

**IMFO CONFERENCE  
5 OCTOBER 2009  
KEMPTON PARK**

**PRESIDENTIAL ADDRESS**

Presented By: George D van Schalkwyk

IMFO President

**IMFO is the recognised professional body  
for the development and promotion of  
Municipal Finance Officers and Local  
Government Finance**

**80 Years – NOT OUT**

# IMFO MEMBERSHIP

- Requirements being reviewed
- Alignment to NT requirements
- 1648 Members and growing
- Are you part of this professional team?

# IMFO ACTIVITIES

- Conferences – hosting and presenting
- Training – members and others
- Workshops - hands-on interactive
- Provide advice / comments

# IMFO PRESENTATIONS

- **SALGA**
  - National Members Assembly
  - EMT Lekgotla
  - Capacity Building Workshop
  - Budget Weeks in Provinces
- **COGTA**
  - Stakeholders Bosberaad
  - Annual Strategic Planning Session
- **IMFO**
  - Branch Seminars
  - Meetings with National Departments on technical issues
- **NERSA**
  - ESKOM Tariff Increases

# IMFO – INPUT TO LEGISLATION

- Municipal Property Rates Act 6 of 2004
  - Knowledge sharing with 700 delegates
  - Amendment Bill – needs strong support
  - Condonation – time periods – regulations
  - Further amendments proposed
- Constitution: 17<sup>th</sup> Amendment
- Accounting Standards Board
  - Participation re exposure drafts
  - Krish serving on the Board

# ELECTRICITY - CHALLENGES

- ESKOM

- Late application for tariff increases
- “Complicated tariff structure for exporting”
- Free electricity paid for by Councils

- NERSA

- Repeated debt management press releases
- Narrow view on South Africa
- Why would Council disconnect a service?

- RESTRUCTURING

- SALGA view is supported
- Cash flow a huge risk for Local Government

# CASH FLOW RISKS

- **Customer interface**
- **Consolidated municipal account**
- **Duplicated administrative costs – no value add**
- **Credit rating**
- **Improving audit reports could be compromised**

# CORRUPTION AND FRAUD

- **Former Taiwanese President – life**
- **Former Chair of China Petroleum – suspended death penalty**
- **UK Bill – companies liable for bribes paid by employees**
- **US fraudster (pyramid scheme) jailed for 100 years**
- **Parliament needs extra powers to fight lying officials**
- **Our President**
  - **Teachers must work 6.5 hours per day, not 3.5**
  - **Police must be protected against gun crazy criminals**

# DORA – FUNDING (1)

- RSC Levies was linked to economic activities
  - Flowed with the local economy
- Fuel Levy as a general grant
  - Linked to a single aspect of economic activity in an area
  - Works against fuel saving measures
  - Rapid Bus Transport & rail will reduce fuel consumption
  - Works against the protection of the environment
- Fuel levy to fund Rapid Bus Transport
  - Ideal due to compensating mechanisms

# DORA – FUNDING (2)

- **Unfunded Mandates**
  - Deprives municipal functions
  - Causes higher rates and tariffs
- **Discontinue or scale down unfunded mandates**
  - Could the Country afford this?
  - Would it be acceptable to residents?
- **Must find a win-win solution**

# TAX – LOCAL BUSINESS TAX

- **Local Business Tax to replace RSC Levies**
- **Stable and predictable revenue source**
- **Businesses enjoyed a tax holiday (RSC Levies)**
- **Collection process already in place**
- **Not via Municipal Fiscal Powers & Functions Act**

# 2013 – MINIMUM COMPETENCY LEVELS

- 1 January 2013
- Support for improving the competencies where deficient
- Currently not enough experienced & competent staff available
- Pool of “competent” staff may be reduced on 1 January 2013
- Needs further discussion and monitoring
- IMFO membership requirements
- IMFO monitoring and guidance for members

# LIFESPAN OF A CFO

- Smaller Councils, average; 1.5 years
  - Loss of institutional knowledge
  - Uncertainty
  - Short term view
  - Could make fraud more tempting
- Many acting appointments
  - High correlation with financial problems
  - Hard decisions being avoided to secure appointment

# IMFO HANDBOOK

- **Reference guide to the Municipal Finance Practitioners**
- **Hard copy being launched today**
- **Each CFO could collect a free copy at the IMFO stand tomorrow**
- **Will be of immense value to Local Government**
- **A huge task by those who compiled, reviewed and performed the quality control**

# BRANCH ACTIVITIES

- All Branches - some IMFO activities
- 3 Branches will be rewarded
- The Western Cape Branch
  - Donation to Madiba Children Fund 2008 & 2009
  - 18<sup>th</sup> July 2009, Madiba Day, cleaned trolleys at the maternity ward at Somerset Hospital

# IMFO - TRANSFER OF SKILLS

- Driven by urgent need for
  - Transfer of skills
  - Transfer of knowledge
  - Transfer of experience
- WHY?
  - Local Government
  - Residents of our Country

# IMFO STRENGTHS

- Provincial structures
- Technical expertise of members
- Communication instruments and links
- Networking opportunities

# IMFO – WORKING WITH

- SALGA – MOU
- LG SETA – MOU
- COGTA (DPLG) – Good cooperation
- NT – Good cooperation
  - **Municipal Powers & Functions Act – presented at SALGA NMA**
- Technical institutes

# **IMFO – THE NEXT 80 YEARS**

**The future is in our hands**

**Let's take hands and deliver**

**the best for all our residents**

**I thank you**

# IMFO

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