of Membership Levies,
- vi. Current status of collections as at March 2018,
- vii. Revenue Assurance Exercise,
- viii. Organisational performance and Audit Outcomes,
- ix. Implications for Non Payment,
- x. Questions and answers,

Purpose

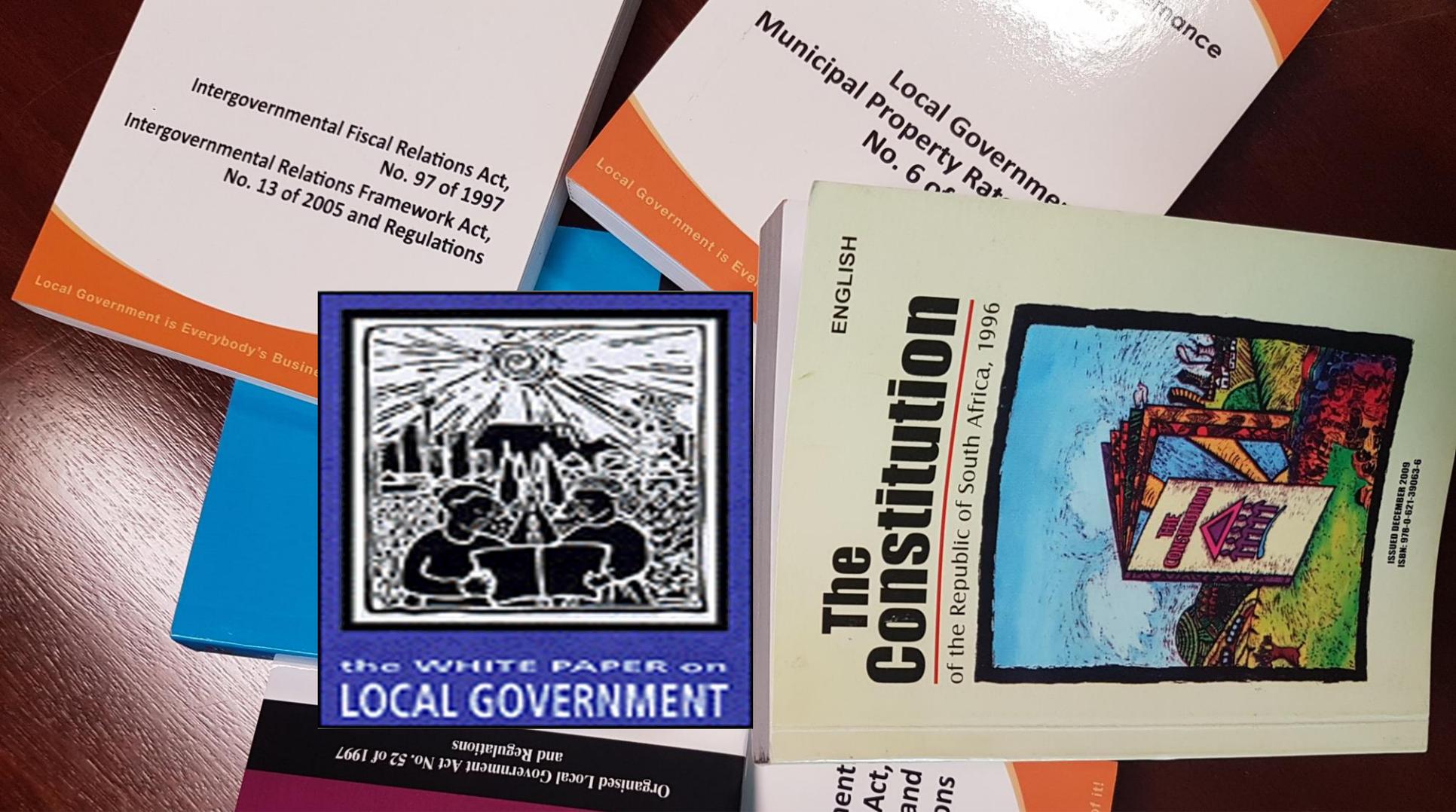
- The purpose of this presentation is to apprise Provincial CFO Forum of the current status of collection regarding membership levies for the period as at the 08th of March 2018,

Transform Local Government to enable it to fulfil its developmental mandate

LOBBY, ADVOCATE & REPRESENT Lobby, advocate, protect and represent the interest of local government at relevant structures and platforms.	EMPLOYER BODY Act as an employer body representing all municipal members and, by agreement, associate members.	CAPACITY BUILDING Build the capacity of the municipality as an institution, as well as leadership and technical capacity of both Councillors and Officials.	STRATEGIC PROFILING Build the profile and image of local government within South Africa. as well as outside the country.	KNOWLEDGE & INFORMATION SHARING Serve as the custodian of local government intelligence and the knowledge hub and centre of local government intelligence for the sector.	SUPPORT & ADVICE Support and advise our members on a range of issues to assist effective execution of their mandate.
<ul style="list-style-type: none"> • Represent, promote and protect the interests of local government in the intergovernmental system; • Enhance the role and status of its members (Municipalities) as provincial representatives and consultative bodies of local government; • Do such lawful things as may appear to be in the interest of the organisation and its members, which are not inconsistent with the objects or any matter specifically provided for in this constitution. 	<ul style="list-style-type: none"> • Be the National Employers' Association representing all municipal members and, by agreement, associate members; • Regulate the relationship between its members and their employees within the meaning of Section 213 of the Labour Relations Act 66 of 1995, as amended; • Encourage the settlement of disputes among its members and between them and their employees or trade unions through co-operative governance or labour law principles. 	<ul style="list-style-type: none"> • Develop common approaches for local government as a distinct sphere of government; • Enhance cooperation, mutual assistance and sharing of resources among municipalities; • Ensure the full participation of women in OLG. 	<ul style="list-style-type: none"> • Affiliate with and participate in the affairs of any international organisation that will serve the interests of the members; • To ensure that South African local government plays a critical role in furthering Africa's development at regional, continental and international levels. 	<ul style="list-style-type: none"> • Increase knowledge sharing and improve the communications capacity as well as vertical and horizontal connectivity of organised local government and municipalities. 	<ul style="list-style-type: none"> • Find solutions for problems relating to local government generally.



Facilitate Cooperative Governance and IGR



Objects of Local Government

1. Provide democratic and accountable government for local communities;
2. Ensure the provision of services to communities in a sustainable manner;
3. Promote social and economic development;
4. Promote a safe and healthy environment; and
5. Encourage involvement of communities & community organisations in matters of LG

SALGA's Constitutional requirement



SALGA's Constitution;

Clause 7.2. Membership fees and levies determined in terms of clause 7.1 above shall be due and payable by members on 1 April but before 1 July of that calendar year and shall be payable to SALGA at its national office.

Any levy payments not received within this period will be subject to interest in terms of the relevant legislation.

MFMA Imperatives

Section 65 deals with Expenditure Management, which clearly states that;

(e) That all money owing by the municipality be paid within 30 days of receiving, the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure,

Section 125(1) provides that:

‘the notes to the financial statements of a municipality must include – the total amount of contributions to organized local government for the financial year, and the amount of any contributions outstanding as at the end of the financial year’

Formula for 2015 / 2016 Financial Years on wards

Medium Term Cycle (MTEF Framework)

Membership Formulae	2015 / 2016	2016 / 2017	2017 / 2018
Metropolitan Municipalities	R11.3 million (4.6 projected CPI)	R11.3 million (4.6 projected CPI)	R11.3 million (4.6 projected CPI)
Local and District municipalities	1% of budgeted annual salary with a minimum of R500 000	1% of budgeted annual salary with a minimum of R500 000	1% of budgeted annual salary with a minimum of R500 000

SALGA's Constitutional requirement



- At the SALGA National Conference held in August / September 2011, a resolution was taken by the NEC of SALGA on the 25th of March 2011 to amongst others;
 - Revise the Membership Levy Formulae in order to have adequate resources to support all SALGA programmes, as National Government is not responding positively towards the SALGA Funding Model.
- Furthermore, it is important to inform the (Municipal Debt Technical Committee Meeting) that the SALGA Funding Model is in process as mandated by the Special National Conference (held 10-11 Sept 2012),

NATIONAL EXECUTIVE COMMITTEE (NEC) RESOLUTION

In an effort to address any misunderstanding with the membership levy formula the following words contained in the formula have the following meaning and / or interpretation:

The SALGA NEC, at its sitting on 10 December 2009 in Kempton Park Civic Centre, Ekurhuleni, Gauteng resolved as follows:

Approved the definition of the membership levy formula components to be:-

(1) the definition of the membership levy formula components; hereunder:

- **Annual membership levy – “annual”** in the case of SALGA refers to the levy amount payable by a municipality for the period 1 April to 31 March each year (SALGA’s financial year).
- **Membership levy – “membership levy”** is the resultant product derived from applying the formula defined in this report.
- **Annual salary budget – “annual”** in the case of municipalities refers to a municipality’s budget for the period 1 July to 30 June each year.
- **Salary – includes remuneration paid to both officials and councillors which include;**
 - **Basic salary;**
 - **Bonus;**
 - **Wages;**
 - **Medical aid;**
 - **Pension fund;**
 - **Provident fund;**
 - **Travel allowance;**
 - **Overtime;**
 - **Housing subsidy;**
 - **UIF;**
 - **Workmens compensation;**
 - **Skills development levy;**
 - **Cellphone allowance;**
 - **Protective clothing;**
- **Budget – the budget referred to in the definition is the original budget that Council is required to approve at least 30 days before the start of the municipalities financial year per the MFMA.**
- **Annual inflation – refers to the average Consumer Price Index (CPI) as published by Statistics South Africa for the preceding calendar year, namely, January to December.**



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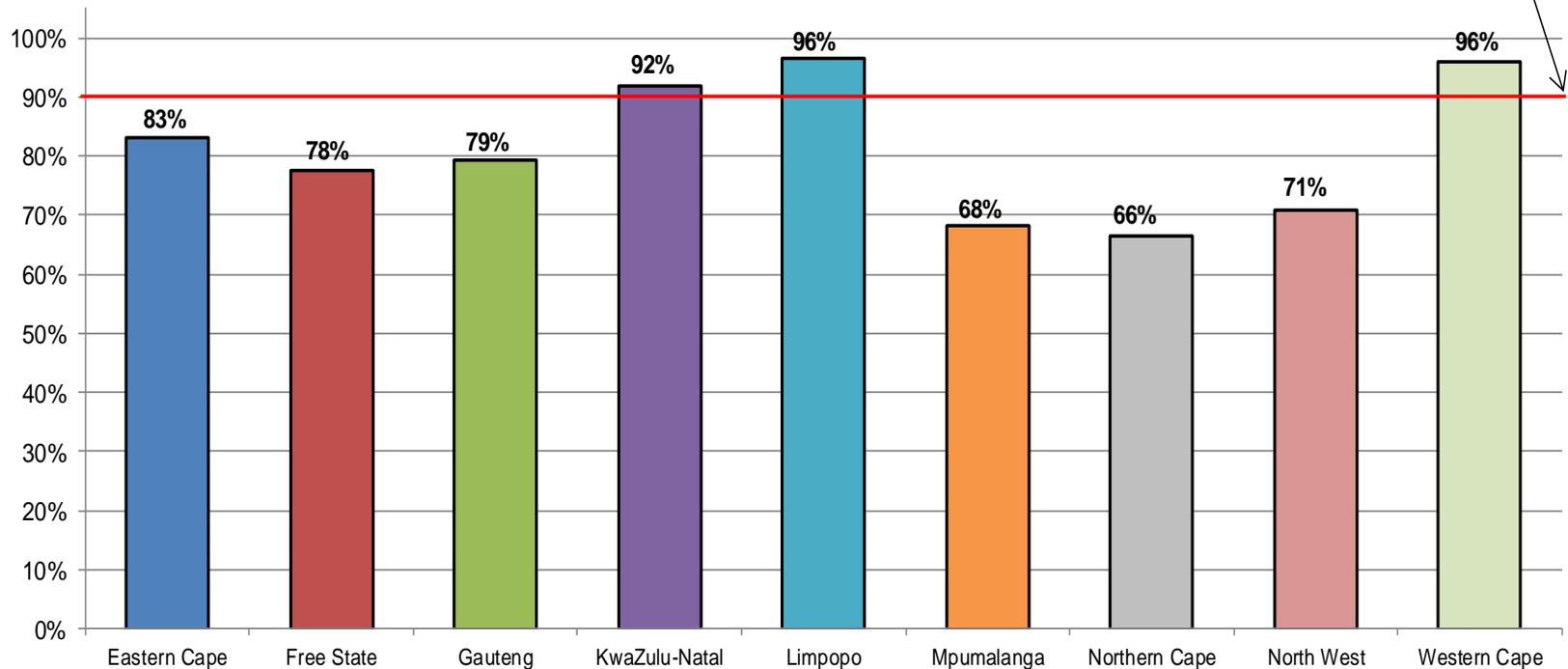
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NORTHERN CAPE MARCH 2017/2018

ACC No.	MUNICIPALITY	OPENING BALANCE	INVOICED 2016/2017	TOTAL AMOUNT PAYABLE	RECEIPTED 2016/2017	ARREAR AMOUNT RECOVERD	REFUND OF OVERPAYMENT	ADDITIONAL INVOICE	EARLY SETTLEMENT DISCOUNT	CREDIT NOTE	BALANCE (Positive)	BALANCE (Negative)
NC082	IKai! Garib	1,602,281.33	908,260.00	2,510,541.33				24,390.00			2,534,931.33	-
NC084	IKheis	450,000.00	500,000.00	950,000.00							950,000.00	-
NC087	Dawid Kruiper Local Municipality	0.00	2,490,530.00	2,490,530.00	2,490,530.00		-	116,050.00	-	-	116,050.00	-
NC092	Dikgatlong	308,383.03	500,000.00	808,383.03		335,658.33		20,740.00			493,464.70	-
NC073	Emthanjeni	201,542.80	716,111.82	917,654.62	179,027.94	270,041.91		53,190.70			521,775.47	-
NCDC9	Frances Baard	11,633.04	718,532.71	730,165.75	693,384.10				25,148.64	52,952.71	-	(41,319.71)
NC453	Gamagara	(25,000.09)	1,519,140.00	1,494,139.91	1,494,139.91					133,300.00	-	(133,300.00)
NC452	Ga-Segonyana	119,521.80	1,253,234.84	1,372,756.64	1,253,234.84	204,328.76				136,484.84	-	(221,291.80)
NC065	Hantam	1,475,000.00	500,000.00	1,975,000.00		250,000.00					1,725,000.00	-
NC064	Kamiesberg	2,034,402.79	500,000.00	2,534,402.79		184,945.70					2,349,457.09	-
NC074	Kareeberg	0.00	500,000.00	500,000.00	500,000.00						-	-
NC066	Karoo Hoogland	1,308,283.48	500,000.00	1,808,283.48		500,000.00					1,308,283.48	-
NCDC45	John Taolo Gaetsewe (Kgalagadi)	61,974.72	629,323.20	691,297.92	629,323.20	122,630.20				32,673.20	-	(93,328.68)
NC086	Kgatelopele	0.00	500,000.00	500,000.00	500,000.00						-	-
NC067	Khai-Ma	750,000.00	500,000.00	1,250,000.00							1,250,000.00	-
NC093	Magareng	560,000.00	500,000.00	1,060,000.00		420,000.00					640,000.00	-
NC451	Joe Morolong (Moshaweng)	29,790.00	558,542.35	588,332.35	558,542.35	100,000.00				5,662.35	-	(75,872.35)
NC062	Nama Khoi	1,127,176.08	767,400.00	1,894,576.08		366,540.00		60,900.00			1,588,936.08	-
NCDC6	Namakwa	0.00	500,000.00	500,000.00	500,000.00						-	-
NC094	Phokwane	64,586.42	734,330.00	798,916.42	734,330.00			68,170.00			132,756.42	-
NCDC7	Pixley ka Seme (Karoo)	200,000.00	500,000.00	700,000.00	300,000.00	200,000.00					200,000.00	-
NC075	Renosterberg	2,048,664.07	500,000.00	2,548,664.07							2,548,664.07	-
NC061	Richtersveld	453,624.56	500,000.00	953,624.56	100,000.00	450,000.00					403,624.56	-
NC078	Siyancuma	0.00	500,000.00	500,000.00	500,000.00						-	-
NCDC8	ZF Mgcawu (Siyanda)	96,521.90	500,000.00	596,521.90	50,000.00	125,000.00					421,521.90	-
NC077	Siyathemba	1,600,000.00	500,000.00	2,100,000.00							2,100,000.00	-
NC091	Sol Plaatje	264,920.00	6,825,240.00	7,090,160.00	6,825,240.00					31,430.00	233,490.00	-
NC076	Thembelihle	100,000.00	500,000.00	600,000.00	350,000.00	100,000.00					150,000.00	-
NC085	Tsantsabane	749,570.00	798,120.00	1,547,690.00		350,000.00		280.00			1,197,970.00	-
NC071	Ubuntu	1,250,000.00	500,000.00	1,750,000.00							1,750,000.00	-
NC072	Umsobomvu	0.00	514,490.00	514,490.00	514,490.00					14,490.00	-	(14,490.00)
		16,842,875.92	27,433,255	44,276,130.84	18,172,242.34	3,979,144.90	-	343,720.70	25,148.64	406,993.10	22,615,925.09	(579,602.54)

Comparative Schedule – Nation-wide Summary

Payment Levels for Current Year invoice ONLY
Provincial Comparison 31 March 2018



OPERATING BUDGET FOR NORTHERN CAPE MUNICIPALITIES 2017/18

Municipalities		Code	National Treasury Budget NT Sal & Wages Published 03 NOV 2016	Confirmed Budget 2017/2018 Salaries and wages	2017/2018 1st April 2017 M/Levy Invoices	National Treasury 2017/2018 Salary Budget Published 13 Oct 2017	Confirmed Budget 2017/2018 Salaries and wages	2017/2018 AN GOVERNMENT ASSOCIATION Final Review Conclusion	LOC 2017/2018 ASSOCIATION Additional Vocifer note
32	Northern Cape								<i>Inspiring service delivery</i>
	Total: John Taolo Municipalities		388,923,000	244,110,039	3,960,240	361,475,000	59,665,000	3,652,120	(308,120)
B	Joe Morolong	NC451	55,854,000	55,854,235	558,542	55,288,000		552,880	-5,662
B	Ga-Segonyana	NC452	117,389,000	125,323,484	1,253,235	111,675,000		1,116,750	-136,485
B	Gamagara	NC453	151,914,000		1,519,140	138,584,000		1,385,840	-133,300
C	Kgalagadi (John Taolo Gaetsewe)	NCDC45	63,766,000	62,932,320	629,323	55,928,000	59,665,000	596,650	-32,673
	Total: Namakwa Municipalities		232,408,000	208,859,954	3,767,400	252,698,000	91,834,721	3,828,300	60,900
B	Richtersveld	NC061	25,137,000		500,000	25,018,000		500,000	-
B	Nama Khoi	NC062	76,740,000	76,740,000	767,400	82,830,000		828,300	60,900
B	Kamiesberg	NC064	18,660,000	21,029,000	500,000	25,014,000		500,000	-
B	Hantam	NC065	36,080,000	35,300,670	500,000	36,282,000	36,281,721	500,000	-
B	Karoo Hoogland	NC066	19,886,000	19,885,000	500,000	22,225,000	19,885,000	500,000	-
B	Khai-Ma	NC067	21,373,000	21,373,284	500,000	25,661,000		500,000	-
C	Namakwa	NCDC6	34,532,000	34,532,000	500,000	35,668,000	35,668,000	500,000	-
	Total: Karoo Municipalities		347,867,000	90,362,182	4,730,602	329,937,000	109,558,668	4,769,300	38,698
B	Ubuntu	NC071	32,760,000		500,000	38,548,000		500,000	-
B	Umsobomvu	NC072	51,449,000		514,490	49,356,000	49,356,104	500,000	-14,490
B	Emthanjeni	NC073	74,421,000	71,611,182	716,112	76,930,000		769,300	53,188
B	Kareeberg	NC074	22,582,000	18,751,000	500,000			500,000	-
B	Renosterberg	NC075	19,398,000		500,000	16,310,000		500,000	-
B	Thembelihle	NC076	27,135,000		500,000	26,961,000	29,601,000	500,000	-
B	Siyathemba	NC077	42,726,000		500,000	46,652,000		500,000	-
B	Siyancuma	NC078	47,859,000		500,000	45,353,000		500,000	-
C	Pixley ka Seme	NCDC7	29,537,000		500,000	29,827,000	30,601,564	500,000	-
	Total: Siyanda Municipalities		522,985,000	-	5,696,910	533,550,000	28,618,507	5,837,630	140,720
	David Kruiper	NC087	249,053,000	-	2,490,530	260,658,000		2,606,580	116,050
B	!Kai! Garib	NC082	90,826,000		908,260	93,265,000		932,650	24,390
B	!Kheis	NC084	22,793,000		500,000	27,612,000		500,000	-
B	Tsantsabane	NC085	79,812,000		798,120	79,840,000		798,400	280
B	Kgatelopele	NC086	33,486,000		500,000	28,308,000	28,618,507	500,000	-
C	Siyanda (ZF Mgcau)	NCDC8	47,015,000		500,000	43,867,000		500,000	-
	Total: Frances Baard Municipalities		910,324,000	162,101,609	9,278,103	916,066,000	52,074,000	9,282,630	4,527
B	Sol Plaatje	NC091	682,524,000		6,825,240	679,381,000		6,793,810	-31,430
B	Dikgatlong	NC092	49,369,000	49,369,000	500,000	52,074,000	52,074,000	520,740	20,740
B	Magareng	NC093	39,451,000	40,879,338	500,000	37,803,000		500,000	-
B	Phokwane	NC094	73,433,000		734,330	80,250,000		802,500	68,170
C	Frances Baard	NCDC9	65,547,000	71,853,271	718,533	66,558,000		665,580	-52,953
	Sub-total: Northern Cape Municipalities		2,402,507,000	705,433,784	27,433,255	2,393,726,000	341,750,896	27,369,980	(63,275)

Implications for Poor Payment / Collection Levels

- SALGA Northern Cape currently being cross-subsidised by other provinces,
- Municipalities whose membership levies are not fully paid up for the Previous Financial Year are weakening the Provincial Office bargaining power when attending other National Governance Structures, like the National Conference, National Members Assembly including the Provincial Structure, i.e. we nearly did not quorate at the last Provincial Members Assembly, as held last month from the 22nd to the 24th of October 2017,

Organisational performance and audit outcomes

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Audit Outcomes (2012-17)

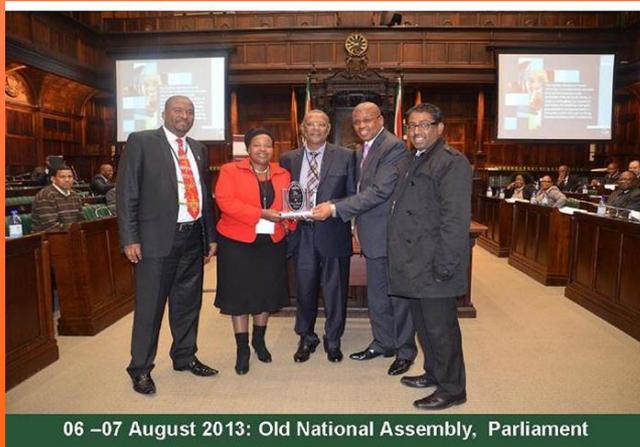
2012/13
Unqualified Audit
Opinion with no findings
“Clean”

2013/14
Unqualified Audit
Opinion with no findings
“Clean”

2014/15
Unqualified Audit
Opinion with no findings
“Clean”

2015/16
Unqualified Audit
Opinion with no findings
“Clean”

2016/17
Unqualified Audit
Opinion with no findings
“Clean”



RECOMMENDATIONS

It is recommended as follows to the Provincial CFO Forum; that:

- All outstanding levies for the 2017 / 2018 and other previous Financial Years be paid preferably with immediate effect and those with payment arrangements to please stick to such,
- CFO's to go back to their respective municipalities and ensure that Councils to resolve speedily on long outstanding SALGA payment,

QUESTIONS AND ANSWERS

