

April Edition - 2023

THE MUNICIPAL EDGE

Leading Service Delivery
for the People

Welcoming Our Head Of Editorial

PROFESSIONALISATION OF SOUTH
AFRICAN LOCAL GOVERNMENT

FINANCIAL PERFORMANCE OF
SOUTH AFRICAN MUNICIPALITIES

PEOPLE-CENTERED SERVICE DELIVERY



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Page Of Contents

Leading Service Delivery
for the People

06

Community-Centred Asset Development
by: Daniel Nolte

11

**Professionalisation Of South African
Local Government**
by: The Municipal Edge

14

A Virtual Cup Of Coffee
by: Head Of Editorial & Mr Nkosinathi September

16

**Financial Performance Of
South African Municipalities**
by: Municipal Edge Team of Ghost Writers

22

**Terrible State Of Municipal Infrastructure Means
Poor Or Absence Of Service Delivery**
by: Municipal Edge Team of Ghost Writers

25

**Interactive MFMA Consolidated General Report On
Local Government Audit Outcomes**
by: The Municipal Edge

27

**Lg Finance Interns Competency Development
Programme2023**
by: CFO Foundation

28

PDG Is A Public Sector Consulting Firm
Corporate Profile



The Municipal Edge



Zolani Sandiso S Zonyane

Resident Editor to Head of Editorial

Leading Service Delivery for the People

It is with great pleasure to bring you the first edition of our publication in my new role and capacity within The Municipal Edge Magazine. My vision for the publication is in line with the vision of The Municipal Edge entity, that of being a strategic resource that will not only empower its readers with pertinent issues trending in local government but one that also bridges the gap between strategising and implementation with regards to achieving service delivery goals. We are positioning ourselves in playing a meaningful role in leading service delivery for the people.

This publication comes during the time when the fluidity of Local Government coalition governance arrangements continues to deprive people of affected municipalities access to basic services.

We have previously highlighted the risky nature of unstable coalitions and adverse impact they have on service delivery, especially when we evaluated lack of political and leadership maturity in South Africa. What the political parties must do is to ensure stability in governance arrangements to guarantee that delivery of basic services to citizens is not further compromised given poor service delivery which we are being forced to normalise.

In the Metros where coalition governments are inevitably part of institutional arrangements, political and administrative leadership instability becomes anti good governance and such instability exposes incapable leaders to control of people's municipal resources.

This is disruptive and portrays politics, political parties and political leaders that have entirely shifted focus from their role in the running of the municipalities. In Gauteng Province, political leadership in the City of Johannesburg has changed hands from a DA led coalition to ANC led coalition and currently a coalition led by Al Jama-ah.

It is a coalition that will not last long as Patriotic Alliance has expressed that it backed a wrong horse given how the Executive Mayor is continuously being exposed that he cannot lead a World Class African City. We anticipated the instability that is happening in the other 2 Gauteng Metropolitan municipalities, both the City of Ekurhuleni and City of Tshwane have experienced their own share of instability at political leadership level. We continue to raise a concern on how the parties in coalition governments think less of the citizens and even less about the core business of municipalities.



This edition ushers in a segment that exposes the public to a technological resource that aids each of us to meaningfully engage with the municipal audit outcomes by Auditor-General South Africa.

As we approach the period in which the Auditor-General will be making public the 2021/22 audit outcomes, our belief is that you will have an advantage in interacting with the audit outcomes and begin to ask critical questions to your Councillors on performance of your respective municipalities on audit matters. These questions should extend beyond audit outcomes and to service delivery excellence, especially for those municipalities that consistently achieve Clean Audits.

Both the President of the Republic of South Africa and the Minister of Finance elevated the focus on Infrastructure Investment towards not only improving service delivery but economic recovery and growth in South Africa. We place a spotlight on Infrastructure Planning and on models that are people-centred in Infrastructure Development.

However, the energy crises will continue to be a barrier towards these initiatives as it will take time to realise the intended benefits of shifting part of electricity generation to alternative sources by commercial customers and households. Although an alternative to ease pressure on the power generation grid, it has serious implications on financial health and sustainability of municipalities and service delivery as many often use revenue from electricity to subsidise delivery of other services.

Building from the successes of Local Government Conversations of 2022, The Municipal Edge and Future Cities Africa (in partnership with the Chartered Institute of Government Finance, Audit & Risk Officers and South African Local Government Association) brings you a 10 Webinar Series in 2023.

In this edition of the publication, we bring you highlights of the 2022 Webinars on Professionalisation of Local Government in South Africa together with our very first Webinar of the 10-Webinar Series of 2023 which focused on necessary measures that are required to review the current curriculum of Local Government.

It is our belief that we can play a meaningful role in contributing towards a professional and well capacitated Local Government Sector in South Africa with a potential to influence better and quality services for all.

Lastly, we are compiling a database of writers that effectively contribute to our publications as we believe that it is important to bring expert opinions of Local Government Practitioners in various spheres of government to the public. If you are interested in contributing to future publications, send us an email to the address that is in the back cover of this publication. It is one of the initiatives we believe will contribute on changing the landscape of our Local Government Sector through expertise of our Practitioners.



COMMUNITY-CENTRED ASSET DEVELOPMENT



Daniel Nolte

*Director: Municipal Asset Management Systems MAMS (Pty) Ltd
Portfolio Head: Knowledge & Capacitation
(Centre for Municipal Asset Management - CMAM)*

The interrelation between municipal assets for purposes of the supply of services to the community and the socio-economic development of communities based on available assets (Asset-Based Citizen-led Development approach) deserves scrutiny.

The focus of all levels of government was, and is, on the provision of basic services to communities which is generally perceived to be shelter (housing), access to water and sanitation, electricity, and solid waste removal. Social Security Grants are paid to certain beneficiaries to assist with necessities like food where they are unable to afford it themselves.

The support from government institutions lacks the socio-economic development stimulus for employment, and therefore self-sufficiency.

We continue to suffer the ignominy of the most unequal society in the world despite our abundant mineral resources. In his book, *The Rise and Fall of Nations*, Ruchir Sharma implores those who want to rebuild their nations to build **“factories first”**. The lessons from successful nations, especially the Asian Tigers, is that investment in factories helps to create employment, stimulate economic growth, and build sustainable export bases.

– Brutus Malada

Maslow’s Hierarchy of Needs from the well-recognised guru, describes among the human basic needs the Survival i.e., food, shelter, water etc., and Safety i.e., personal, emotional and financial security as well as physical wellbeing.

The basic need for members of the community is therefore more than the services envisaged and planned. Financial security is an unfulfilled need for many and is not an integral part of the municipal focus.

The management teams at our municipalities, responsible for planning and the implementation of the development goals are not able to deliver.

This calls for intentional actions to truly build state capacity and capability, professionalisation of the public service, including local government, by implementing the process proposed in the Municipal Staff Regulations. Concepts like Asset-Based and Citizen-led Development (ABCD) need state capacity that is fit for purpose.

ABCD is implemented in various countries around the world where service delivery of basic services is well established.

Asset-Based and Citizen-led Development (ABCD)

(Extracts from the invitation to the ABCD Imbizo - 3rd International Conference, 21-23 February 2018)

Asset-Based Citizen-led Development (ABCD) embraces the concept of Ubuntu, in that it gives expression to our humanity and the value that each one of us holds in our community. By realizing our value and our assets, we can shift our power and act as citizens to build the community and country we desire.

Apart from the first element of “Ubuntu” (recognition of another’s humanity), there are more structured unifiers such as the principles that underpin ABCD approach and the global Sustainable Development Goals.

Although the concept of recognizing and building on one’s own assets is not new, the approach is receiving renewed interest and focus in the academic space, within government, the private sector as well as on the ground – in response largely to the less sustainable needs-based paradigm.

The South African Imbizo will be an exciting time to hear local stories of success, share experiences from other countries and celebrate achievements. ABCD can help to facilitate socio-economic development in our respective countries and begin to address inequality.

The critical focus is how we achieve economic transformation that begins to close the inequality gap and the potential of the ABCD paradigm in this regard.

The situation in our country requires an approach that must be based on the Community-Based Development of Assets (CBDA) at the same time. Therefore, ABCD + CBDA = Contented Communities. Community Based Development of Assets (CBDA) The methodology for a successful CBDA is premised on Spatial Development Framework (SDF), Integrated Development Plan (IDP) and Human Resource Planning.

1. Spatial Development Framework

The Spatial Land Use Management Act, 2013 (Act No. 16 of 2013) SPLUMA, read together with the Regulations, gives a detailed breakdown of the requirements that must be met by a municipal SDF. Section 20(2) requires preparation of SDF as part of the IDP and section 21(h) requires identifying, quantifying and providing location requirements of engineering infrastructure and services provision for existing and future development needs for the next five years.

2. Integrated Development Plan

Municipal Integrated Development Planning Regulations, 2001 (Notice 1429 of 2001), which were published in terms of section 120(4) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), provide guidance on the detail of municipal planning for the medium term, including community participation and cooperation between all stakeholders on a district basis.

3. Human Resource Planning

Chapter 2, section 4(2)(b) of the Municipal Staff Regulations (published in terms of the Municipal Systems Act), with effect from 1 July 2022, determines the staff establishment necessary to perform its functions which will determine the staff demand planning (number, competency, post levels, and recruitment), read with Section (3)(a) of the Municipal Staff Regulations which demands alignment to the IDP.

According to Kishore Mabhubani, former Dean of Law Kuan Yew's School of Public Policy at the National University of Singapore, the secret of Singapore's success was based on three pillars, namely, **meritocracy, pragmatism and honesty, i.e., "mph"**.

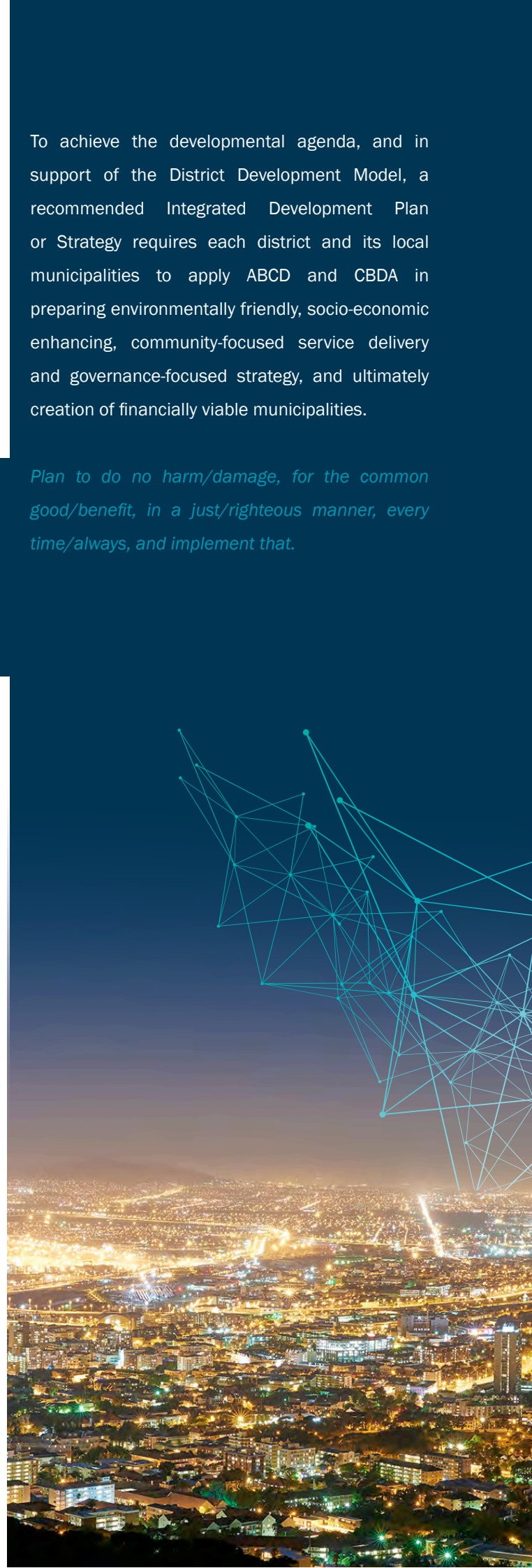
We need to put these proven principles and methodologies together to comply with the spirit or imperatives spelled out in Section 152 of the Constitution of the Republic of South Africa, 1996. This section outlines the reasons for existence of local government as to provide democratic and accountable 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 the matters of local government. Furthermore, a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in this section of the Constitution.

To achieve the developmental agenda, and in support of the District Development Model, a recommended Integrated Development Plan or Strategy requires each district and its local municipalities to apply ABCD and CBDA in preparing environmentally friendly, socio-economic enhancing, community-focused service delivery and governance-focused strategy, and ultimately creation of financially viable municipalities.

Plan to do no harm/damage, for the common good/benefit, in a just/righteous manner, every time/always, and implement that.



LOCAL GOVERNMENT CONVERSATIONS

10 WEBINAR SERIES

FROM IDEATION TO ACTIONS

03 MAR 10H00-12H00 >>>> 24 NOV 10H00-12H00 2023

- 03 Mar 2023 -** Professionalization of Local Government: Specific measures towards reviewing current Curriculum
- 31 Mar 2023 -** Basic and Fundamental Principles of Planning & Budgeting in Local Government
- 05 May 2023 -** Personal Leadership and World of Work
- 26 May 2023 -** Innovations & Digital Solutions for sustainable municipalities: mSCOA Implementation
- 23 June 2023 -** Spending levels of infrastructure allocations: What can be done better for 2023/24 Financial Year?
- 28 July 2023 -** Municipal Audit Outcomes: 2022 Audits & Best Practices
- 25 Aug 2023 -** Current landscape and practical aspects towards Smart Cities
- 29 Sept 2023 -** Integrated Development Planning: The Process as envisaged in the Local Government White Paper & Intergovernmental Planning & Budgeting Processes
- 27 Oct 2023 -** The right approach to successful Municipal Interventions: A Case Study
- 24 Nov 2023 -** Good Governance: An anchor to successful Local Government

LOCAL GOVERNMENT CONVERSATIONS

10 WEBINAR SERIES

THE MUNICIPAL EDGE
Leading Service Delivery for the People



Future Cities Africa



FROM IDEATION TO ACTIONS

A 10 MONTHLY WEBINAR SERIES SCHEDULED TO TAKE PLACE BETWEEN MARCH TO NOVEMBER 2023

INTRODUCTION

The South African Local Government is a most complex sphere of government when compared to the other 2 spheres being the National and Provincial spheres of government. Over the years, we have experienced many challenges that have resulted to deterioration of many aspects from leadership, operations, processes, service delivery and many other aspects that are a heartbeat of a functional municipality.

In 2022, we focused on various themes or topics that delivered encouraging conversations and insights from Local Government Experts, Academic Institutions, Executive Leaders from all 3 spheres of government, Local Government Practitioners, Interns, Students and several stakeholders who are all contributing a meaningful role in transforming South African Local Government.

At the centre of the conversations was the professionalisation of the public service, with a specific focus on Local Government and it became clear that in as much as a lot is being done there is still a lot of actions that need attention of the industry if we are to deliver on what the NDP envisages as building capacity of and a capable state. Let us move from ideas to actions and develop sound local government fundamentals to ensure appropriate building of a capable and efficient local sphere for efficient, effective and economical service delivery.

In 2022 we spoke about solutions and 2023 presents an opportunity to ensure that practical steps are taken in a collaborative manner for future sustainability of our Local Government.

As thought leaders we must deal with the fundamental issues that are taking our municipalities to the wrong direction and actively contribute towards building a capable state through collaborations. This Webinar Series will bring in thought leaders in local government and beyond to give life to the conversations of 2022 while at the same time building capacity and capability of Local Government Practitioners and Leaders who must drive the change for service delivery improvements.

As thought leaders we have to deal with the fundamental issues to build a capable state. This webinar series will bring in thought leaders in local government to shape and form where we must go and create a holistic picture of where local government is heading towards.

We encourage participation from Local Government Stakeholders, Academics, MECs, Mayors, Deputy Mayors, Speakers, Municipal Managers, Heads of Department, Chief Financial Officers, Engineers, Supply Chain Managers, Government Planners, Budget Managers & Coordinators, Interns, Students, Private Sector Innovators and Solution Providers, Consultants, and Civil Society Organisations. The Municipal Edge and Future Cities Africa believe that it is through innovative solutions and collaborations that will deliver the South African Local Government that we want. At the beginning of each month, we will share details of each Webinar highlighting the topic or theme, contributors or panelists and targeted audience.

Annexure A contains a high-level information to assist you to plan, be part of the journey and change through making meaningful contribution towards building sustainable future South African municipalities.

PROFESSIONALISATION OF SOUTH AFRICAN LOCAL GOVERNMENT



South African Local Government, arguably the entire Public Service, is faced with a challenge of unprofessional conduct by some in execution of Public Service and delivery of basic services. In contributing towards a better Public Service, The Municipal Edge has partnered with Future Cities Africa, supported by the Chartered Institute of Government Finance, Audit & Risk Officers and the South African Local Government Association on solutions-centred conversations through Webinars on Professionalisation of the Local Government.

The first Webinar on Professionalisation in 2022 focussed on ***“Adequate Skills & Leadership Fit for Purpose”***.

The speakers highlighted the importance of a professionalised and skilled local government in achieving effective and sustainable service delivery.

The Webinar started by discussing the current state of local government in South Africa and the challenges faced in professionalising the sector. The speakers emphasised that local government in South Africa is faced with numerous challenges, including limited resources, inadequate skills and knowledge, and weak leadership.

They argued that addressing these challenges requires a coordinated and collaborative effort from all stakeholders.

The panelists further discussed the importance of leadership development in the professionalisation of local government. They argued that effective leadership is crucial for achieving sustainable and effective service delivery and that Local Government Practitioners need to be equipped with the skills and knowledge needed to provide effective leadership.

Overall, the webinar provided valuable insights into the challenges and opportunities for professionalising local government in South Africa, highlighting the need for a coordinated and collaborative approach to building the skills and leadership capacity needed to achieve effective and sustainable service delivery. The speakers emphasised that achieving professionalisation requires a long-term and sustained effort from all stakeholders and that the benefits of professionalisation are numerous and far-reaching.

They argued that a professionalised local government is essential for promoting good governance, delivering high-quality services to citizens, and building a sustainable and prosperous future for South Africa. Watch the full recording via: [Webinar] *Professionalisation of SA Local Government: Adequate Skills & Leadership Fit for Purpose* - YouTube <https://www.youtube.com/watch?v=jeRDpujIRGY&t=998s>

The second Webinar on Professionalisation in 2022 focussed broadly on “Professionalisation of the South African Local Government in South Africa”.

The Webinar started by addressed the importance of developing appropriate qualifications and training programs for Local Government Practitioners. The speakers argued that such programs should be tailored to the specific needs and challenges faced Local Government Practitioners in South Africa. They emphasised the need for a mix of theoretical and practical training, as well as the need for ongoing professional development.

The webinar also focused on the need for institutional reforms to support the professionalization of local government. The speakers discussed the importance of creating a conducive environment for professionalisation, including the need for clear policies, regulations, and standards.

Building from the previous Webinar, this webinar also appreciated the challenges and opportunities for professionalising Local Government in South Africa and reiterated that a professionalised local government is essential for promoting good governance, delivering high-quality services to citizens, and building a sustainable and prosperous future for South Africa. Watch the full recording via: *Future Cities Africa Professionalisation* - YouTube https://www.youtube.com/watch?v=WqX-HVmHO_4

In 2023, The Municipal Edge and Future Cities Africa kicked off with a 10-Month Webinar Series and the first Webinar explored

“SPECIFIC MEASURES TOWARDS REVIEWING CURRENT CURRICULUM OF LOCAL GOVERNMENT IN SOUTH AFRICA”

and the specific measures needed to review the current curriculum for Local Government Practitioners.

The speakers highlighted the importance of a skilled and professional Local Government workforce in achieving effective and sustainable service delivery and emphasised the need for a curriculum that is fit for purpose and responsive to the needs of Local Government Practitioners.

The webinar started by discussing the current state of Local Government in South Africa and the challenges faced in professionalizing the sector. The speakers emphasised the need for a coordinated and collaborative effort from all stakeholders to build the skills and knowledge needed for effective and sustainable service delivery. They argued that a curriculum that is fit for purpose and responsive to the needs of Local Government Practitioners is essential for achieving this goal.

The panelists also discussed the importance of developing a curriculum that is tailored to the specific needs and challenges faced by Local Government Practitioners in South Africa. They emphasised the need for a curriculum that is relevant, practical, and responsive to the changing needs of the sector. They argued that such a curriculum would help to build the skills and knowledge needed for effective and sustainable service delivery and would help to create a professional and ethical culture within the sector.

The speakers also highlighted the need for ongoing professional development for Local Government Practitioners. They argued that a curriculum that is fit for purpose and responsive to the needs of Local Government Practitioners is essential for achieving effective and sustainable service delivery. They emphasised the need for a mix of theoretical and practical training, as well as the need for ongoing professional development.

The webinar also addressed the importance of stakeholder engagement in the review of the current Local Government curriculum. The speakers emphasised the need for effective consultation and engagement with all stakeholders, including politicians, public servants, and the general public. They argued that building such understanding requires effective communication, consultation, and engagement with stakeholders.



The panelists emphasised the need for a curriculum that is responsive to the leadership development needs of Local Government Practitioners and they reiterated the importance of creating a conducive environment for professionalisation, including

THE NEED FOR CLEAR POLICIES, REGULATIONS, AND STANDARDS. THEY ALSO HIGHLIGHTED THE IMPORTANCE OF CREATING A CULTURE OF ACCOUNTABILITY AND TRANSPARENCY WITHIN THE SECTOR.

Overall, the webinar provided valuable insights into the specific measures needed to review the current Local Government curriculum in South Africa, including proposition of stakeholders who can lead the process. The speakers emphasised the importance of a curriculum that is fit for purpose and responsive to the needs of Local Government Practitioners. Watch the full recording via: [Webinar] *Professionalization of LG: Specific measures towards reviewing current Curriculum* - YouTube: <https://www.youtube.com/watch?v=YyZ4udyykIQ&t=7s>

All the three Webinars highlighted the role of political leadership in the professionalisation agenda. The speakers emphasised the need for political will to support and drive change in the sector. They argued that political leaders should provide the necessary resources, support, and oversight to ensure that Local Government Practitioners have the skills, knowledge, and resources they need to effectively perform their duties.

The panelists emphasised the importance of developing a clear and shared understanding of the need for professionalisation among all stakeholders, including politicians, public servants, and the general public, a clear coordinated approach to professionalisation, including the development of appropriate qualifications, training programs, and leadership development initiatives. They emphasised that such an approach would help to build the skills and knowledge needed for effective and sustainable service delivery and would help to create a professional and ethical culture within the sector.





A VIRTUAL CUP OF COFFEE BETWEEN THE HEAD OF EDITORIAL & MR NKOSINATHI SEPTEMBER

Good day Mr September, kindly share a brief about yourself and important background information and other activities that you believe might be of interest to our readers.

Answer

I have 19 years of experience working in Local Government Finance environment. I have acquired core knowledge of the Municipal Finance Management Act, Municipal Systems Act, Municipal Structures Act, Municipal Property Rates Act, Division of Revenue Act and other relevant legislations, regulations and reforms in the Municipal Finance environment.

My career progressed from being a Municipal Finance Intern and Officer: Budget and Accountant at Knysna Municipality in the Western Cape.

This is one of the reasons I firmly believe in nurturing raw talent in the Local Government environment.

The experience from Knysna Municipality led me to a position of Municipal Finance Analyst at Western Cape, Gauteng and KwaZulu-Natal Provincial Treasuries. Currently, I am serving my seventh year within the South African Local Government Association (SALGA) in the Western Cape.

At the heart of my experience is the understanding of the Municipal Accountability Cycle, planning, preparation and implementation of the municipal budgets, municipal financial reporting and municipal financial governance.

Question

For the interest of our readers, what does your role entail in SALGA?

Answer

I am the Senior Advisor responsible for Financial Resilience with a key focus on the following aspects:

- Lobbying and Advocacy for the Review of the National Fiscal Framework for Local Government and the Local Government Funding Model.
- Providing Support and advice to municipalities in respect of the budgets, financial reporting and audit readiness.
- Facilitation of Peer-Learning amongst municipalities and sharing of information and knowledge through Working Group meetings.

- Coordination and providing Capacity Building initiatives on leadership, financial management, governance and institutional managements.

I am also involved in several Stakeholder Engagement and served as panellist in the following engagements:

- CIGFARO Provincial Conference, deliberating on the declining revenue from utilities.
- Revenue Indaba, discussing Innovations for improved Local Government Revenue Generation.
- Participated on request in the recruitment process of CFO for B municipality.
- Local Government Seminar arranged by The Municipal Edge.
- Panel Member at the Institute of Advancement Journalism for a topic on Public Audit Process.
- Served as a guest lecturer at the University of Western Cape on Equitable Share Formula.

Question

Audit outcomes by Auditor-General of South Africa are evidence that Western Cape municipalities are leading on Good Financial Governance. Describe the Value-Add of SALGA to this success of municipalities in the Western Cape.

Answer

The office has centred the implementation of its strategy on the following:

- Effective coordination of the Municipal Managers Forum, The Speakers Forum and the Municipal Public Accounts Committee Chairperson's Forum. This enables representatives from each municipality the comfort to discuss the reforms, reliable understanding and interpretation of the legislation, concerning issues facing the sector and share Best Practices.
- Representation and advise on Labour Relations issues including dispute resolutions in the Bargaining Council.
- Representation and advise on Governance (ensure functionality of Assurance Providers) and Intergovernmental Relations (engagements with all spheres of government).

Question

Still on the success of Western Cape municipalities on Clean Audits, what can other municipalities in other provinces draw from that success?

Answer

The Western Cape municipalities are observed to be operationally matured and key to their success is attributed to:

- Sound Political Leadership.
- Stability in administration.
- Deliberate efforts on Good Governance.
- Effective use of forums such Municipal Managers' Forum, Chief Financial Officers' Forums, Speakers' Forums, etc. to share initiatives for a better foresight.
- Intentional prioritisation and focus on the relationship with the Office of the Auditor-General South Africa for common understanding.

Question

Lastly, what's your view on Professionalisation of Local Government?

Answer

It is very necessary to professionalise the sector to enable Consequence Management, improve governance and effective oversight.

The Local Government sphere is service delivery-oriented and therefore any digression compromises its core mandate. Key issues to consider in professionalising the sector are:

- Minimum Competency for Councillors and this will require the review of the Constitution on the election of Councillors.
- Relevant Professional Body for Councillors and Municipal Practitioners like other professions such as doctors with Health Professions Council of South Africa (HPCSA).

Closing

Thank you for your time, Mr September. May the success of SALGA in the Western Cape be contagious for a better South Africa.



FINANCIAL PERFORMANCE OF SOUTH AFRICAN MUNICIPALITIES

Municipal Edge Team of Ghost Writers

As a form of transparency and reporting on how municipalities have performed cumulatively up to the end of a specific quarter, National Treasury has a quarterly publication of financial performance of all 257 South African municipalities via http://mfma.treasury.gov.za/Media_Releases/s71/2223/Pages/default.aspx.

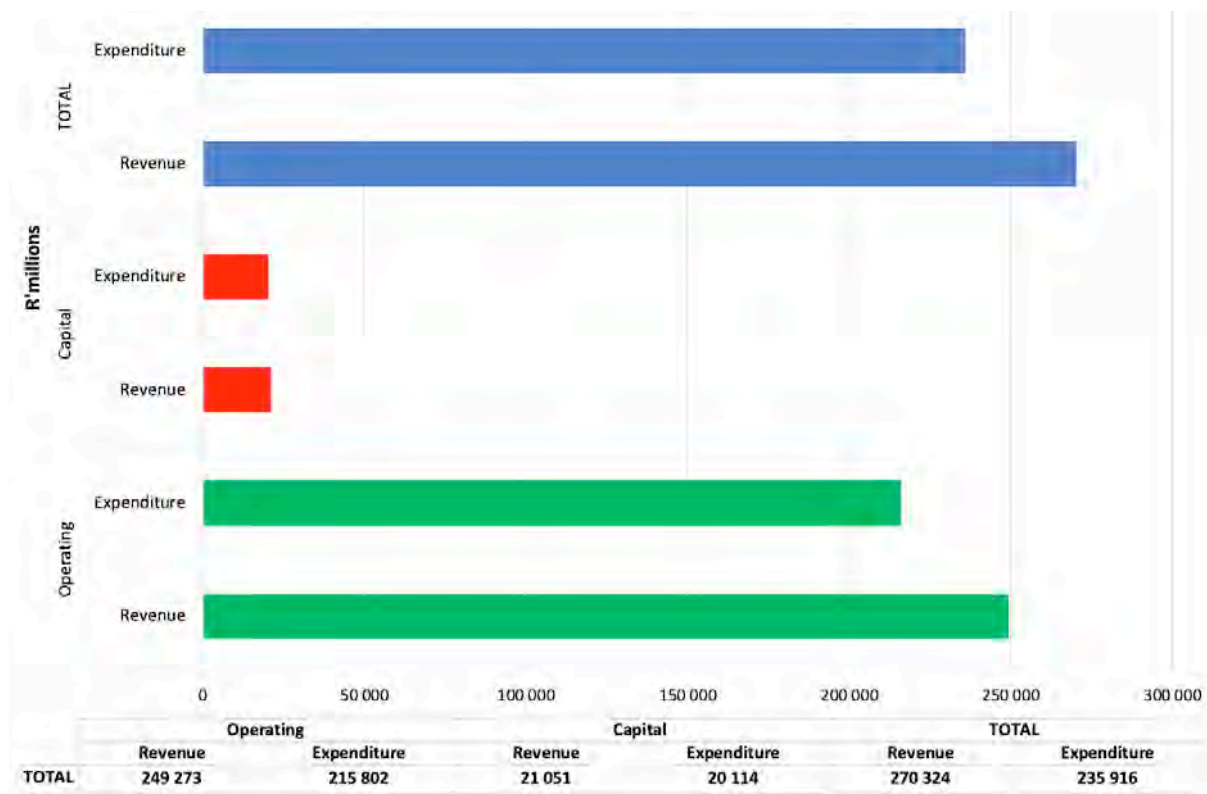
This section of Municipal Edge publication graphically presents national aggregates of performance by some of key items as at the end of the second quarter of 2023, which ended on 31 December 2022. Our intention is to decode a complex municipal financial data for ease of understanding by various data users.

The data used in the analysis was extracted from the National Treasury website which used the Municipal Standard Chart of Account (mSCOA) data strings from municipalities.

The mSCOA Regulations, which came into effect from 22 April 2014, mandate the uniform recording and classification of local budget and financial information at the transaction level.

National Treasury has stated that many municipalities are not budgeting, transacting, or reporting straight into and from their basic financial systems. Instead, they prepare their budgets and reports on an excel spreadsheet and then import them into the system, putting the accuracy of the figures published on the National Treasury website at risk. Because the controls built into the core financial systems are not activated, data manipulation often results to unauthorized, irregular, fruitless, and wasteful (UIFW) expenditure and fraud and corruption.

Actual revenue and expenditure



According to data from the National Treasury website, South African municipalities recorded total revenue of R270.32 billion as at the end of the second quarter and this was made up of operating and capital revenue. The third-largest source of operating income was earned from selling of electricity, which is the primary source of income in most municipalities.

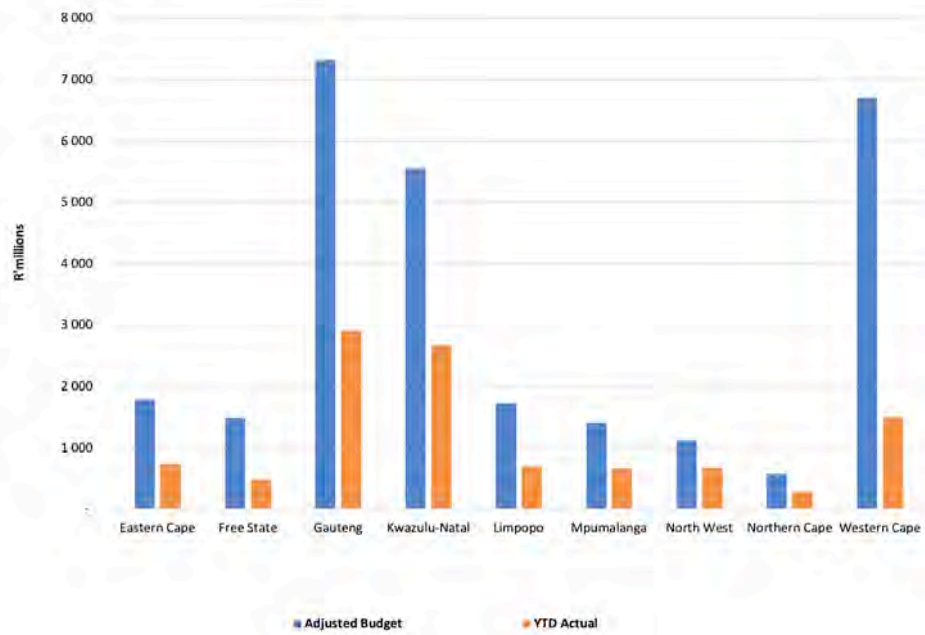
The energy crisis has had a detrimental effect on electricity revenue generation. As a result, major cities in South Africa are hurriedly putting alternative energy plans into action to lessen and eventually eliminate the shortage of electricity.

Total municipal expenditure for the second quarter of 2022/23 was R235.92 billion, which included a portion of capital expenditure of R20.11 billion. The data suggests that most of the municipalities in South Africa are underperforming with capital budget implementation, an indicator that most municipalities will continue with inability to spend their entire capital budget by the end of the fiscal year.

The collective spending makes local government sphere an important player in the South African economy which should be making a difference to many livelihoods. Many citizens are still exposed to poor service delivery and Public Value Creation is an area where municipalities need to focus on when allocating resources (time, human and financial) but that requires capable institutions with professional and knowledgeable Practitioners.

This is a clear indication that municipal project planning and implementation are inadequate, if existence, areas that need attention. This can be through realistic procurement planning, timely decision-making by Procurement Committees, appointment of professional and competent service providers for infrastructure development, and appropriate project and contract management. The graph shows that 91.5% of expenditure was incurred on ensuring that municipalities are operating, contrary to service delivery standards.

"Public Value Creation is an area where municipalities need to focus on when allocating resources."



Repairs and Maintenance expenditure amounted to R10.67 billion or 38.4% of the aggregated main appropriation amount of R27.77 billion. This was primarily due to the low spending noted in Western Cape (22.4%), Free State (32.5%), Gauteng (39.8%), Limpopo (40.4%), and Eastern Cape (41.4%). Many municipalities continue to underspend on Repairs & Maintenance even when the budgeted amounts are far less than the required 8% of Property, Plant, and Equipment. This is evident in the dilapidated state of South

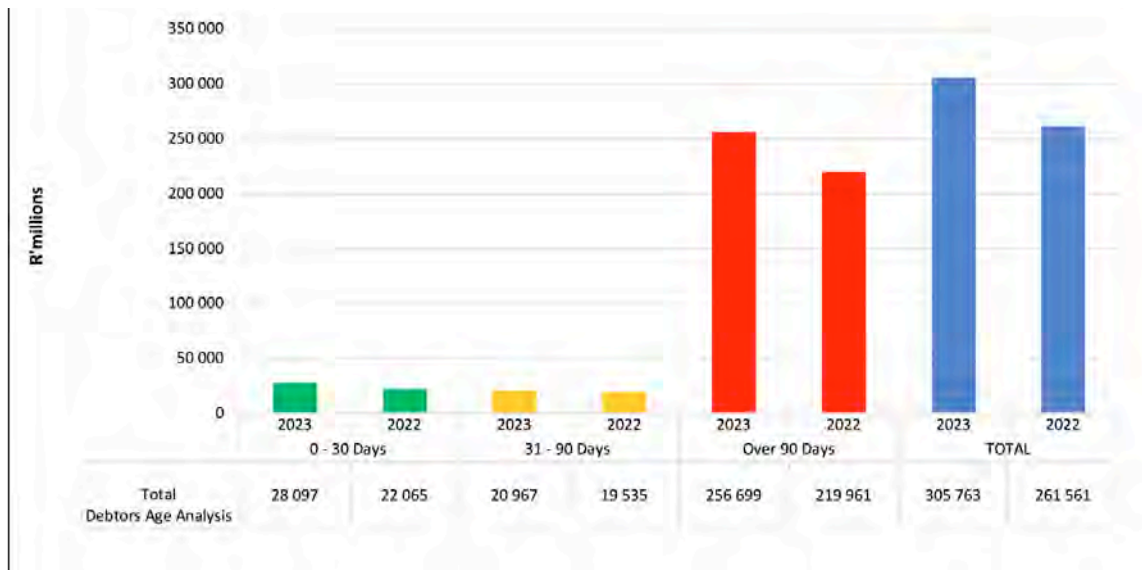
African municipal infrastructure which requires a combination of solutions including replacing and enhancing capacity of failing infrastructure. Electricity distribution network failures caused by rolling energy outages require greater provision for Repairs and Maintenance so as water and roads infrastructure. The current baseline for this expenditure item needs a substantial increase and implementation must guarantee quality and be free of corruption.

Age Analysis of Debtors

Financial sustainability of many municipalities is frequently under scrutiny because providing municipal services necessitates financial health, which can only be achieved if all stakeholders in the financial sustainability value chain collaborate. Amounts owed to municipalities have been increasing in recent years, with the majority of what is owed to municipalities with the ageing older than 90 days. This decreases the likelihood of recovery. Municipalities must be proactive in ensuring that

their strategies and plans are effective in enabling economic development that enhances both customer and revenue base. While municipalities must rigorously enforce debt collection efforts, they must also be sensitive to consumer realities. Debt books of municipalities should not be this high when there's certainty that some of that debt is irrecoverable.

Aggregated Age Analysis of Debtors



At the end of the second quarter, consumer debtors older than 90 days were high, at R256.70 billion (up from R219.97 billion in the second quarter of 2021/22). As they finalise their 2023/24 budgets, municipalities must factor in a substantial rise in consumer debtors, increase in demand for Free Basic Services (FBS) and indigent support.

That is an inevitable risk towards sustainability of many municipalities. It becomes important that consumers who afford to pay for services do so and municipalities improve service delivery to contribute to change.

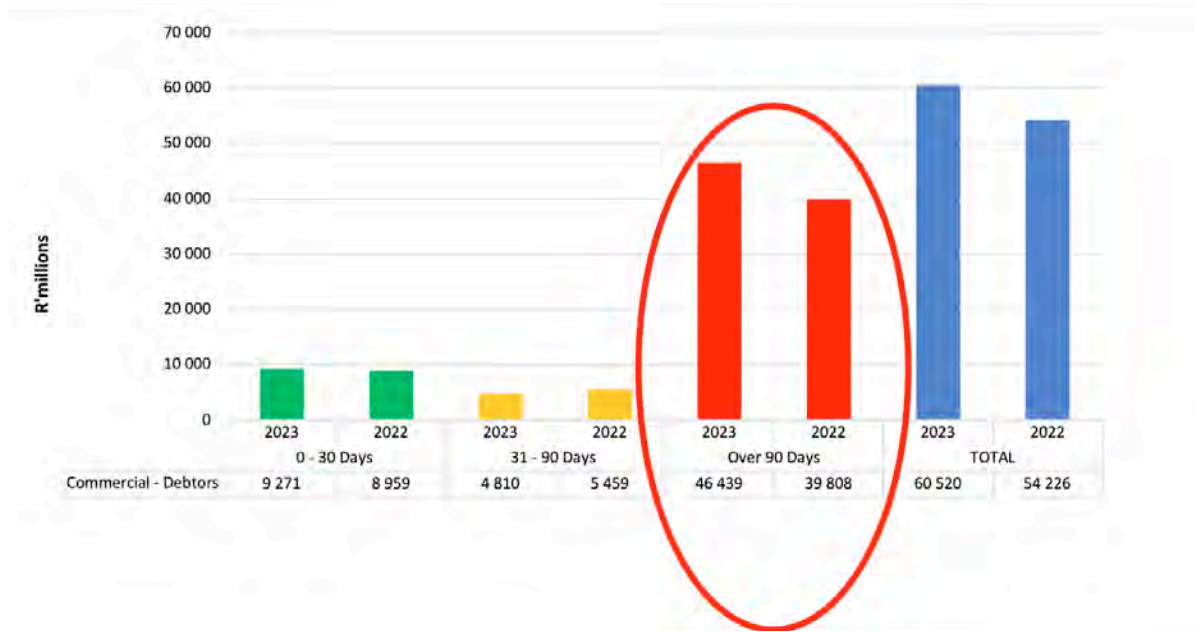
Aggregated Age Analysis of Organs of State



Outstanding balance for organs of state was R22.87 billion in December 2022, this was a year-on-year growth of 16.8 per cent when compared to the balance reported in December 2021. Debtors older than 90 days were reported at R16.91 billion or 73.9 per cent of the total debt.

Government departments must pay what is due to municipalities to cushion financial ill-health of some of the municipalities. Equally, municipalities must be efficient in resolving legitimate queries from government departments.

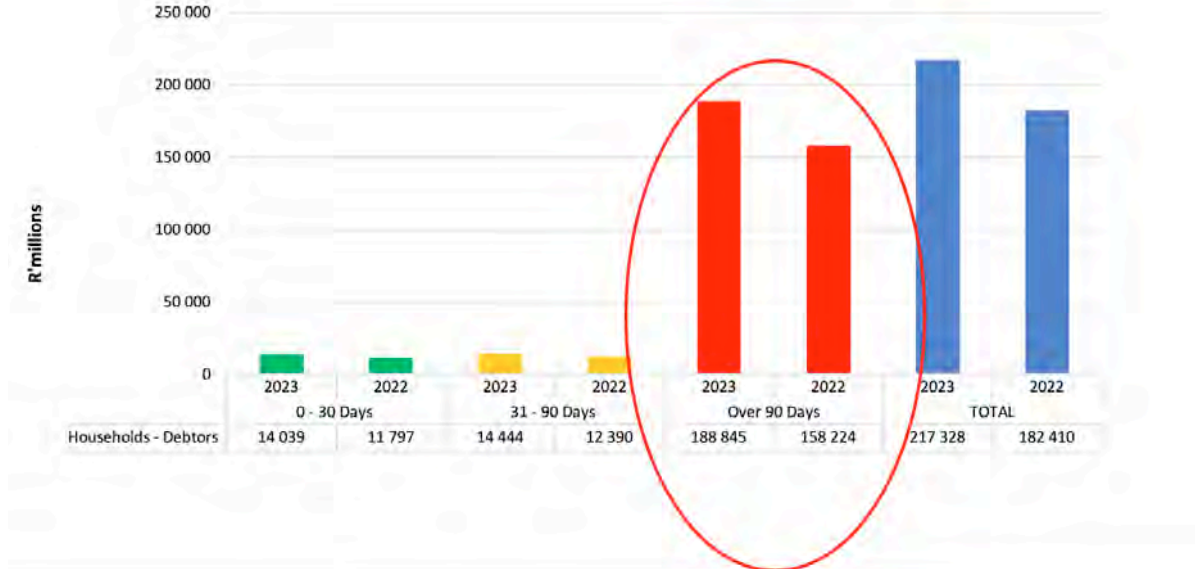
Aggregated Age Analysis of Commercial Debtors



Commercial debtors owed municipalities R65.52 billion in December 2022/23, an increase of 11.6 per cent when compared to the balance reported in December 2021/22. Debtors older than 90 days were reported at R46.44 billion or 76.7 per cent of the total debt, reflecting a year-on-year growth of 16.7 per cent.

These trends should be read with devastations caused by COVID-19 and electricity outage that forced some businesses to close. Turnaround times of query resolutions by municipalities also need improvement.

Aggregated Age Analysis of Household Debtors



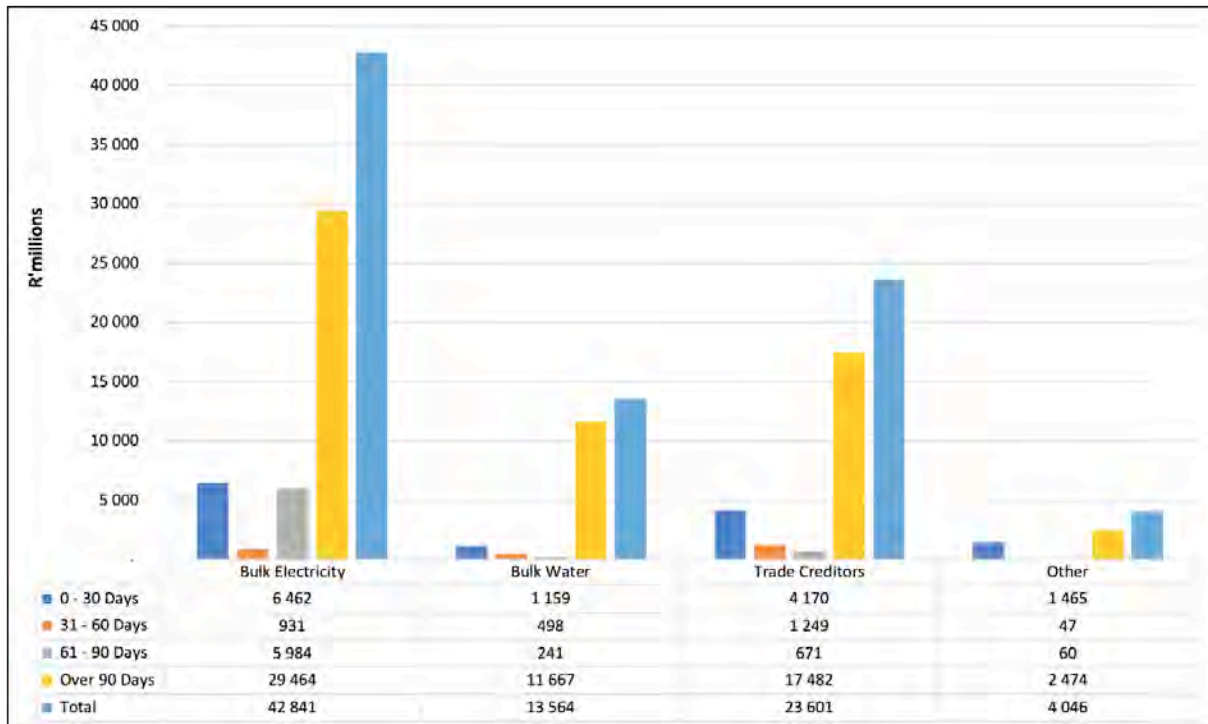
Households owed R217.33 billion in December 2022, an increase of 19.1 per cent when compared to the balance reported in December 2021. Debtors older than 90 days were substantially high, a similar trend with other debtors, at R188.84 billion or 86.9 per cent of the total debt.

This was a year-on-year growth of 19.4 per cent from the R182.41 billion reported in December 2021/22. Like other debtors, households have lost income and delays in query resolution adds to these trends.

Municipalities' ability to keep adequate levels of revenue is hampered by non-payment by consumers of services, which presents a serious threat to municipal sustainability and service delivery. Revenue protection, expenditure efficiencies and efficient revenue management are therefore critical to maximizing revenue collection for improving the provision of basic services.

Limitations on accurate and reliable data for billing, debt collection and credit control, as well as interpersonal interactions by municipalities with their customers, are just a few of the issues that must be addressed by municipalities to ensure that collectable debtors are engaged so that they can pay what is due and affordable.

Age Analysis of Creditors



Outstanding balance for organs of state was R22.87 billion in December 2022, this was a year-on-year growth of 16.8 per cent when compared to the balance reported in December 2021. Debtors older than 90 days were reported at R16.91 billion or 73.9 per cent of the total debt.

Government departments must pay what is due to municipalities to cushion financial ill-health of some of the municipalities. Equally, municipalities must be efficient in resolving legitimate queries from government departments.

Municipalities require money to pay for water and electricity bulk purchases, trade creditors as well as to compensate staff to manage service delivery and infrastructure maintenance. When municipalities receive and collect revenue that is due to them, it allows them to pay for goods and services while addressing societal issues such as unemployment and poverty by partly changing the status of unemployed people and those living in poverty. The South African government's democratic success in assuring quality provision of and access to basic services is jeopardized by rising debt due to non-payment.

Detailed data can be accessed via National Treasury's website, and it is normally published just over 2 months after the end of each quarter.

Contributions are from a team of writers to the Municipal Edge Magazine, using data that was published by National Treasury via http://mfma.treasury.gov.za/Media_Releases/s71/2223/Pages/default.aspx.



TERRIBLE STATE OF MUNICIPAL INFRASTRUCTURE MEANS POOR OR ABSENCE OF SERVICE DELIVERY

Are weaknesses in Asset Management Planning & Execution as a result of people, processes or systems?

For a number of years, especially in the State of Local Government Report by National Treasury, infrastructure planning in many municipalities has been on the spotlight because of either low or unspent capital budgets and infrastructure grant funds that revert to the national fiscus. We take a closer look at Gauteng municipalities where we cannot conclude or rebut the fact there is something that is not adding up when it comes to Assets Management or management of infrastructure assets. This can be seen in the budgets of the municipalities like low budgeting for repairs and maintenance as well as renewal of existing assets as typical examples.

Norms and Standards are clear that municipalities are supposed to budget at least 8% of the value of Property, Plant, and Equipment (PPE) for repairing and maintaining infrastructure assets or 10%, depending on the audit outcome. A closer look at the biggest Metro in South Africa, City of Johannesburg aspires to be a World Class African City, however the city has consistently failed to spend the minimum of 8% of the value of PPE on Repairs and Maintenance (R&M). To be precise, the graph below shows the percentage the city has spent between 2016/17 to 2021/22 when comparing R & M expenditure and PPE and this is a picture that is prevalent in many South African municipalities.

Repairs & Maintenance as % of PPE



Source: Audited Annual Financial Statements

Furthermore, the regulations and guidelines state that municipalities should ensure that they budget at least 40% of the capital budget towards the renewal of the existing assets or infrastructure and this ensures that assets will have a prolonged useful life. However, we have seen that this is not always the case. Could this be linked to a lack of know-how from those that are charged with infrastructure planning and execution in the country or is it because we do not have enough resources (human capital included) to ensure that service delivery through infrastructure development is maintained at a high level? This question is raised because poor service delivery scenes are glaring country-wide, and they cannot be ignored. If it is not burst water pipes resulting to high water losses which municipalities pay for, it is blocked drainage systems that result to flooding during heavy rains, the stink that is as a result of overflowing sewer pipes or it is ordinary citizens who must negotiate with potholes on various roads of the country.

Most of these illegal connections take place in Informal Settlements where municipalities have none or limited electricity infrastructure. As per the disclosure of water and electricity losses in audited Annual Financial Statements, City of Johannesburg has lost close to R24.14 billion between 2017/18 and 2021/22 financial years with 69% or R16.68 billion made up of electricity losses. These are funds or leakage that could be used to services or improve the current infrastructure network.

Evidence shows that it is the people element, skilled human resource capacity, that is failing to deal with this nightmare. To grow and improve the economy in South Africa, we need reliable supply of water and electricity to ensure that big industries can expand and contribute towards the economic growth of South Africa.

Asset Management Planning

The state of infrastructure



The office of the Auditor-General South Africa (AGSA) has for numerous years reported on the loss of revenue because of aging infrastructure or lack of maintenance towards municipal assets. Seemingly, there is no effective system or monitoring in place by both Eskom and the municipalities to deal with illegal electricity connections to the distribution network.

The Asset Management Plan is a strategic/tactical document or a plan that a municipality must use to manage its infrastructure assets to be able to deliver a high standard of service as per section 152(2)(b-d) of the Constitution of the Republic of South Africa. According to ISO 55000, this plan is “documented information that specifies how organizational objectives are to be converted into asset management objectives, the approach for developing Asset Management Plans, and the role of the Asset Management System in supporting the achievement of organizational objectives”. National Treasury also introduced Infrastructure Delivery Management System, however the documented processes and technological advancements that should enable systems requires people to give effect and operationalize such processes and systems.

The municipalities are at the face of service delivery and their interface with the public or citizens is crucial in dealing with objectives of the National Development Plan (NDP) and to further deal with economic problem (problem of making choices that occur because of the scarcity of resources).

Therefore, the municipalities must strive to ensure that they have Human Capital to develop Asset Management Plans to ensure uninterrupted provision of services or that service delivery is not hampered.

However, with the current situation in Local Government, one wonders whether these plans are even in place to address what is happening in the country.

National Treasury, through the Division of Revenue Act (DoRA), gave Local Government financial resources to deal with this matter by giving or allowing a certain percentage (5%) of grant funding to be used to compile the Asset Management Plans.

This was deemed a critical part of socioeconomic development because infrastructure can improve social inequality and help alleviate poverty. Without proper maintenance, infrastructure will fail, and service delivery will collapse - this often affects the poor most severely, as indigent households rely on the state to provide free basic services since private service provision is largely more expensive.

What can be done to give effect to the ideals of infrastructure investment and development announced by President Ramaphosa and Minister of Finance respectively?

We need to go back to basics or the drawing board and be intentional about who we hire to steer Technical Departments in various municipalities. Municipalities need to hire skilled human capital who have ability to identify the key infrastructure projects that will create a conducive environment for investment and generate revenue in their area.

A typical example is, instead of investing millions of rands in stadiums, not that they are not important, or non-core infrastructure, municipalities should be investing more money in Wastewater Treatment Plants that use the latest technology with less reliance on electricity.

THIS ALSO MEANS THAT WE NEED INNOVATIVE THINKERS IN LEADERSHIP POSITIONS IF WE ARE TO SOLVE OUR INFRASTRUCTURE PROBLEMS.

Various municipal Councils need to review their Integrated Development Plans and ensure that they include projects that will improve lives of communities and that the processes must be led by capable human capital with technical expertise.

There is also a great need of Integrated Thinking and Planning between the National, Provincial and Local governments in order to position municipalities at the forefront of benefiting from the infrastructure investment and development as announced by the President.

This will in turn give the municipalities high returns as that will create jobs, attract investment and will result in higher revenue for municipalities as the customer base will expand then communities will be able to pay for services. The success of it all depends on the right decisions to appoint right people to occupy the positions of power in the Infrastructure Delivery Value Chain.



INTERACTIVE MFMA CONSOLIDATED GENERAL REPORT ON LOCAL GOVERNMENT AUDIT OUTCOMES

Auditor-General South Africa (AGSA) is an institution that is established through Chapter 9 of The Constitution of the Republic of South Africa. AGSA, together with other institutions, is established to support and strengthen constitutional democracy. As part of AGSA's functions, as spelt out in Section 188 of the Constitution, is to audit and report on the accounts, financial statements and financial management of all municipalities in South Africa. Over the past few years there has been a growing interest on annual municipal audit outcomes and AGSA has developed a dashboard to make it easy for the users of audit information to understand and interact with the report.

Limpopo Province has been selected to demonstrate or showcase some of decoded and interactive data that can be accessed, this in preparing our readers for the type of data they can expect from the upcoming report on 2021/22 audit outcomes. The 2021 simplified outcomes can be accessed via <https://mfma-2021.agsareports.co.za/> and select the province from the map.

Detailed findings of Sekhukhune District

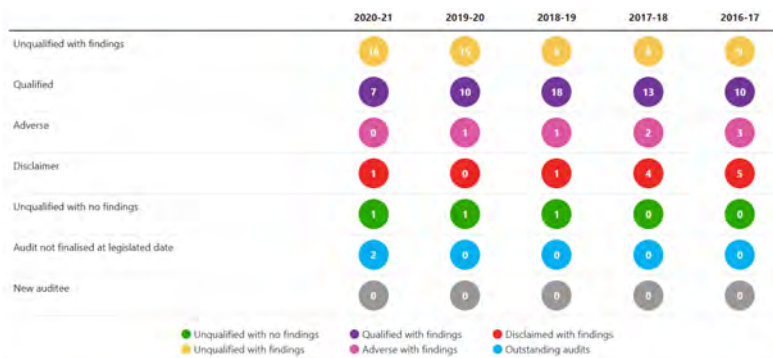


The graph provides overall performance of Sekhukhune District in Limpopo. It shows that all the 4 local municipalities received unqualified audits while the audit of Sekhukhune District Municipality is outstanding.

The interactive data shows that audit outcomes of 2 local municipalities remained unchanged from the 2020 audit while 2 local municipalities improved. Similar data is available for each of the districts in Limpopo and for each of the other 8 provinces.

Source: Auditor-General South Africa

Detailed findings of Sekhukhune District



The graph provides performance of all municipalities in Limpopo Province over a period of 5 years. Municipalities with unqualified audits with findings improved from 9 in 2016/17 to 16 in 2020/21, qualified went down from 10 to 7, adverse from 3 to none and disclaimers from 5 to 1. For the first time in the 2020/21 audit, 2 audits were not finalised at the legislated date.

Source: Auditor-General South Africa

Other information that is available in the data is statistics on number of municipalities that submitted quality financial statements, number of municipalities that spent money on consultants used for reporting and amount spent thereof,

with findings on supply chain management, infrastructure grants management, information on unauthorised, irregular, fruitless and wasteful expenditure as well as number of municipalities with findings on consequence management.



LG FINANCE INTERNS

COMPETENCY DEVELOPMENT PROGRAMME 2023

COMBINED FINANCE INTERNS SUMMIT & ON-LINE DEVELOPMENT PROGRAMME



DATES:

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(FACE TO FACE)

02 JUNE & 30 JUNE 2023

(ON-LINE SESSIONS)

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Cost: **R4 900 (Excl. Vat)** – Without Accommodation

R7 800 (Excl. Vat) – With 2 Days Accommodation

(Wednesday & Thursday Nights – Breakfast & Dinner Included)

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Please contact Mr. Lindo Tembe at

lindo@cfofoundation.org

or at **061 466 6420**



**UNLOCKING AGILITY
IN LOCAL GOVERNMENT:**

CULTIVATING AGILE AND ETHICAL FINANCE
PROFESSIONALS



PDG is a public sector consulting firm that supports decision-making in the public interest

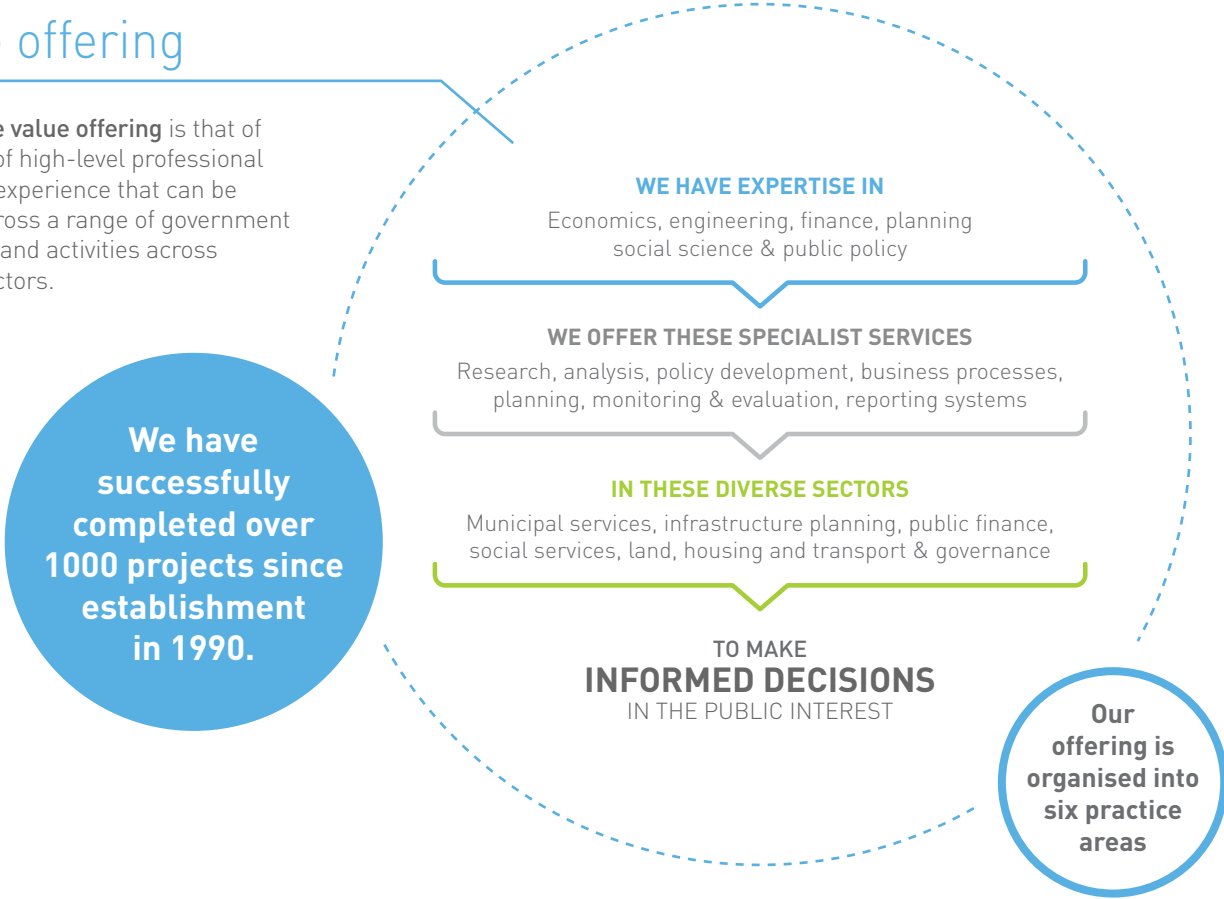
Company overview

Our professional team is diverse, multi-disciplinary and highly qualified, covering the fields of public management, engineering, economics, evaluation, development finance, public policy, spatial planning, political science, environmental science, geography and social science.

PDG's success is built on the foundation of over 32 years of consulting experience in providing quality advice and support to a wide range of government departments across all three spheres of government and other public sector stakeholders in South Africa and across the African continent.

Value offering

PDG's **core value offering** is that of a mixture of high-level professional skills and experience that can be applied across a range of government processes and activities across several sectors.





PUBLIC FINANCE

PDG undertakes national scale public finance policy work and financial planning and strategy work directly for municipalities. The national scale policy field includes advising national government on policy with respect to tariffs, property rates, capital and operating grant mechanisms, as well as supporting clients with the roll-out of policy. Our municipal works involves the application of financial models; PDG has developed a series of financial models including infrastructure investment planning tools, models aimed at projections of the financial viability of municipal services undertakings, and tariff setting tools.



MONITORING & EVALUATION

PDG's M&E Practice Area focuses on strengthening monitoring and evaluation in the public sector to facilitate evidence-based learning, performance improvement and broader societal accountability. PDG has contributed to the development of public sector evaluation practice by designing a national quality assessment system and an evaluation management information system and through undertaking flagship evaluations for national and provincial government. Through our in-depth understanding of the local government environment we have acquired unique expertise in municipal M&E systems. Our staff are active members of the South African Monitoring & Evaluation Association (SAMEA).



URBAN ECONOMIES

The Urban Economies Practice Area prides itself in its expertise in looking 'under the bonnet' of observed sectoral and system-wide trends by harnessing a wide array of administrative, operational and 3rd party data and, by means of bespoke interaction models, create the evidence-base for supporting decision-making in the public interest. PDG provides analytical support in a range of fields requiring a longer-term perspective, such as spatial planning and land use management, economic development, property development and urban management, and transport and related infrastructure planning.



INSTITUTIONAL DEVELOPMENT

PDG supports the evolution of a sound framework for public institutions with specific attention to the relationships between them, and between state institutions and the private sector. PDG builds on considerable experience with intergovernmental relations and the powers and functions of the spheres and tiers and government with effective regulation being a central part of the framework. Municipalities play a central role in the functioning of the government system and PDG supports this through policy development relating to the inter-governmental system, regulation of local government activities, the role of parastatals and the interface with the private sector and civil society.



MUNICIPAL SERVICES

The Municipal Services Practice Area focuses on the engineering services of water, sanitation, electricity, roads, stormwater and solid waste, as well as the interactions between these services. The objective of the practice area is ultimately to improve the speed, scale and quality of municipal services through providing evidence and facilitating strategic processes to support decision making around how municipalities provide their mandated services. We work at the local scale providing research, analysis and planning work for metro, local and district municipalities, as well undertaking policy work at national and provincial scales.



CLIMATE & ENVIRONMENT

PDG has a strong track record in environmental economics and management services to public sector clients. More recently, our services included providing technical advice for mainstreaming climate resilience into catalytic land development programmes and infrastructure investments to support cities. With the anticipated promulgation of the Climate Change Act, municipalities will require support to understand their new mandate and to integrate climate mitigation and adaptation resilience into their development planning. Harnessing its extensive experience at the local government level, PDG's vision is to support municipalities integrate climate change responses into their municipal planning and municipal budgets, develop monitoring and evaluation frameworks to assess climate related programmes and improve municipal access to climate finance.

Our values



TEAMWORK

We work in teams through collegial relationships



CLIENT FOCUSED

We empower, include and respect our clients



EVIDENCE-BASED

Our approach is rigorous and evidence-based



PUBLIC BENEFIT

Our impact must be a more equitable society



INTEGRITY

We operate with utmost integrity

Our approach

PDG works in cooperative relationships with clients and partners to achieve successful outcomes in the public interest. We take pride in basing our strategic advice on empirical and quantitative analysis in combination with qualitative problem-solving approaches and participative stakeholder engagements. We have significant expertise

in the development of tools and approaches to support this analysis – including planning processes, survey methodologies, data management tools, decision-making frameworks, spatial analysis tools, maturity models, and public finance models for financial planning and infrastructure investment planning.

Our professional team



- ▶ **Kim Walsh** is the Managing Director at PDG and leads the Public Finance Practice Area. Kim has a master's degree in economics and undergraduate degrees in economics and chemical engineering. Kim's primary area of interest is financial analysis and modelling which she applies across a range of fields, including public finance, water services, urban systems and environment. Kim also has significant experience with municipal tariff setting.



- ▶ **Nick Graham** is a Director at PDG, responsible for the Municipal Services Practice Area. He is an urban geographer and registered professional engineer with master's degrees in civil engineering, environmental policy and urban geography. His particular interest is urban systems modelling and policy for city efficiency and fiscal impact. He has public sector experience in the housing, water, sanitation, solid waste, transport and energy sectors.



- ▶ **Mike Leslie** is a Director at PDG leading the Monitoring & Evaluation (M&E) Practice Area. He has a Masters of Philosophy in Community and Development and a Postgraduate Diploma in Monitoring and Evaluation. Mike specialises in public sector evaluations and M&E systems. His areas of expertise include evaluation approaches, designs and methodologies as well as M&E system development and consolidation. He is a legacy board member of the South African Monitoring & Evaluation Association (SAMEA) and an active organiser in the South African M&E community.



- ▶ **Nazreen Kola** is a Director at PDG and leads the Institutional Development Practice Area. She has a master's degree in Gender and Development and an undergraduate degree in International Studies. Her interdisciplinary skills set allows her to work across practices, particularly in the areas of policy and legislation, strategy, organisational and institutional development, planning, local government powers and functions, performance management, capacity building and knowledge management.



▶ **Claus Rabe** is a Director at PDG and leads the Urban Economies Practice Area. He holds a dual major in Policy Studies and Economics, a Masters in City and Regional Planning, and a Master of Science in Urban Management. Claus is an urban policy analyst with over 10 years' experience in the field of spatial planning, forecasting, infrastructure and urban economics. Prior to joining PDG, Claus was a principal planner at the City of Cape Town where he received the SAPI National Planning Award for his ground-breaking work on data-driven urban diagnostics.



▶ **Cara Hartley** is a Director at PDG, focusing on the monitoring and evaluation of social and governance interventions. She holds a Masters in Political Science and a Postgraduate Diploma in Monitoring and Evaluation Methods. She is an experienced primary qualitative research practitioner; she also conducts descriptive statistical analysis and is familiar with quantitative evaluation methods. She is a member of the South African Monitoring and Evaluation Association (SAMEA) and a Mandela Rhodes scholar.



▶ **Anele Msomi** is a Consultant at PDG with an Honours in Political Science from the University of Cape Town. She is a social scientist with an interest in inter-governmental relations and how they can be improved using public policy. Her skills set includes qualitative primary research, data collection, qualitative analysis and reporting. She has experience in researching social and policy-related influences of social scientific knowledge in South Africa and has applied her skills set in impact evaluations and reviews across various fields including government management systems.



▶ **David Karpul** is a Consultant with PDG since July 2022. He has honours and masters degrees in engineering, and a PhD in Engineering and Medicine. Through his research background, he has strong skills in bulk data analysis and automation, simulation and optimisation, statistical analysis and study design, and data visualisation. The recurring theme in his career is a desire to have an altruistic element in his work and has subsequently made the transition to the development sector from academia and private consulting. While his quantitative skills are used generally to support PDG, his primary focus is in Urban Data Analytics.



▶ **Mildred Nakkungu** is a Consultant at PDG. She comes with a range of expertise across the fields of the built environment, sustainable development and governmental structures. She has a developed skill set in sustainable building design; thermal, solar, and daylight analysis; and qualitative research. Her academic research focuses on cities, with particular interest in the institutional, legislative and political logics used to govern municipalities. She hopes to utilise her diverse skillset by contributing to a holistically sustainable future in our cities.



▶ **Njabulo Ndaba** is a Consultant at PDG, having joined the organization in January 2023. He holds a Master's Degree in Economics from the University of the Western Cape and brings a wealth of knowledge and expertise in the area of financial inclusion and financial health. His focus is on improving the financial lives of low-income households and women throughout Africa. Njabulo possesses a diverse skill set, including proficiency in qualitative primary research, quantitative research and analysis, and reporting. He is deeply passionate about inclusive financial integrity, Anti-Money Laundering and compliance, and digital identity, and is dedicated to utilising his skills and knowledge to make a positive impact in these areas.



▶ **Sophiya Gabier** is an Intern at PDG. Sophiya's academic background is in Environment and Development studies, where she pursued her honours in BCom-Public and Development Management, at Stellenbosch University. She is passionate about developing a more sustainable economy, and this passion serves as her motivation to effectively apply her knowledge of the environment, policies and legislation with a sustainable approach to contribute towards the greater benefit of society. She is committed to utilizing her education and enhancing her skills to make a positive impact in the field of sustainability and development.

Our associates



▶ **Ian Palmer** is the founder of PDG. He started the firm in 1990, serving as the managing partner and then managing director for 19 years. In 2015 Ian retired as a director and full-time employee of PDG, but remains an associate of the firm and continues to contribute to projects as part of PDG teams. For the remainder he undertakes academic work as an Adjunct Professor at the African Centre for Cities, University of Cape Town. Ian has 45 years' experience in the fields of municipal services planning, municipal finance, inter-governmental relations, housing, roads, public transport and climate change mitigation. He has degrees in civil engineering, economics and environmental engineering.



▶ **Tim Mosdell** is a freelance consultant and associate of PDG. He also manages the Bicycling Empowerment Network (BEN). He was previously an employee and director of PDG for 12 years. Tim has a Masters Degree in Political Studies and an MBA. He worked extensively in the water sector, conducted a number of major programme evaluations, managed large empirical surveys, consulted in the municipal restructuring field, developed knowledge management methodologies, contributed to strategic responses to economic development and urban poverty, and managed projects related to sustainability and the environment.



▶ **Katie Herold** is an associate of PDG. She graduated with a MCom in Economics at University of Cape Town, a BCom Honours in Economics at Rhodes and a BCom degree in Politics, Philosophy and Economics at the University of Cape Town. Since joining PDG in December 2011, Katie has been involved in projects within the area of municipal finance and urban systems, such as analysing the impact of spatial growth on municipal sustainability. Within the solid waste sector, she worked on a financial sustainability model for the City of Cape Town, updated the national Solid Waste Tariff model and more recently, been involved in generating baseline waste context for South Africa.

Our company

PDG is a private limited liability company (Pty Ltd) owned by employees and an employee trust. We are 51% black-owned and have BEE Level 2 Status in terms of the Broad-Based Black Economic Empowerment Act. Although the company is managed by a board of directors, all staff are involved in strategic decision-making and undertaking management tasks.

PDG is an equal opportunity employer, with a strong affirmative action policy. PDG is committed to promoting diversity in its staff profile and ownership of the firm. This is being achieved through our approach to recruiting and a strong commitment to building the careers of those within the organisation.

The company is registered with the Services SETA and 2% of employee time is allocated to training and development according to our staff development plan.

Our clients

PDG aims to increase public benefit in all the work we do. Our success is built on the foundation of over thirty years of consulting experience in providing quality advice and support to a wide range of government departments across all the three spheres of government and other public sector stakeholders in South Africa and across the African continent.

[Client list on next page](#)

While most of our work is concentrated in South Africa, we have undertaken work in Ethiopia, Kenya, Lesotho, Mozambique, Namibia, Rwanda, Uganda, Zimbabwe and Zambia.

National government

- | | | | |
|---|---------------------------------------|---|--|
| • Department of Planning, Monitoring & Evaluation | • National Treasury | • Department of Transport | • Department of Mineral Resources and Energy |
| • Department of Social Development | • Department of Environmental Affairs | • Department of Human Settlements, Water and Sanitation | • Department of Cooperative Governance |

Provincial government

We have assisted multiple provincial departments on strategic planning, monitoring and evaluation, infrastructure planning and municipal benchmarking in the Gauteng, Free State, Western Cape and Limpopo Provinces.

Local government

The core of our work for local clients is related to strategic planning with an emphasis on finance, policy and management. We have assisted municipalities with:

- | | | | |
|--------------------------------|-------------------------------|--------------------------|--------------------------------------|
| • Utility service costing | • Intergovernmental relations | • Performance management | • Medium term budgeting |
| • Long term growth projections | • Strategic planning | • Tariff setting | • Infrastructure investment planning |
| • Municipal policies | • Knowledge management | • Development charges | • Municipal re-structuring |

Parastatals, public entities and associations

- | | | | |
|---|--|-----------------------------------|--|
| • Water Research Commission | • Council for Scientific and Industrial Research | • Financial and Fiscal Commission | • South African Cities Network |
| • South African National Biodiversity Institute | • National Energy Regulator of South Africa | • ESKOM | • South African Local Government Association |
| • Human Sciences Research Council | • Municipal Demarcation Board | • Water boards | |

Development finance institutions

- | | | | |
|--------------|---------------------------------|---------------------------------------|----------------------------|
| • World Bank | • Independent Development Trust | • Development Bank of Southern Africa | • African Development Bank |
|--------------|---------------------------------|---------------------------------------|----------------------------|

Official Development Agencies

- | | | |
|----------|---------|--------------|
| • GIZ | • USAID | • EU |
| • SECO | • DFID | • UNDP |
| • DANIDA | • UNEP | • UN Habitat |

Social Responsibility

A formal allocation of a share of company profit is allocated annually to a development fund in recognition of the responsibility of the firm to the development of disadvantaged South Africans. The disbursement of these funds varies from year to year based on staff proposals on suitable, sustainable projects.

NGOs

- | | |
|---|------------------------------|
| • Centre for Affordable Housing Finance in Africa | • Raith Foundation |
| • The Mvula Trust | • Symphonia for South Africa |
| • Institute for Democracy in South Africa | • Isandla Institute |

Private Sector

- | | |
|-------------------------------|--------------------------------|
| • Business Unity South Africa | • Anglo Coal |
| • Old Mutual | • National Business Initiative |
| • Holcim Cement | • Sakhisizwe Trust |

Key projects

Additional projects are featured online at www.pdg.co.za and a full list of our projects can be provided on request.

Public Finance



Long Term Financing Plans for Five Intermediate City Municipalities

PDG prepared long-term financing plans and identify bankable infrastructure projects in five intermediate city municipalities. Following in-depth engagements with the municipalities, the plans were developed through bottom-up infrastructure modelling to project the expenditures, revenues and financing options over a 20-year period to ensure financial sustainability.



Assessment of the Viability of Municipalities in Gauteng and North West Provinces

PDG assessed the strength of the municipal revenue base in 24 municipalities and their ability to generate sufficient revenue from property rates and municipal services to communities. PDG developed a data-driven diagnostic model which simulates the impact of hypothetical interventions on the financial position of the municipality to identify and quantify the impact of the root cause(s) of non-viability for a given municipality.



Assessment of the Sustainability of Utility Services in Cape Town

PDG analysed the financial sustainability of water services, electricity services and solid waste management. The work included assessing: long term financial trends; the cost of Free Basic Services provision; allocation of the Equitable Share; the impact of various tariff increase scenarios; asset condition as a key indicator of long term sustainability; affordability to consumers; and the potential for efficiency gains.

Monitoring & Evaluation



Assessment of Government Evaluations

A web-based process management system was developed for quality assessments of government evaluations (Quality Assessment Tool). PDG was re-appointed for four phases of work in total including to develop an integrated system for managing government evaluations.



Development and Institutionalisation of the Infrastructure Progression Model

PDG developed an Infrastructure Progression Model (IPM) for the Infrastructure Delivery Improvement Programme (IDIP). The system profiled the capability of provincial departments of education and health to provide infrastructure and plotted this capability against measures of performance. The model was piloted in three provinces and rolled out nationally.



Evaluation of the Urban Settlements Development Grant

PDG undertook a design and implementation evaluation (formative evaluation) of the Urban Settlements Development Grant, on behalf of Department of Human Settlements, supported by DPME. The evaluation included four metro case studies and concluded with recommendations around improvements to the grant design and systems for its implementation.

Municipal Services



Financial mechanisms and models towards economic water resilience in the WC

The Western Cape Government initiated the economic water resilience project to try and address the impact of the drought on the economy of the province. In the first phase, PDG investigated the contexts under which a hybrid centralised-decentralised municipal water supply system could work in six municipalities. This included financial and economic modelling to understand hybrid systems will benefit or impact businesses and affect municipal revenue.



Feasibility study for a Landfill Disposal Tax

Despite the intentions of the National Waste Management Strategy to implement the waste management hierarchy, the vast majority of waste volumes in South Africa continue to be landfilled because landfill charges are very low, and are frequently not representative of the actual, direct costs of landfill. In addition, the broader costs of landfill, including the social and environmental externalities, are not considered.



Gauteng Infrastructure Investment Master Plan Framework

An Infrastructure Framework was developed as Phase 1 of the Gauteng Integrated Infrastructure Master Plan. The project involved a status quo and deficit analysis of all infrastructure in the Gauteng City Region and its key informants, followed by stakeholder engagement and infrastructure modelling to develop a framework document that highlighted the strategic infrastructure priorities and actions that needed to be taken in the Province.

Institutional Development



Synthesis Report on Reconfiguring District Government

PDG produced a synthesis report on the evidence-based policy process to date regarding reconfiguring district government. The work involved collating prior research undertaken on the topic and synthesising the recommendations for implementation by national government.



Assessment of National & Provincial Inter-Governmental Relations Structures

PDG assessed the functionality of the national and provincial intergovernmental relations structures constituted in terms of the Intergovernmental Framework Relations Act. The project assessed the functionality of all the nine Premier's Coordinating Forums, the six sector Ministerial/MEC Forums and the President's Coordinating Council. Lessons were documented on the challenges and obstacles faced by these structures in discharging their legislative mandates.



Powers & Functions Framework

PDG assessed the functionality of the current framework governing the division of powers and functions between the three spheres of government and drafted a new governance, policy and legislative framework for managing the allocation of these powers and functions.

Urban Economies



Gautrain Transaction Advisors

PDG was appointed by Pegasys to support its land-based financing team in estimating the anticipated revenue implications of extending the Gautrain rapid rail network. PDG's primary role was to model the long-term property rates revenue impact of the proposed extension accruing to the City of Johannesburg on the strength of an empirical analysis of property market trends in both served and unserved nodes since 2009, focusing specifically on the residential, office and retail property sectors.



Long-term Area-based Demographic Population Projections

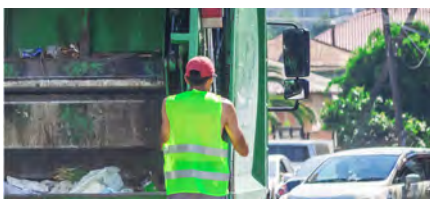
PDG was responsible for leading a team of actuarial demographers in developing a population projection model for each area-based service delivery area in Cape Town from 2016-2040. Beyond leading the team, a spatial adjustment module was conceptualised and developed to account for the effect of path dependencies (e.g. housing pipeline), local capacities (e.g. land availability) and interdependencies (e.g. land markets and boundary effects) on demographic processes.



Cape Town Urban Development Index

PDG was part of a team who conceptualised a methodology for developing an Urban Development Index for the City of Cape Town. PDG were responsible for calculating the recurrent costs of land and housing in all transport zones across the city.

Climate & Environment



Socio-economic and environmental impact assessment of GHG strategies

PDG, subcontractor to CAMCO was contracted to GIZ to complete research for the Department of Environmental Affairs to: (i) project national GHG emissions into the future (thereby establishing an updated emissions baseline in the absence of further mitigation initiatives, (ii) identify and analyse mitigation opportunities in key sectors of the economy and (iii) conduct a socio-economic and environmental assessment of the identified mitigation options.



Western Cape Climate Change Mitigation Scenarios

Climate change is a global concern, and measures are being taken within all spheres of the South African government to mitigate impacts. The Western Cape Government had undertaken previous research on energy and climate change to develop an energy and greenhouse gas emissions database, which provided important baseline data to understand the energy use and emissions profiles per sector in the province. This study sought to use and build on this research by identifying the emission reduction potential of a range of climate change mitigation scenarios.



Defining the role of Local Government in Environmental Management

SALGA and the Department of Environmental Affairs jointly funded a study aimed at defining the role of Local Government in Environmental Management and establishing the costs of performing environmental management functions. Through a partnership with EnAct International and Zenande Leadership, PDG developed an Environmental Legal Protocol, defined a related set of Environmental Indicators and compiled a benchmark assessment of the costs to municipalities of implementing their Environmental Management responsibilities.



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