

**A GUIDELINE ON  
HUMAN RESOURCES  
ARRANGEMENTS IN  
THE TRANSITIONAL  
PHASES OF LOCAL  
GOVERNMENT**

**COMPILED BY THE SPECIAL TASK  
TEAM ON THE ESTABLISHMENT OF  
MUNICIPALITIES, IN  
COLLABORATION WITH THE  
DEPARTMENT PROVINCIAL AND  
LOCAL GOVERNMENT**

## INTRODUCTION

This document is only a guideline and it is possible that some issues might not have been addressed. The intention of this document is only to assist the various municipalities with regard to the transitional arrangements. It is also important to note that this document was not drafted to cater for unique situations, but as a general guide to all municipalities.

Amalgamation is on our doorstep and it is crucial that certain financial and other related issues be addressed as a matter of extreme urgency. This challenge must be faced in an organised manner and necessary steps must be taken to ensure smooth transformation and restructuring.

Planning and implementation should be done in specific timeframes and phases and the pitfalls in relation to the various stages must be identified and well managed. It has become evident that crucial matters should be addressed with regard to the establishment process. It is therefore necessary that guidelines be issued with regard to the different phases in the transformation process and what should happen in these phases. There should also be a clear understanding of the phases as well as the crucial issues that should be addressed.

Broadly, the stages relevant to this transformation should include the following:

- The assessment of the situation of all current councils
- The formulation of strategies on how to address the situation
- The implementation of the strategies
- The monitoring of the implementation and corrective steps, if necessary.

Another principle that should be addressed in the formulation of the strategy is the phases when certain actions should take place to ensure a smooth transition.

These phases are classified as follows – (See Annexure “A”)

- |   |         |   |  |
|---|---------|---|--|
| * | Phase 1 | - | Drafting and finalisation of the Section 12 establishment notices.       |
| * | Phase 2 | - | Situational analysis (“stocktaking”) and planning to facilitate phase 4. |
| * | Phase 3 | - | Municipal Elections.   |
| * | Phase 4 | - | Disestablishment, establishment and operational phase.                   |
| * | Phase 5 | - | Implementation and development phase.                                    |

All these phases will need certain information or detail that should be addressed and should be specified in a transformation strategy.

In terms of the legislation we can envisage two processes taking place: depending on the number of municipalities disestablished and established.

1. Those where the current municipality is not affected and remains on its own whilst falling in the new District Council.
  2. Those where a number of municipalities will be disestablished and one new municipality established.
- A. In the first instance we envisage that very little will be done in regard to restructuring prior to the Elections.

The employees will be transferred on the same terms and conditions as applicable prior to the disestablishment of the old municipality.

In terms of Section 197 of the Labour Relations Act of 1995 it will not be necessary to obtain an employee's consent for such transfer as the whole of the undertaking is transferred as a going concern.

The new municipality will then have to appoint its Municipal Manager and all other contractual appointments after the elections.

The following arrangements have to be put in place in municipalities as interim measure pending the establishment of new municipalities:

1. Filling of senior managerial positions be kept in abeyance.
2. The creation of new posts not be entertained.
3. No change to current salaries of employees.
4. General job evaluations not be entertained.

## 1. PHASES OF THE TRANSFORMATION PROCESS

### 1.1 **Drafting and Finalisation of Section 12 Establishment Notices (Phase 1)**

This phase entails the drafting of the section 12 notices. A draft section 12 notice was provided to all provinces in order to ensure the alignment of all section 12 notices that were promulgated. The section 12 notice addressed the following:-

- The transfer of assets, rights, obligations and liabilities.
- The transfer of those of the aforementioned assets comprising investments, cash and current credit balances in the accounts of financial institutions.
- The transfer of all administrative and other records relating to the assets, rights, liabilities and obligations referred to.
- The transfer of staff.
- Insurance.
- The establishment of a Transitional Facilitation Committee.

In addition to the draft section 12 notice which was issued previously, a further framework document regarding the division of powers and functions in terms of the Municipal Structures Act, 117 of 1998, as amended, is attached as Annexure “B”.

However development in the Northern Province would require the inclusion of provision to regulate instances where a municipality will be divided into a number of new municipalities without an agreement between such new municipalities on the appointment of employees. In that case the Section 12 Notice will have to provide for the designation of one of the new municipalities as the employer for purposes of section 197 transfers. A subsequent transfer on the conclusion of an agreement between the new municipalities is envisaged and such will take effected in terms the existing municipality and trade unions operating therein. The subsequent transfer will take place either under Phase 4 or 5. The Notice should provide for the conclusion of service agreements between the newly established municipalities.

Refer also to Document on Financial Matters on Issues 1 – 4 above

2.1.1. **PRIORITISATION OF HUMAN RESOURCES LINKED KEY PERFORMANCE AREAS AND CRITICAL TRANSITIONAL ARRANGEMENTS WHICH MUST BE IN PLACE BEFORE DURING AND AFTER THE ELECTIONS, DISESTABLISHMENT OF THE EXISTING AND ESTABLISHMENT OF THE NEW MUNICIPALITIES WITHIN SPECIFIC TIME FRAMES**

TIME FRAME	PRIORITY
BEFORE 6 DECEMBER 2000	O
FROM 6 DECEMBER TO 31 MARCH 2001	A
FROM 1 APRIL 2001 TO 30 JUNE 2001	B
FROM 1 JULY 2001 -----	C

2.2. **Drafting of the Situational Analysis Stocktaking and Planning to Facilitate phase 4. (Phase 2)**

Municipalities should concern themselves with the conduct of audit and the compilation of detailed information packages on the following areas concerning Human Resources and with the following time frames:

WHAT	WHEN	PRIORITY
1. ORGANISATIONAL STRUCTURE/S	BY ESTABLISHMENT DATE: 6 DECEMBER 2000	O
2. LAST GRADE OF MUNICIPALITY	BY ESTABLISHMENT DATE: 6 DECEMBER 2000	O
3. CONDITIONS OF SERVICE	BY ESTABLISHMENT DATE: 6 DECEMBER 2001	O
4. JOB EVALUATION SYSTEM	BY ESTABLISHMENT DATE: 6 DECEMBER 2001	O
5. RETRENCHMENT POLICY	BY ESTABLISHMENT DATE: 6 DECEMBER 2000	O
6. EMPLOYMENT EQUITY PLAN	BY DISESTABLISHMENT DATE: 6 DECEMBER 2000	O
7. PERFORMANCE MANAGEMENT SYSTEM	BY DISESTABLISHMENT DATE: 6 DECEMBER 2000	O
8. ALL HUMAN RESOURCES RELATED POLICIES AND BENEFITS	BY DISESTABLISHMENT DATE: 6 DECEMBER 2000	O
9. ACCURATE ESTABLISHMENT STATISTICS	BY DISESTABLISHMENT DATE: 6 DECEMBER 2000	O

All the above information should be available in Consolidated Format on the 6<sup>th</sup> of December 2000.

1.2 **Disestablishment, establishment and operations phase (Phase 4)**

The information gathered in Phase 2 will be used to inform decisions taken hereunder in pursuance of establishing Political and Administrative Structures.

Such political and administrative structures will be established firstly in terms of the relevant Acts (the former) and secondly as a result of the strategic analysis and planning process, to follow the maxim: "Structure follows Strategy".

In the process of going through the strategic planning exercise which could take some months it is however still necessary that service delivery and day to day performance be maintained at least on present levels.

For this purpose the maintenance of an intact chain of command and decision-making process is crucial and planning must centre around this approach.

On the first day after disestablishment of the present Municipalities and establishment of the New Municipalities the Human Resources Administration System must continue to run smoothly and without a hitch. The following key performance areas are relevant:

2.3.1. **KEY PERFORMANCE AREAS TO BE IN PLACE ON FIRST DAY:**

WHAT	WHEN	PRIORITY
1. PAYMENT OF SALARIES	FROM 6 DECEMBER 2000	A
2. LEAVE ADMINISTRATION	FROM 6 DECEMBER 2000	A
3. PAYMENT OF ANNUAL BONUSES	FROM 6 DECEMBER 2000	A
4. PAYMENT OF ANY OTHER BENEFITS	FROM 6 DECEMBER 2000	A
5. MAINTENANCE OF DISCIPLINE AND DISCIPLINARY ACTION	FROM 6 DECEMBER 2000	A

WHAT	WHEN	PRIORITY
6. MAINTENANCE OF HR RECORDS SYSTEM	FROM 6 DECEMBER 2000	A
7. MAINTENANCE OF HR ESTABLISHMENT AND –PROCESSING OF RESIGNATIONS AND MEDICAL BOARDINGS	FROM 6 DECEMBER 2000	A
8. MAINTENANCE OF OCCUPATIONAL HEALTH AND SAFETY SYSTEMS AND PROCEDURES	FROM 6 DECEMBER 2000	A
9. CONTROL AND RECORDS OF ALL TEMPORARY AND CONTRACTUAL APPOINTMENTS	FROM 6 DECEMBER 2000	A
10. LETTER OF TRANSFER TO THE NEW MUNICIPALITY MUST BE PREPARED AND IN EVERY SINGLE EMPLOYEES’ POSSESSION AS SOON AS POSSIBLE AFTER THE DATE OF ESTABLISHMENT	FROM 6 DECEMBER 2000	A

Refer also to Document on Financial Matters on Issues 1 – 4 above.

### 2.3.2. APPOINTMENTS ON SENIOR MANAGEMENT LEVEL

It will in our submission not be possible for the SALGBC to determine the limits for the remuneration of senior employees in the immediate future until there is a collective agreement on a remuneration framework inclusive of job evaluation. It is also envisaged that Councils are unlikely to make permanent senior appointments in the absence of a new organisational structure. As is expected Councils will have to effect acting appointments for the post of Municipal Manager in their first council meetings.

1. If an acting appointment of a Municipal Manager or other senior contractual appointment is made then we propose that employees be compensated on the basis the highest graded administration in the newly established municipality.

WHAT	WHEN	PRIORITY
1. APPOINTMENTS IN ACTING CAPACITY ONLY AS STRUCTURE IS NOT YET IN POSITION	BEFORE END DECEMBER 2000	A
2. BASED ON GRADING OF HIGHEST LEVEL OF ERSTWHILE INDIVIDUAL COUNCIL WITH ALLOWANCE WHERE APPLICABLE	BEFORE END DECEMBER 2000	A

### 2.3.3. **STRATEGIC PLANNING PROCESS AND DEVELOPMENT OF FUNCTIONAL AND ORGANISATIONAL STRUCTURES**

Once the strategic planning process and the formal establishment of organisational objectives and functions has been completed and the functional and organisational structures are in place the placement of staff must commence. Placement committees will be established in each municipality to place employees upon the conclusion of a collective agreement thereon at the SALGBC. Due to the involvement of Trade Unions at this level the time span involved could be quite lengthy.

Notwithstanding this fact business in terms of service delivery must continue and all Human Resources Systems and activities must be geared towards supporting the new Municipality in achieving this via various interim arrangements and adaptations thereof as necessary.

Some of the Human Resources policies referred to in Phase 5 will have to be used in this phase. If municipalities go the route of establishing a new and interim organisation structure with the intention to appoint officials therein such appointment will have to be acting appointments and not new and permanent appointments.

### 2.3.4. **STAFF FROM R293 TOWNS**

The problem here arises from the fact that numbers of these staff are still employed by province and must now be transferred to municipalities.

In terms of Section 197 of the Act the principle of “going concern” is also applicable to them with the difference that the logistics are somewhat more complicated due to the different employers which are involved. The following issues will have to be attended to:

WHAT	WHEN	PRIORITY
1. MAINTENANCE OF SALARY PAYMENTS BY PROVINCE	6 MONTHS AFTER DISESTABLISHMENT UP TO 30 JUNE 2001	B
2. INITIATE AND COMPLETE ALL TRANSFERS FROM PROVINCE TO NEW MUNICIPALITY	WITHIN THE ABOVE 6 MONTHS TO 30 JUNE 2001	B
3. PLACEMENT INTO LABOUR POOL WITH OTHERS IF STRUCTURES AND POSTS ARE NOT YET FINALISED OR DIRECTLY IF ABOVE HAS BEEN COMPLETED	AFTER 30 JUNE 2001	C

Once this placement is achieved they become subject to the Employment Conditions and benefits of the new Municipality.

The above will ensure that they are treated no differently to any other staff members during the process.

#### 2.4. **Implementation and Development (Phase 5)**

Once the political and administrative system including the functional and organisational structures are in place and staff have been allocated to positions a number of requirements which centre mainly around rationalisation and alignment of Human Resources Management Policies and Procedures need to be put into place. Examples are the following:-

##### 2.4.1. **REMUNERATION**

The whole issue of remuneration remains a highly contentious one, which must be addressed as a top priority. As actions at Bargaining Council level are underway in terms of researching new initiatives iro Job Evaluation and Remuneration all new Municipalities will be required not to unilaterally implement new salary structures.

It is however also a fact that pressure for adjustments will be immediate for the simple reason that other Municipalities/Structures are already on higher levels. It is also clear that such pressure cannot be ignored for extended periods of time especially given the fact that a revamp of Public Sector pay structures to become more aligned with the private sector is also presently underway.

In the short term the following interim arrangements are proposed.

WHAT	WHEN	PRIORITY
1. CONSOLIDATE EXISTING SALARY SCALES WITHIN THE METRO BY COMBINING LOWEST NOTCH OF SMALLEST ERSTWHILE MUNICIPALITY AND HIGHEST NOTCH OF BIGGEST ERSTWHILE MUNICIPALITY FOR EVERY SINGLE POSITION.	BY 30 MARCH 2001	A
2. SALGBC TO FINALISE A NEW REMUNERATION SYSTEM/STRATEGY	FROM 6 DECEMBER 2000 ONWARDS TO BE AVAILABLE BY 30 MARCH 20001 TO ENABLE BUDGETING TO TAKE PLACE	A

The above arrangement has the smallest financial implication to the new Municipalities in the short term and effectively maintains the Status Quo until a new structure and remuneration system is in place.

#### 2.4.2. **CONDITIONS OF EMPLOYMENT**

In the short term most municipalities have similar conditions of employment in place which should remain so.

As this is a central bargaining issue the Bargaining Council should continue negotiating on a new uniform set of Service Conditions.

Of greater concern is the large number of policies and benefits which are in position in various councils over and above the Conditions of Employment – These must be attended to urgently to avoid complicating administration.

They will have to be consolidated and once single policy in terms of each of the above will have to be formulated and agreed upon by all stakeholders to be implemented uniformly by the new Municipality.

It must be understood that the above refer to Local Agreements which expand and improve upon the Conditions of Employment but now form part of groups of employees' conditions/benefits.

WHAT	WHEN	PRIORITY
1. LEAVE	BY 30 JUNE 2001	B
2. HOUSING ASSISTANCE	BY 30 JUNE 2001	B
3. LABOUR RELATIONS RELATED POLICIES	BY 30 JUNE 2001	B
4. GENERAL ALLOWANCES AND LOANS	BY 30 JUNE 2001	B
5. MEDICAL FUNDS	BY 30 JUNE 2001	B
6. PENSION FUNDS	BY 30 JUNE 2001	B
7. WORKING HOURS	BY 30 JUNE 2001	B
8. POLICIES ON WORK STUDY	BY 30 JUNE 2001	B
9. AND OCCUPATIONAL HEALTH AND SAFETY	BY 30 JUNE 2001	B
10. TRAINING AND DEVELOPMENT ISSUES	BY 30 JUNE 2001	B
11. TRANSPORT ALLOWANCE AND ASSISTANCE	BY 30 JUNE 2001	B

#### 2.4.3. **JOB EVALUATIONS**

As this is inherent in the present Conditions of Employment in all cases it is not possible to change the arrangement without negotiation.

Until such time that a new organisational structure and job descriptions are not in place it presents no problem.

This gives the parties to the Bargaining Council some time (at least until 30 June 2001) to come up with an alternative.

Pressure must however be applied to do so as this has always been and will again become a contentious issue.

**2.4.4. APPOINTMENT OF SENIOR MANAGERS**

There are two approaches to appointments and employment of Senior Managers.

- (i) Contractual and Performance linked.
- (ii) Fixed term with fixed salary.

It has already been indicated that the first option appears to be the most acceptable.

Unfortunately this implies the development of a totally new performance linked remuneration system which to a large extent will be individualised around a particular incumbent and which will be subject to negotiations with the individual concerned. Strict and comprehensive control measures and rules will have to be formalised beforehand to avoid problems and arguments.

In the private sector, to which even Government is now looking regarding this, such issues are dealt with at local business level. In our case the possibility of a uniform set of guidelines from the Bargaining Council is an option but care must be taken not to over regulate the issue, as Municipalities are part of the wider Human Resources market and must compete therein for suitably qualified and experienced personnel.

<b>WHAT</b>	<b>WHEN</b>	<b>PRIORITY</b>
1. RESEARCH AND DEVELOP A CONTRACTUAL AND PERFORMANCE BASED EMPLOYMENT PROPOSAL AND SUBMIT TO SALGBC WHERE APPLICABLE	BY 28 FEBRUARY 2001	A
2. SALGBC TO PRODUCE A FINAL DOCUMENT	BY 30 JUNE 2001	A

2.4.5. **OTHER HUMAN RESOURCES LINKED LEGISLATION**

The table below identifies the most other important legislation which has a direct impact on Human Resources and needs to be put into place quickly:

WHAT	WHEN	PRIORITY
1. ORGANISATIONAL RIGHTS AGREEMENT – TRADE UNIONS	BY 31 JANUARY 2001	A
2. EMPLOYMENT EQUITY ACT - A CONSOLIDATION OF ALL THE VARIOUS PLANS WILL HAVE TO TAKE PLACE AND THE MUNICIPALITY MUST INITIATE FURTHER COMPLIANCE WITH THE ACT. THIS REQUIRES IMMEDIATE ACTION AS THE CYCLE FOR SUBMISSION OF THE NEST REPORT TO THE DEPARTMENT OF LABOUR IS ALREADY UNDERWAY AND NO PHYSICAL INTERVENTIONS ARE AS YET IN PLACE. ALL COUNCILS SHOULD ATTEND TO THIS FORTHWITH.	BY 30 MARCH 2001	A
3. SKILLS DEVELOPMENT ACT - THE DEVELOPMENT OF EMPLOYEES AND THE REQUIREMENTS OF THIS ACT MUST BE MET AS IT HAS EXTENSIVE FINANCIAL IMPLICATIONS. MUNICIPALITIES SHOULD IMMEDIATELY PUT ACTIONS INTO PLACE TO RECLAIM PART OF THE LEVY PAID OVER TO THE STATE AND IMPLEMENT THE REQUIREMENTS OF THE ACT DELAY.	BY 30 MARCH 2001	A

WHAT	WHEN	PRIORITY
<p>4. PERFORMANCE MANAGEMENT: THIS IS TO A CERTAIN EXTENT ALSO LINKED TO PERFORMANCE CONTRACTS OF SENIOR MANAGEMENT AND SHOULD BE DEVELOPED TOGETHER. IN TERMS OF BOTH THE SKILLS DEVELOPMENT ACT AND THE RATIONALISATION OF LOCAL GOVERNMENT AFFAIRS ACT. PERFORMANCE MANAGEMENT SYSTEMS MUST BE PUT INTO PLACE, AS THE FUNDAMENTAL PHILOSOPHY OF DELIVERY AND PERFORMANCE IS THE REASON FOR THE TRANSFORMATION PROCESS INTERVENTION IN THE SHORT TERM IN TERMS OF DEVELOPING SUCH SYSTEMS IS NECESSARY. IT IS KNOWN THAT CONSULTANTS ARE INVESTIGATING SUCH SYSTEMS BUT THE NEW MUNICIPALITIES ALSO NEED TO GET INVOLVED, SUPPLY INPUTS AND KEEP UP THE PRESSURE.</p>	<p>BY 30 JUNE 2001</p>	<p>B</p>

2.4.6. **OTHER HUMAN RESOURCES ISSUES**

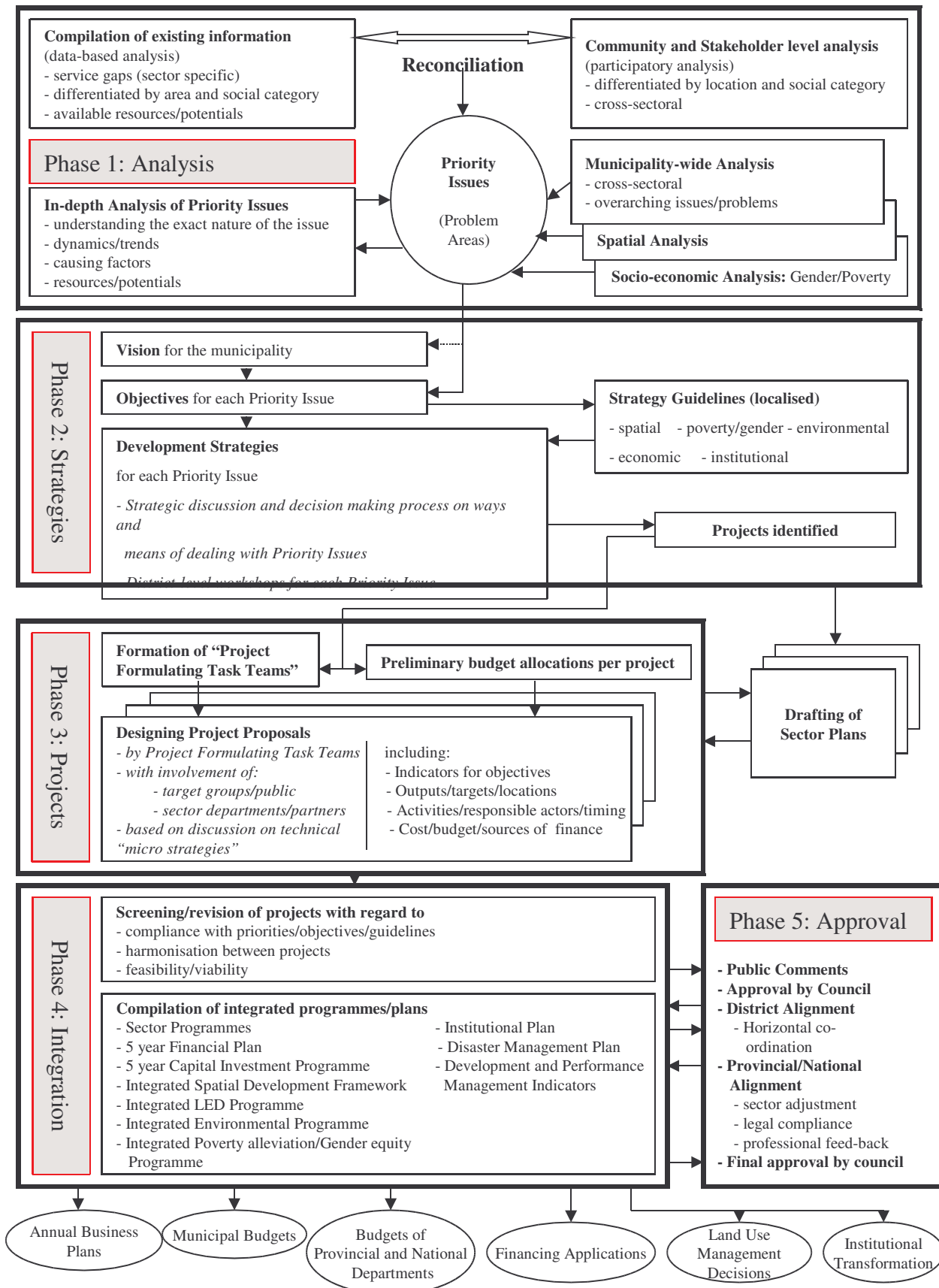
Other issues do not hold such high priorities at present in terms of allowing the New Municipalities to function smoothly although, as the process progresses and unfolds, this could change.

If the abovementioned is put into place a smooth transition up to Phase 5 is expected to realise.

**Issued by:**

**Special Task Team on the Establishment of Municipalities in collaboration with the Department of Provincial and Local Government**

Phases of the IDP Process - Overview

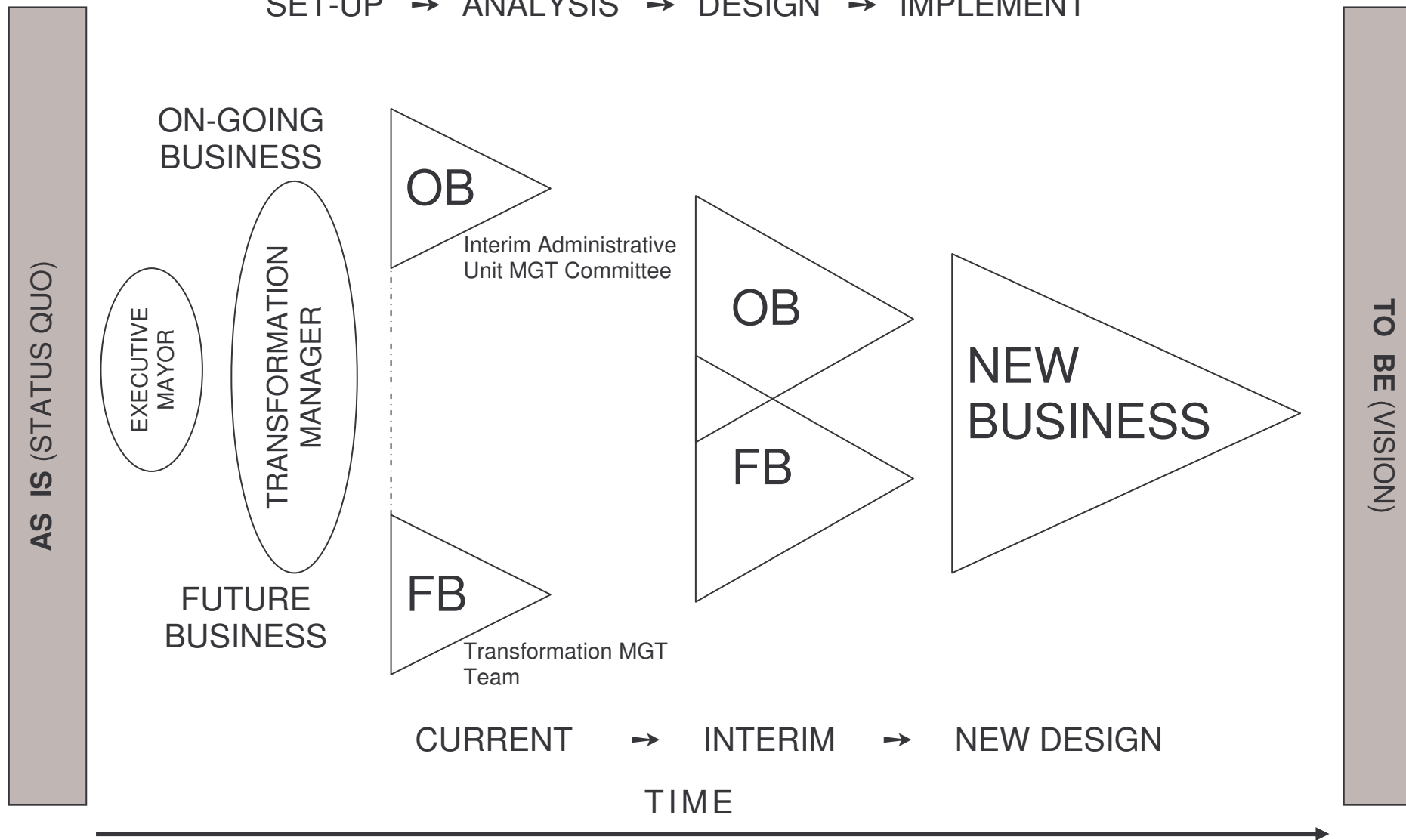


# SCHEDULE OF TRANSFORMATION MANAGEMENT MEETINGS : 2001

Month	Week	Transformation Steering Committee	Project Management Team	Transformation Work Group	Project	Project	Project	Project	Project	Remarks
a	b	c	d	e	f	g	h	i	j	k
January	1									
	2									
	3									
	4									
February	1									
	2									
	3									
	4									
March	1									
	2									
	3									
	4									
April	1									
	2									
	3									
	4									

# MANAGING THE TRANSFORMATION PROCESS

SET-UP → ANALYSIS → DESIGN → IMPLEMENT



# LOCAL GOVERNMENT TRANSFORMATION PROCESS

