

PROVINCE OF WESTERN CAPE

PROVINSIE WES-KAAP

Provincial Gazette Extraordinary

6584

Wednesday, 10 December 2008

Buitengewone Provinsiale Koerant

6584

Woensdag, 10 Desember 2008

Registered at the Post Office as a Newspaper

CONTENTS

*(*Reprints are obtainable at Room 9-06, Provincial Building, 4 Dorp Street, Cape Town 8001.)*

No.

Page

Provincial Notice

462 Province of the Western Cape: Consolidated Annual Municipal Performance Report 2006/07: Period ending June 2007	2
---	---



PROVINCIAL NOTICES

The following Provincial Notices are published for general information.

V. L. PETERSEN (Ms),
DIRECTOR-GENERAL

Provincial Building,
Wale Street
Cape Town.

P.N. 462/2008

10 December 2008

PROVINCE OF THE WESTERN CAPE
CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE REPORT 2006/07
Period ending June 2007

CONSOLIDATED ANNUAL MUNICIPAL
PERFORMANCE REPORT FOR THE
PROVINCE OF THE WESTERN CAPE
2006/07

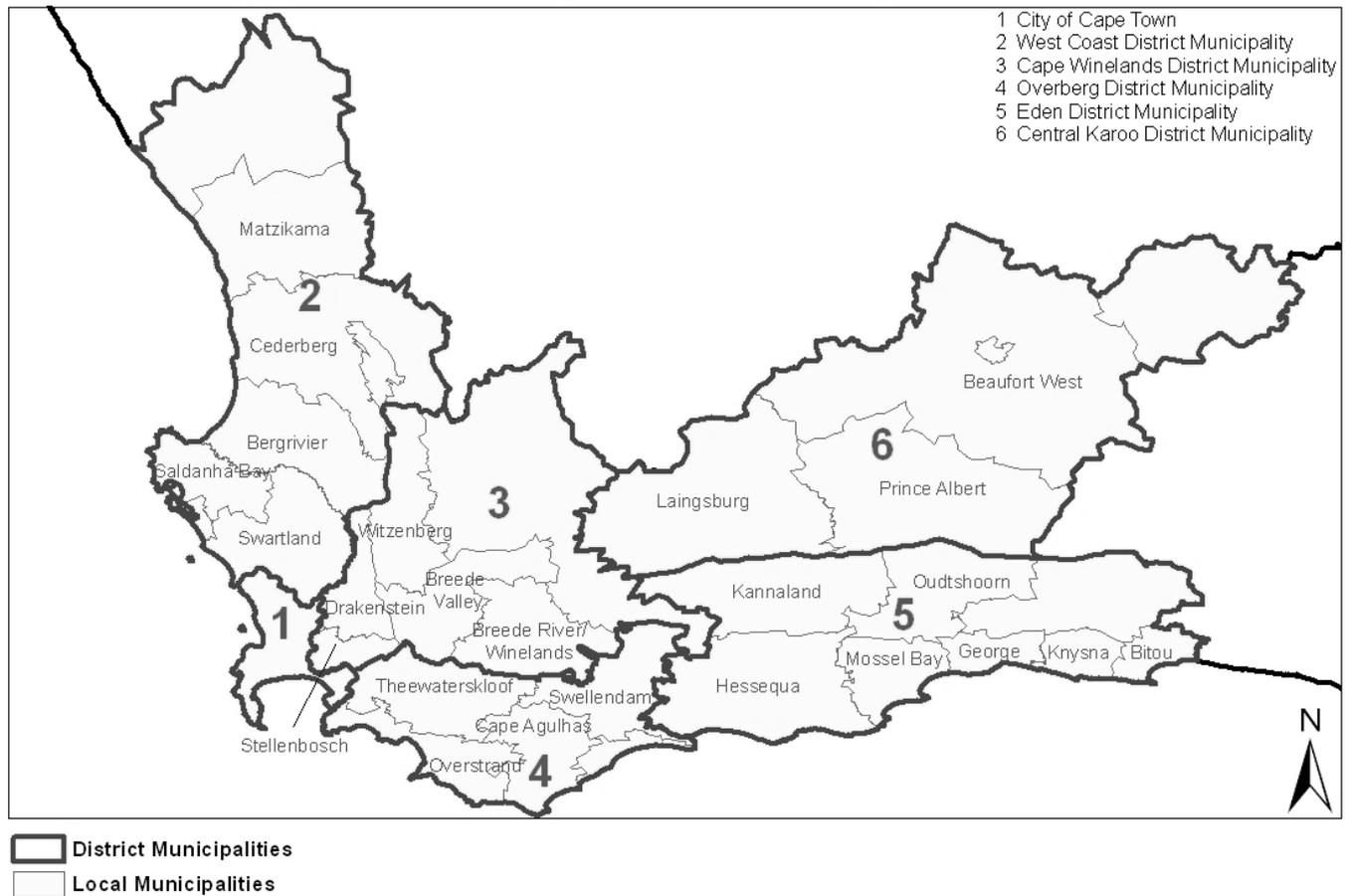
PERIOD ENDING JUNE 2007

WESTERN CAPE MUNICIPALITIES

The municipalities in the Western Cape consist of:

- One metro
- Five district municipalities
- Twenty four local municipalities

Western Cape Local Municipalities



LIST OF ABBREVIATIONS**FOREWORD BY MEC****LIST OF TABLES****EXECUTIVE SUMMARY****BACKGROUND AND LEGISLATIVE OVERVIEW****RESEARCH METHODOLOGY****CHAPTER 1: GEOGRAPHIC, DEMOGRAPHIC AND SOCIO ECONOMIC PROFILES OF MUNICIPALITIES**

- 1.1 Introduction
- 1.2 Geographic information
- 1.3 Demographic information
- 1.4 Socio- economic information
- 1.5 Political composition
- 1.6 Classification of municipal capacity by the National Treasury
- 1.7 Assessment of the geographical and demographic data and the socio-economic profiles of municipalities

CHAPTER 2: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

- 2.1 Introduction
- 2.2 National and Provincial Key Performance Indicators
- 2.3 Concise description of strategic vision of each municipality
- 2.4 Alignment of visionary statement between spheres of government
- 2.5 Integrated development planning per municipality
- 2.6 Analysis of intergrated development planning processes at municipal level
- 2.7 Institutional development and transformation
 - 2.7.1 Introduction
 - 2.7.2 Municipal Organisational Structure
 - 2.7.2.1 Filling of posts, transformation and HR policies and systems
 - 2.7.2.1.1 Number of approved and vacant posts per municipality
 - 2.7.2.1.2 Transformation statistics per municipality
 - 2.7.2.1.3 Municipal employees per race category expressed as a percentage compared with the demography of the municipal area
 - 2.7.2.1.4 Municipal Manager positions
 - 2.7.2.1.5 Analysis of institutional development and transformation
 - 2.7.3 Development and implementation of specific HR policies and systems per municipality
 - 2.7.4 Municipal capacity and skills development initiatives
 - 2.7.5 Analysis of HR policies and systems

- 2.8 Performance management
 - 2.8.1 Service delivery and budget implementation plans (SDBIP)
 - 2.8.2 Performance management systems of municipalities
 - 2.8.2.1 Implementation of performance management systems
 - 2.8.3 Reports of the Auditor-General on the performance of municipalities
 - 2.8.3.1 Performance audit outcomes for municipalities
 - 2.8.4 Analysis of municipal performance management systems
 - 2.8.5 Submission of Annual reports

CHAPTER 3: BASIC SERVICES DELIVERY

- 3.1 Introduction
- 3.2 Provision of basic services
 - 3.2.1 Serviced households – level of services
 - 3.2.2 Basic service delivery backlogs
 - 3.2.3 Analysis of basic service delivery
 - 3.2.4 Sanitation backlog study
 - 3.2.5 Eradication of the bucket system
- 3.3 Completion of sectoral plans
- 3.4 Percentage (%) of capital budget spent on each service
- 3.5 Percentage (%) of capital budget spent
- 3.6 Analysis of completion of sectoral plans, % capital spent on each service and % of capital budget spent
- 3.7 Free basic services
 - 3.7.1 Free basic services provided per type of service per household
 - 3.7.2 Analysis of the provision of free basic services
- 3.8 Municipal Infrastructure Grant (MIG)
 - 3.8.1 MIG expenditure
 - 3.8.2 Analysis of MIG expenditure
- 3.9 Housing
 - 3.9.1 Housing grant expenditure
 - 3.9.2 Analysis of performance on housing grant allocations

CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

- 4.1 Introduction
- 4.2 Budget and budget related matters
 - 4.2.1 Approval of budgets
 - 4.2.2 Budget and IDP linkages
 - 4.2.2.1 Percentage (%) of capital budget spent on IDP related projects
 - 4.2.2.2 Analysis of IDP Budget-link
 - 4.2.3 Performance against budgets

- 4.2.4 Performance against grants, donations and contributions received
- 4.2.5 Analysis of budget performance and performance against grants received
- 4.3 Submission of Financial statements and the Report of the Auditor-General
 - 4.3.1 Submission of Financial Statements
 - 4.3.1.1 Submission dates and types of AG reports received
 - 4.3.2 Key findings in the reports of the Auditor-General
 - 4.3.3 Analysis of provincial trends and key challenges
- 4.4 Outstanding debt and debt management
 - 4.4.1 Outstanding consumer debt per service
 - 4.4.2 Comparison with previous year: Total consumer debt outstanding per municipality
 - 4.4.3 Consumer debtor age analysis
 - 4.4.4 Analysis of consumer debtors
 - 4.5 Performance against additional viability indicators
 - 4.5.1 Staff cost as % of total operating expenditure (Excludes Councillor allowances)
 - 4.5.2 Level of reliance on grants
 - 4.5.3 Liquidity ratio
 - 4.5.4 Analysis of viability indicators

CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

- 5.1 Introduction
- 5.2 Good governance indicators
 - 5.2.1 By-laws and standard operating procedures
 - 5.2.2 Ward Committees/ IDP Representative forums
 - 5.2.3 Anti-corruption
- 5.3 Community development workers
- 5.4 Inter Governmental Relations
- 5.5 Analysis, challenges and trends

CHAPTER 6: LOCAL ECONOMIC DEVELOPMENT

- 6.1 Introduction
- 6.2 LED and poverty alleviation strategies and implementation
- 6.3 Crucial economic data relevant to the measurement of municipal performance
- 6.4 Incorporation of LED proposals in IDP
- 6.5 Analysis of present day LED
- 6.6 Urban Renewal Programme and Integrated Sustainable Rural Development Programme

CHAPTER 7: MUNICIPAL CHALLENGES AND ACHIEVEMENTS

- 7.1 Introduction
- 7.2 Key challenges as identified by municipalities

7.3 Municipal challenges identified during performance analysis

7.4 Municipal Vuna awards

CHAPTER 8: PROVINCIAL SUPPORT AND CAPACITY BUILDING INITIATIVES

BIBLIOGRAPHY

LIST OF ABBREVIATIONS

ANC	African National Congress
ACDP	African Christian Democratic Party
AG	Auditor-General
AMP	African Muslim Party
BO	Breede Vallei Onafhanlikke
DA	Democratic Alliance
DBSA	Development Bank of Southern Africa
DEDAT	Department of Economic Development and Tourism
DEADP	Department of Environmental Affairs and Development Planning
DLG&H	Department of Local Government and Housing
DM	District Municipality
DPLG	Department of Provincial and Local Government
EE	Employment Equity
FCPSA	First Communal Party of South Africa
FF+	Freedom Front Plus
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
GDP	Gross Domestic Product
HR	Human Resources
ICOSA	Independent Civics of South Africa
ID	Independent Democrats
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
IDEP.	Independent
KCF	Knysna Community Forum
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act No. 56 of 2003
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSA	Municipal Systems Act No. 32 of 2000
NSDP	National Spatial Development Perspective

NPP	National People's Party
NT	National Treasury
OCA	Oudtshoorn Civic Association
PAC	Pan African Congress
PDM	People Democratic Movement
PMS	Performance Management System
PT	Provincial Treasury
SAFPA	South African Federal Political Alliance
SDBIP	Service Delivery and Budget Implementation Plan
SCM	Supply Chain Management
SDF	Spatial Development Framework
SDP	Social Democratic Party
UDM	United Democratic Movement
UIF	United Independent Front
UP	United Party
WCC	Western Cape Community

FOREWORD BY MEC, PIERRE UYS

It gives me great pleasure to submit the Consolidated Municipal Performance Report of the Municipalities of the Western Cape for the period 1 July 2006 – 30 June 2007 in compliance with the legislative obligations placed on the MEC for Local Government in Section 47 of the Municipal Systems Act 32 of 2000.

As this is the first Section 47 report for the current local government term of 2006-2011, it is an extremely important source of data for our mid-term and eventual five year review. It also begins to give operational meaning and impetus to the spirit of S155 of the Constitution of South Africa Act 108/1996 which requires that Provincial Government monitors (and supports) local government.

This report furthermore completes a very detailed legislative monitoring and reporting framework for local government that begins with the submission of annual financial statements to the Auditor General by municipalities one month after the end of the financial year and culminates in the submission of the annual reports nine months after the end of the financial year.

In addition, it attempts to address the performance of municipalities measuring it in respect of its core legislative and institutional obligations.

The compilation of the report was however not without its legislative, policy, process and resource challenges which broadly include:

- Legislative inconsistencies, anomalies and silence in respect of the monitoring and reporting framework for local government. Notably in this regard it becomes extremely challenging to give impetus to S47 (2b) of the legislation *i.e. to recommend remedial action* since this report can only be drafted, at the earliest one year after the end of the financial year. A second challenge in this regard is the existence of the Five Year Local Government Strategic Agenda which only has a draft key performance indicator framework. At the same time the Planning and Performance Management Regulations No R 796 which was gazetted in 2001 remain in tact, hence requiring that the latter indicators be used;

- The lack of integrated systems and processes to collect, collate and report upon the information required as per existing legislation and policy: and
- The lack of resources to address the systems transformation – added to a perception by local government that reporting is overly regulated and legislated, leading to reporting fatigue by local government practitioners.

Nevertheless, the report begins to highlight some of the key successes of our municipalities as well as the institutional and resource challenges which remain. It also points out interventions by the provincial government in support of municipalities.

Overall, there is an incremental improvement in the state of municipalities and in particular its institutional and administrative environment with special reference to the five key performance areas i.e. Institutional Transformation, Good Governance and Public Participation, Service Delivery, Financial Viability and Local Economic Development. Most municipalities have once again complied in terms of its core legislative functions in respect of service delivery. However, the report reveals that whilst much progress has been made in changing the paradigm of local government to focus on Local Economic Development, this has happened mainly at a policy interface level. The challenge now is for municipalities with the support of national and provincial government to give practical meaning and institutionalise this important key performance area in its operational plans.

When considering the performance of municipalities for the year under review cognizance must be taken of a number of external factors (political and environmental).

Firstly, the period covered in the report coincides with a new political term for local government bringing with it many new political leaders, with little or no prior local government experience. Secondly, the fluid political landscape in the Western Cape resulted in an election outcome in which only four municipalities delivered an outright majority. This outcome created a number of inherent tensions and challenges for the twin principals of co-operative governance and inter-governmental relations. Finally, the (environmental) challenge presented by the growing demand for service

delivery and free basic services exacerbated by the ongoing population inflow into areas such as the Cape Metro, Southern Cape and Cape Winelands District.

It is against this background and with due regard to the ever complex task of transforming local government, that most municipalities have succeeded in laying the foundation to meet the challenges of sustainable and developmental local government.

I thank you.

LIST OF TABLES

Table nr	Content	Page nr
Table 1:	Annual reporting process of municipalities	15
Table 2:	Geographic information per municipality	18
Table 3:	Demographic information per municipality	20
Table 4:	Socio-economic information per municipality	21
Table 5:	Political structure of municipalities	22
Table 6:	Classification of municipal capacity by the National Treasury	23
Table 7:	Concise description of strategic vision of each municipality	29
Table 8:	Integrated development planning per municipality	33
Table 9:	Number of approved and vacant posts per municipality	37
Table 10:	Transformation statistics per municipality	38
Table 11:	Municipal employees per race category expressed as a percentage compared with the demography of the municipal area	40
Table 12:	Municipal Manager Positions	41
Table 13:	Development and Implementation of specific HR policies and systems per municipality	44
Table 14:	Municipal capacity and skills development initiatives	45
Table 15:	Service delivery and budget implementation plans	47
Table 16:	Implementation of performance management systems	48
Table 17:	Performance audit outcomes	50
Table 18:	Submission of annual reports	52
Table 19:	Serviced households – level of services	53
Table 20:	Basic service delivery backlogs	55
Table 21:	Completion of sectoral plans	61
Table 22:	Percentage (%) of capital budget spent on each service	63
Table 23:	Percentage (%) of capital budget spent	64
Table 24:	Free basic services provided per type of service per household	66
Table 25:	MIG expenditure	67
Table 26:	Housing grant expenditure	69
Table 27:	Approval of budgets	71
Table 28:	Percentage (%) of capital budget spent on IDP related projects	72
Table 29:	Performance against budgets	74
Table 30:	Performance against total grants, donations and contributions received	76
Table 31:	Submission dates and types of AG reports received	77
Table 32:	Key findings in the reports of the Auditor-General	79
Table 33:	Outstanding consumer debt per service	81
Table 34:	Total consumer debt outstanding per municipality	83
Table 35:	Cconsumer debt age analysis	84
Table 36:	Staff cost as % of total operating expenditure (Excludes Councillor allowances)	86
Table 37:	Level of reliance on grants	87
Table 38:	Liquidity ratio	87
Table 39:	Good governance indicators	91
Table 40:	LED and poverty alleviation strategies and implementation	98
Table 41:	Crucial economic data relevant to the measurement of municipal performance	99
Table 42:	Challenges as identified by municipalities	106
Table 43:	Municipal challenges identified during performance analysis	107
Table 44:	Provincial support and capacity building initiatives	110

EXECUTIVE SUMMARY

"Although competencies are divided among National, Provincial and Local Government, it is important for all three spheres to realise that they serve the same customer, the South African citizen. Situations still exist whereby national government will, for example, implement a project without understanding the plans of provincial and local government. This creates confusion and sometimes duplication and wastage. Provinces are guilty of this. We need to realise that all development is, in the end, local". - Former Mpumalanga premier, Matthews Phosa¹.

The 2007 General Household Survey (GHS), which was released by Statistics SA on 10 July 2007, confirms the positive trends in terms of service delivery and the general living conditions of South African households that have been observed since 2002. However, the percentages of households living in informal dwellings increased in the Western Cape, where rapid urbanisation makes the elimination of service provision backlogs difficult. Clearly current day South Africa has many years of service delivery backlogs inherited from apartheid discrimination and politics of degradation. The GHS however confirms that there has been a sustained increase in the general economic growth that took place in South Africa during this time period.

The period under review (2006/7) was marked by rapid political changes (March 2006 elections and September 2007 floor crossing periods). It therefore has witnessed a number of changes in council leadership, changes in administrative municipal management and leadership and a slowdown in capital projects spending in most instances. Sound and co-operative intergovernmental relations as envisaged by the Constitution have also experienced significant challenges during the period under review as the 2006 elections resulted in the formation of numerous coalitions in the Metro and local municipalities. The coalitions within local municipalities do not follow classical political patterns but rather emphasis is placed on leadership and personalities. There are currently only four municipalities in the Western Cape with outright single majorities.

All major political parties and role-players at a local government level are in agreement that service delivery and infrastructural development is crucial to developing sustainable local governance. However, the idea of a developmental and sustainable local government was and remains contested terrain, and played itself out in various forms at a municipal level i.e. forms of public participation, indigent policies, pro-poor budget development and processes, housing delivery and social exclusion and inclusion etc.

The 2006 elections had an impact on the political leadership within the Western Cape, with 40% of municipalities experiencing changes at this level. This created a challenge of administrative continuity and organisational memory.

¹ Phosa 1999: p 56.

The changes in political leadership often resulted in the removal of senior and experienced skilled personnel from municipalities.

The average number of years spent by Municipal Managers in the same municipality was and is less than two years. The appointment of Municipal Managers and other Section 57 appointees displayed features of political appointments. Only three Municipal Managers in the Western Cape held the MM posts for longer than five years. Municipal Managers and other Section 57 appointees were often been suspended for months resulting in organisational paralysis, low staff morale and breakdown of governance at a municipal level. The Auditor - General has repeatedly raised this issue as a major issue affecting good governance and oversight. There is an urgent need to increase the capacity of local municipalities to manage these senior appointments without impacting negatively on service delivery.

The visionary statements of the respective municipalities remained, almost without exception, similar to that of the 05/06 planning cycle. This situation is commendable and allows for stability in the delivery of services.

All municipalities developed a 2006/2007 Integrated Development Plan (IDP) which included the core components as cited in Section 26 of the MSA (32 of 2000). The IDPs were, given a few exceptions, all formulated and prepared within pre-determined timeframes and included prioritising community needs. This is a clear indication of local government's efforts to deliver on its constitutional mandate in the context of the developmental state. The LGMTEC process between the Provincial Departments and municipalities to align strategic thinking, budgets and projects, underpinned the approach to cooperative governance, albeit that certain municipalities indicated (during 2006/2007) a less than expected impact on local government processes and products.

23 Municipalities indicated that they have implemented performance management systems in line with the Department of Provincial and Local Government (DPLG) guidelines and recommendations. Further interrogation and analysis of their systems has however revealed that whilst policy and systems are in place it is primarily being implemented at a Section 57 (MSA) appointee level. Performance measurement is not being used as a means of enhancing overall municipal performance but rather as an instrument for municipal compliance.

As in the previous financial year, almost all municipalities indicated that a lack of funding for bulk services is hampering their delivery in respect of basic services, especially with regard to the provision of housing. An analysis of municipal financial statements indicates that municipalities are very reliant on capital grants to fund their capital expenditure. This gives an indication that the revenue base of municipalities is insufficient to generate enough funding for provision and maintenance of basic infrastructure. Capital expenditure includes addressing backlogs and municipalities normally do not have sufficient 'own funds' to address these capital expenditure.

Although the average percentage of capital budget spent for the Province has improved from approximately 66.56% in 2005/06 to 73.63% in 2006/07, it is not sufficient if all the Provincial service delivery challenges in the various municipal areas are taken into account. The main reason cited by municipalities for under spending their capital budgets (both financial years) is the lack of capacity/technical skills in their Engineering/Technical Departments.

All municipalities responsible for the provision of basic services provide the nationally required free basic services to their indigent households where the households are linked to the grid. They have indigent registers that are updated regularly when community members visit municipal offices. The challenge however is for municipalities to actively register indigents through developmental public participation programmes. A few municipalities also provide a certain amount of free basic services to their non- indigent households, i.e. electricity and water. The number of indigent households receiving free basic services increases slightly annually as new houses are being built and households are linked to the grid. Municipalities finance free basic services with their equitable share grant from the national government.

The average percentage spent on the MIG grant is almost 100% for both financial years. This is probably due to the dedicated monitoring and support that is provided by the DLG&H to municipalities in this regard.

A worrying trend is that municipalities are relying more on external grants to finance their capital expenditure due to ever increasing operating expenditure and revenue bases that remain constant or are declining. The average performance with regard to the spending of the housing grant by municipalities is good. Most municipalities have appointed private sector construction companies as their housing implementation agents. Almost all municipalities indicated that a lack of funding for bulk services is hampering their delivery on housing. The challenge is however not to allow these private companies to fully supplant government and the communities role in housing development.

Most municipalities submitted their financial statements on time. There has been a slight improvement in the audit outcomes for the 2006/07 municipal financial year - no adverse opinions, one less disclaimer than in the 2005/06 financial year. Technical issues relating to non compliance with accounting standards, i.e. asset management, debtor control and financial statement issues contributed to a number of qualifications.

The Constitution places a responsibility on local government to facilitate local economic development (LED) in partnership with other spheres of government. All municipalities had an approved Local Economic Development Plan to inform the 06/07 Integrated Development Plan and without exception these plans were deemed to be the result of a transparent formulation process. Implementation and subsequent impact was however limited due to a shortfall in available funds, co-operation between stakeholders, low economic development potential and capacity. Despite the obvious need to create jobs and alleviate poverty, it has become apparent that local municipalities did not consider (or mainstream) their LED Plans in strategic planning and budgeting processes. This lead to LED proposals not being

integrated into the business plans of municipal departments and indicates a lack of internal communication, non-ownership of products, change management and the complexity of proposals to understand and implement.

The trends indicate that various interventions by Departments such as the Department of Local Government and Housing, Provincial Treasury and the National Department of Provincial and Local Government, DBSA etc had a positive impact on the overall performance of most municipalities. The interventions by Provincial Government included amongst others advisory on planning matters, workshops and support on matters impacting on the environment, LED, introduction of community based planning, leadership training for female councillors, financial and good governance training.

BACKGROUND AND LEGISLATIVE OVERVIEW

“In South Africa, the legacy of colonialism and apartheid largely determine its characteristic as a developmental state. Policies to drive sustainable development in South Africa are influenced both by the global agenda and by specific social and economic trends discernible since the democratic transition. These trends include shifting demographics, the persistence of the dual economy and prevailing social exclusion. The state as a developmental ‘actor’ in addressing these challenges is located as the driving force for interventions in the economy and society that are intended to overcome the legacies of apartheid and underdevelopment.” – Sheila Hughes, 2001, IGR in SA

The status of local government has evolved incrementally since 2001. Local government is a sphere of government; its powers are derived from the Constitution and are no longer delegated from the national or provincial government. The by-laws of a municipal council are legislative acts and, therefore, not reviewable in terms of administrative law. In Chapter 7 of the Constitution, Section 151 (3) states that a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation as provided for in the Constitution.

The initial assessment of Project Consolidate at the end of 2006 pointed to the need to institutionalise the lessons learned from this initiative within government generally. These lessons directly contributed to the adoption of the 5 Year Local Government Strategic Agenda (2006 – 2011), which focus on three strategic priorities:

- Mainstreaming hands-on support to Local Government to improve municipal governance, performance and accountability;
- Addressing the structure and governance arrangements of the State in order to better strengthen, support and monitor Local Government; and
- Refining and strengthening the policy, regulatory and fiscal environment for Local Government and giving greater attention to the enforcement measures.

Good governance and public participation are the basis of developmental local government. This key performance area for municipalities includes such matters as the deployment of Community Development Workers (CDWs), the establishment of ward committees, the functioning of IGR structures, and public participation processes.

South Africa’s Constitution establishes the framework of inter and intra governmental relations. It sets out the principles for co-operative governance and the application of these in the relations between national, provincial and local government. This framework highlights that all three spheres of government (national, provincial and local), as well as the private sector and communities have a role to play in service delivery.

Status of municipalities

- The executive and legislative authority of a municipality is vested in its Municipal Council;
- A municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation, as provided for in the Constitution; and
- The national or a provincial government may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

The objects of local government include -

- 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.

The Local Government Municipal Systems Act, 2000, established a framework for planning, performance-management systems, effective use of resources and organisational change in a business context. The Act also established a system for municipalities to report on their performance, and gives an opportunity to residents to compare this performance with others.

The Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) is aimed at modernising municipal budgeting and financial management. It facilitates the development of a long-term municipal lending/bond market. It also introduces a governance framework for separate entities created by municipalities. The Act is a critical element in the overall transformation of local government in South Africa. It fosters transparency at the local government sphere through budget planning and reporting requirements.

In terms of the *Local Government Municipal Systems Act, 2000 (Act 32 of 2000)*, all municipalities are required to prepare IDPs. Integrated development planning is a process by which municipalities prepare five-year strategic plans that are reviewed annually in consultation with communities and stakeholders. The aim is to achieve service delivery and development goals for municipal areas in an effective and sustainable way. National and provincial-sector departments, development agencies, private-sector bodies, non-governmental organisations and communities all have a key role to play in the preparation and implementation of municipal IDPs.

The Public Finance Management Act (PFMA) and the implementation of the **Medium Term Strategic Framework (MTSF)** and **Medium Term Expenditure Frameworks (MTEF)** have made it necessary to define and align activities and spending around clearly defined objectives. These reforms have led to major improvements in planning and implementation, and encouraged a focus on service delivery quality and impact.

There is an increasing realisation that not only policy outputs should be measured, but also developmental outcomes that are sustainable in the long term, and not only improve conditions in the short term (Cloete 2003). This realisation has resulted in the development of the most appropriate sustainability indicators in addition to traditional sectoral output indicators (Bell & Morse 2000, Hart 1999, OECD 2000, SCN 2002, SM 2002, RMC 2002).

Each local municipality further has its own contextualised developmental needs, problems, objectives and resource constraints. This means that policy impact indicators must be adapted to include these context-specific issues. The South African Government has adopted an implementation plan to establish a Government-Wide Monitoring and Evaluation System (GWM&ES) (SA-PCAS 2005). The GWM&ES strives to coordinate a systematic programme of policy monitoring, evaluation and reporting throughout the public sector in South Africa, aimed at improving general public management (SAPCAS 2005:5).

This report is submitted in compliance with the legislative obligations placed on the MEC for Local Government in terms of Section 47 of the Municipal Systems Act.32 of 2000.

47. (1) *The MEC for local government must annually compile and submit to the provincial legislatures and the Minister a consolidated report on the performance of municipalities in the province.*
- (2) *The report must –*
- (a) *identify municipalities that under-performed during the year;*
 - (b) *propose remedial action to be taken; and*
 - (c) *be published in the Provincial Gazette.*
- (3) *The MEC for local government must submit a copy of the report to the National Council of Provinces.*

In terms of the Municipal Finance Management Act 2003 (MFMA), all municipalities are obliged to submit annual reports. These annual reports form an integral part of the performance reports. For the financial period ending June 2007, only municipalities classified as high and medium capacity municipalities were obliged to submit annual reports.

This is the second section 47 Report submitted by the Western Cape. It addresses the performance of municipalities in the Western Cape in respect of its core legislative obligations. A municipality's performance is primarily assessed in terms of its development priorities and the objectives cited in its Integrated Development Plan (IDP). In keeping with the legislative prescripts, municipalities were probed on all legislative aspects related to its developmental priorities and the objectives of its IDP. It was compiled with information collected from the 30 municipalities by means of a comprehensive questionnaire, annual reports, audit reports, integrated development plans, financial statements and departmental and provincial treasury databases.

The Section 47 Report is submitted almost one year after the reporting cut-off date of June 2007. The completion of this report is dependant on the AG reports 2006/07 (due November 2007) and the submission of municipal annual reports (due April 2008).

The report of the MEC therefore consummates the annual reporting process of municipalities which commences with the submission of annual financial statements to the Auditor General. The annual reporting process of municipalities is represented schematically in the table below.

REPORT	APPLICABLE LEGISLATION	RESPONSIBLE ENTITY/ PERSON	BY WHEN
Submission of financial statements	MFMA section 126(1)	Municipalities	31 August (two months after the end of a financial year)
Auditor-General to audit financial statements and submit report	MFMA section 126 (4)	Auditor-General	30 November (within 3 months after receiving financial statements)
Draft Annual Report to be prepared	MFMA section 121 (1)	Municipal Manager	31 December (within 6 month after the end of the financial year)
Tabling of municipal annual report to council	MFMA section 127 (3)	Mayor	31 January (Within 7 months after the end of the financial year)
Make annual report public and invite the local community to make representations	MFMA section 127 (5)	Accounting Officer of municipality	After tabling
Submit annual report to PT and MEC for Local Government	MFMA section 127 (5)	Mayor	After tabling
Adopt an oversight report containing the council's comments	MFMA section 129 (1)	Council	By no later than 31 March (Within two months after the tabling)
Copies of minutes of the council meeting during which the annual report was adopted and the oversight report must be submitted to the AG, PT and the MEC	MFMA section 129 (2)	Accounting Officer of municipality	Within 7 days after the meeting during which the oversight report was adopted
Submit oversight report and annual report to the Provincial Legislature	MFMA section 132 (1)	Accounting Officer of municipality	Within 7 days after the meeting during which the oversight report was adopted
Monitor submission process of municipal annual reports to the Provincial Legislature	MFMA section 132 (3)	MEC for Local Government	From 1 February to mid April
Drafting of Consolidated Municipal Performance Report and submission by MEC to Provincial Legislature	MSA section 47	Head of Department (Local Government and Housing)	No timeframe in legislation – Only possible after receipt of all AG reports, municipal annual reports and municipal oversight reports –
Submit consolidated municipal performance report to Provincial Legislature and Minister of Provincial and Local Government Gazette Report	MSA section 47	MEC for Local Government	As soon as possible after receipt of all municipal annual reports, including municipal performance reports and the oversight reports of the councils -

Table 1: Annual reporting process of municipalities

RESEARCH METHODOLOGY

The report was completed after an intense data collection exercise involving municipalities in the Western Cape, Provincial Treasury and the Western Cape Provincial Departments. The information was categorised and analysed in accordance with the Five National Key Performance Areas in order to report on the compliance.

- **KPA1: Municipal transformation and organizational development**
Integrated development planning, spatial development, municipal transformation, human resource development, performance management, etc.

- **KPA2: Basic service delivery**
Households with access to basic services; status of indigent households; provision of free basic services; provision and status of housing; status of sector plans, etc.

- **KPA3: Municipal financial viability and management**
Status of municipal compliance measured by Audit and Financial reporting; status of the alignment of projects with associated planning and budgeting tools; budgets, financial viability, debt management, ect

- **KPA4: Good governance and public participation**
Status of Ward Committees; status of Community Development Workers; status of public participation; status of development and implementation of anti-corruption policies; Status of IGR; etc.

- **KPA5: Local economic development**
Development and implementation of LED and poverty alleviation strategies. etc

The following points describe the methodology applied and also refer to matters that need to be considered when perusing the report:

1. This is the second report of this nature and no national standardised reporting formats for provincial reports are currently available;
2. A concise questionnaire that covered service delivery, political transformation and the Integrated Development Plan was subsequently provided to the municipality for completion;
3. The quality of data provided by municipalities still remains a challenge in compiling this report. The quality of municipal data is a challenge for all other departments and is currently being addressed at a broader provincial governmental level;

4. A detailed comparison of the 05/06 reporting information with the 06/07 reporting information is not possible in all areas of compliance i.e. the 05/06 Report relied on current information with regard to organisational transformation and political governance. Comparisons will therefore only be done with regard to financial oversight and viability, basic services, capital budgets, free basic services and coalitions.
5. This report is based on key sources of information, namely completed questionnaires from the municipalities, information submitted to the provincial departments, integrated development plans, audited financial statements, municipal audit reports, municipal annual reports (where available), *Gaffney's: Local Government in SA 2007-8 Official Yearbook* and 2007 General Households Surveys of Statistics South Africa. The report is therefore underpinned by a qualitative assessment of performance that is reflected in a consolidated report;
6. The report covers the five key performance areas in separate chapters;
7. The support provided by Provincial Departments is summarised in Chapter 8 of the report;
8. This Report creates the opportunity to deduct a time-series analysis, albeit still insufficient, of indicators to determine annual trends and benchmarking of institutional performance against baseline data where possible;
9. Where reference is made to a District Municipality it includes the component of the respective District Management Areas;
10. In certain instances the information reflects the current status and not the status as at 30 June 2007 (indicated where applicable) due to the unavailability of data both by provincial and local government.

CHAPTER 1: GEOGRAPHIC, DEMOGRAPHIC AND SOCIO ECONOMIC PROFILES OF MUNICIPALITIES

1.1 Introduction

The purpose of this chapter is to set the scene, provide the background and to understand the landscape of the province. The physical dimensions of the municipal areas have not changed since the first report but the social and economic circumstances, as reflected by data, are considered as indicators within a time series.

1.2 Geographic information per municipality

MUNICIPALITY	DEMAR-CATION CODE	MUNICIPAL AREA (Km ²)	TOWNS AND AREAS WITHIN THE BOUNDARIES
City of Cape Town	Metro WC000	2460,13	Atlantis, Bakoven, Bantry Bay, Bellville, Bellville South, Bishop Lavis, Blackheath, Bloubergstrand, Blue Downs, Bothasig, Brackenfell, Bridgetown, Camps Bay, Cape Town, Clifton, Clovelly, Constantia, Da Gama Park, Dagbreek, Delft, Dieprivier, Durbanville, Edgemoed, Elsiesrivier, Epping Industrial, Faure, Firgrove, Fish Hoek, Glencairn, Goodwood, Gordon's Bay, Grassy Park, Green Point, Heideveld, Hout Bay, Kalk Bay, Kenilworth, Kensington, Khayelitsha, Klipheuwel, Kommetjie, Kuilsrivier, Landsdowne, Langa, Llandudno, Lwandle, Macassar, Maitland, Mamre, Mandalay, Melkbosstrand, Mfuleni, Milnerton, Mitchells Plain, Montague Gardens, Muizenberg, Noordhoek, Nyanga, Ocean View, Ottery, Parow, Pella, Philadelphia, Philippi, Pinelands, Plumstead, Retreat, Rondebosch, San Michele, Scarborough, Sea Point, Simon's Town, Sir Lowry's Pass, Somerset West, St James, Steelwater, Strand, Strandfontein, Sun Valley, Table View, Tokai, Tyger Valley, Welgemoed, Westlake, Woodstock, Wynberg, Charlseville, Bonteheuwel, Montana, Matroosfontein, Netreg
Matzikama	WC011	5 549.42	Doring Bay, Grootdrif, Klawer, Koekenaap, Landplaas, Lutzville, Papendorp, Spruitdrif, Strandfontein, Trawal, Vanrhynsdorp, Vredendal, Ebenhaezer
Cederberg	WC012	7338.50	Citrusdal, Clanwilliam, Elands Bay, Graafwater, Heerenlogement, Lamberts Bay, Leipoldtville, Paleisheuwel, Ratelfontein, Sandberg, Uitspankraal, Wolfhuis, Wuppertal
Bergriver	WC013	4407,04	Aurora, De Hoek, Dwarskersbos, Eendekuil, Goedverwacht, Het Kruis, Laaiplek, Noordkuil, Piketberg, Pools, Port Owen, Porterville, Redelinghuys, Sauer, Velddrif, Wittewater
Saldanha Bay	WC014	1 765.91	Hopefield, Langebaan, Langebaanweg, Paternoster, Saldanha, St Helena Bay, Stompneus Bay, Vredenburg
Swartland	WC015	3 692.18	Abbotsdale, Darling, Chatsworth, Riverlands, Kalbaskraal, Koringberg, Malmesbury, Moorreesburg, Ongegund, Oupos, Platteklip, Riebeek Kasteel, Riebeek-Wes, Ruststasie, Yzerfontein
West Coast DM	DC1	31 103.51	Bergrivier, Cederberg, Matzikama, Saldanha Bay and Swartland
Witzenberg	WC022	2 851.25	Bokfontein, Ceres, Enduli, La Plaisante, Prince Alfred Hamlet, Romansrivier, Skoonvlei, Tulbagh, Wolseley

Drakenstein	WC023	1 537.66	Blouville, Goedeheop, Gouda, Hermon, Paarl, Simondium, Soetendal, Suider Paarl, Voëlvlei, Wellington, Windmill
Stellenbosch	WC024	831.05	Franschhoek, Groot Drakenstein, Kylemore, Lynedoch, Pniel, Stellenbosch, Steynsrust
Brede Valley	WC025	2 994.38	De Doorns, De Wet, Hammanshof, Moordkuil, Nuy, Rawsonville, Stettyn, Touws River, Voorsorg, Wilgerboomsrivier, Worcester
Brede River/Winelands	WC026	3 331.69	Ashton, Bonnievale, Goree, Klaas Voogdsrivier, Koo, Le Chasseur, McGregor, Montagu, Pietersfontein, Robertson, Sandvliet, Scheepersrus, Sewefontein, Wakkerstroom
Cape Winelands DM	DC2	22 308.78	Brede River Winelands, Breede Valley, Drakenstein, Stellenbosch, Witzenberg.
Theewaterskloof	WC031	3248.34	Albertyn, Bereaville, Botrivier, Caledon, Drayton, Eersteheop, Elgin, Genadendal, Goudini, Grabouw, Greyton, Jongensklip, Krige, Langkuil, Lindeshof, Oukraal, Rietpoel, Riviersonderend, Skilpadskloof, Teslaarsdal, Villiersdorp, Vredendal, Vyeboom
Overstrand	WC032	1 707.51	Baardskeedersbos, Betty's Bay, Die Dam, Die Kelders, Fisherhaven, Franskraal Strand, Gans Bay, Hangklip, Hawston, Hermanus, Houhoek, Kleinbaai, Kleinmond, Mosselrivier, Onrus, Papiessvlei, Pearly Beach, Pringle Bay, Ratelrivier, Rooiels Bay, Sandy's Glen, Silversands, Stanford, Strands Kloof, Sunny Seas Estate, Vermont, Viljoenshof
Cape Agulhas	WC033	2 841.40	Arniston, Asfontein, Bredasdorp, Die Mond, Elim, Fairfield, Hotagterklip, Klipdale, Kykoedie, L'Agulhas, Molshoop, Napier, Protém, Soutkuil, Struis Bay, Vogellvlei, Waenhuiskrans
Swellendam	WC034	2 998.88	Akkerboom, Barrydale, Buffeljagsrivier, Infanta-on-River, Malgas, Ouplaas, Stormsvlei, Suurbraak, Swellendam, Vleiplaas, Wydgeleë
Overberg DM	DC3	11 404.63	Cape Agulhas, Overstrand, Swellendam and Theewaterskloof
Kannaland	WC041	4 758.08	Calitzdorp, Groenfontein, Hondewater, Kareevlakte, Kruisrivier, Ladismith, Matjiesvlei, Oosgam, Plathuis, Van Wyksdorp, Zoar
Hessequa	WC042	5 733.54	Albertinia, Brandrivier, Droëvlakte, Gouritsmond, Groot Jongensfontein, Heidelberg, Langeberg, Niekerkshek, Port Beaufort, Riethuiskraal, Riversdale, Still Bay East, Still Bay West, Slangrivier, Strawberry Hill, Vermaaklikheid, Vleidam, Witsand
Mossel Bay	WC043	2 010.83	Brandwag, Dana Bay, Groot Brakrivier, Hartenbos, Herbertsdale, Johnson's Post, Klein Brakrivier, Mossel Bay, Ruitersbos, Vlees Bay
George	WC044	1 071.59	Bergplaas, Blanco, George, Herold, Herolds Bay, Kleinplaat, Pacaltsdorp, Rondevlei, Sinksbrug, Victoria Bay, Wilderness
Oudtshoorn	WC045	3 537.07	De Rust, Dysseldorp, Grootkraal, Hoopvol, Matjiesrivier, Oudtshoorn, Schoemanshoek, Volmoed
Bitou	WC047	991.86	Beacon Island, Nature's Valley, Plettenberg Bay, The Craggs, Wittedrif
Knysna	WC048	1 058.86	Barrington, Karatara, Knysna, Sedgfield
Eden DM	DC4	23 331.16	Bitou, Knysna, George, Langeberg, Mossel Bay, Kannaland and Oudtshoorn, Uniondale, Haarlem and Avontuur
Laingsburg	WC051	8 784.48	Anysberg, Bantams, Baviaan, Die Draai, Ezelsfontein, Geelbek, Hilandale, Konstabel, Koringplaas, Koup, Laingsburg, Matjiesfontein, Perdefontein, Pieter Meintjies, Rouxpos, Seweweekspoort, Tweeside, Viskuil, Vleifontein, Vleiland, Whitehill
Prince Albert	WC052	8 152.9	Dwyka, Klarstroom, Kommandokraal, Kruidfontein, Leeu-Gamka, Prince Albert, Prince Albert Road, Seekoegat
Beaufort West	WC053	16 330.10	Beaufort West, Droërivier, Hillcrest, Letjiesbos, Merweville, Nelspoort, Renosterkop,

			Restvale, Rosedene, Wiegnaarspoort
Central Karoo DM	DC5	38 853.99	Beaufort West, Laingsburg and Prince Albert, Murraysburg

Table 2: Geographic information per municipality

Source: Gaffney's: Local Government in South Africa 2007-2008 –Official yearbook

1.3 Demographic information per municipality

Municipality	Number of Households	Total Population	African	Coloured	Indian	White
City of Cape Town	778 237	2 892 243	916 458	1 391 855	41 483	542 447
Matzikama	14 497	50 208	2 800	38 215	64	9 125
Cederberg	11 220	39 326	3 131	30 765	26	5 404
Bergriver	13 362	46 324	2 334	35 011	64	8 917
Saldanha Bay	18 923	70 442	11 953	44 829	335	13 325
Swartland	18 758	72 114	7 497	52 161	296	12 160
West Coast DM	77 947	282 672				
Witzenberg	20 459	83 568	16 605	59 190	116	7 655
Drakenstein	46 266	194 416	41 508	123 963	596	28 353
Stellenbosch	35 124	118 710	24 247	68 320	238	25 903
Breede Valley	35 096	146 028	29 390	95 817	473	20 351
Breede River/Winelands	21 215	81 271	11 826	57 730	58	11 654
Cape Winelands DM	160 100	630 493				
Theewaterskloof	24 363	93 275	21 277	61 404	136	10 459
Overstrand	19 020	55 452	15 065	20 565	45	19 777
Cape Agulhas	7 653	26 468	1 484	18 212	37	6 734
Swellendam	7 619	28 077	2 553	20 212	59	5 252
Overberg DM	58 738	203 521				
Kannaland	6 156	23 972	597	20 253	19	3 103
Hessequa(Langeberg)	12 664	44 112	1 784	30 946	43	11 343
Mossel Bay	20 258	71 494	16 208	34 678	259	20 349
George	36 191	135 409	36 935	68 219	352	29 902
Oudtshoorn	18 413	84 691	6 841	64 802	85	12 964
Bitou	8 944	29 183	11 068	11 738	95	6 283
Knysna	14 972	51 468	16 422	22 715	73	12 256
Eden DM	121 156	454 922				
Laingsburg	1 945	6 681	150	5 539	8	984
Prince Albert	2 614	10 512	172	9 137	11	1 192
Beaufort West	9 103	37 107	5 864	27 164	45	4 033
Central Karoo DM	24 363	60 484				

Table 3: Demographic information per municipality

Source: Gaffney's: Local Government in South Africa 2007-2008 –Official yearbook

Note: DM totals include District management Areas

1.4 Socio-economic information per municipality

Municipality	Average pass rate for numeracy and literacy (%): Grade 6	Indigent households (*DMA)	Unemployment rate (%)	% of district population (**% of Western Cape)	Proportion of youth and children (%)	HIV/AIDS prevalence 2005 (%)	Total number of reported crimes (2007)	Urban/Rural household split (%)
City of Cape Town	29	184 032	23	*64.7	61.9	15.9	304 044	NA
Matzikama	31	1 168	29	18.4	60.3	2.6	2 767	60.7/ 39.3
Cederberg	33	624	33	14	62.2	3.0	2 333	48.8/ 51.2
Bergriver	34	-	-	17.1	60.7	2.6	1 220	60.7/ 39.3
Saldanha Bay	39	4 714	-	25.4	64.3	4.3	5 882	94.4/ 5.6
Swartland	28	3 188	-	23.4	61.9	3.1	4 719	71.2/ 28.8
West Coast DM	16#	*1332	15.7	*6.5	62.9	3.2	18 298	69.9/ 30.1
Witzenberg	26	5 440	-	14	29.2	4.2	-	58.5/ 41.5
Drakenstein	33	10 308	-	29.7	63.2	5.4	13 749	81.72/ 18.28
Stellenbosch	31	8 399	-	18	29	4.0	-	71.7/ 28.3
Breede Valley	20	5 440	-	23.8	29.2	3.7	-	68.1/ 31.9
Breede River/Winelands	22	4 332	-	14.6	29.4	3.2	-	63.5/ 36.5
Cape/ Winelands DM	26	29 545	-	*14	36	3.8	45 128	70.28/ 29.72
Theewaterskloof	27	8 059	-	43.5	55.6	4.7	4 981	64.2/ 35.8
Overstrand	37	3 754	-	30.7	51.8	4.5	4 572	91.2/ 8.8
Cape Agulhas	29	1 620	-	12.7	52.3	2.1	1 665	83.2/ 16.8
Swellendam	31	1 521	-	12.8	54.6	2.9	2 083	65.2/ 34.8
Overberg DM	30	14 339	-	*5	-	4.1	13 301	75.7/ 24.3
Kannaland	28	1 013	60.6	5.2	59.3	2.1	1 562	53/ 37
Hessequa	29	3 850	55.7	9.7	55.1	1.9	3 212	70/ 30
Mossel Bay	34	5 229	-	15.3	56.5	3.6	6 311	88/ 12
George	34	10 153	-	30.5	63.1	4.5	12 532	92/ 8
Oudtshoorn	23	3 700	-	17.3	28.6	2.6	4 770	88/ 12
Bitou	25	1 461	-	7.4	46.4	6.0	3 583	85/ 15
Knysna	21	6 586	-	11	27	4.9	4 442	90/ 10
Eden DM	28	32 422	-	*10	60.9	3.7	39 065	85/ 15
Laingsburg	28	647	26.6	11.9	59.2	2	876	63/ 37
Prince Albert	29	928	-	18.1	61.8	2.1	593	65/ 35
Beaufort West	25	3 337	-	60.2	49.6	2.9	3 766	82/ 18
Central Karoo DM	26	*695	50	*1.2	47.4	2.7	5 181	75/ 25

Table 4: Socio-economic information per municipality

Source: PT: Socio Economic Profiles Local Government

* Total include District Management Areas. As all the information submitted was not complete, percentages were not calculated. #: may represent a fault in the source data

1.5 Political composition of municipalities - June 2007

Municipality	ANC	DA	ID	ACDP	AMP	UP	PAC	SDP	FF+	UDM	SAFPA	INDEP.	OTHER	MAIN COALITION
City of Cape Town	81	94	17	7	2	1	1	1	1	1			4 NPP	DA&ID - main
Matzikama	6	3	4											DA&ID
Cederberg	6	4	2											ANC& ID
Bergriver	6	6	1											DA&ID
Saldanha Bay	9	6	3									2		ANC, ID& INDEP.
Swartland	6	12	1	1										DA
West Coast DM	7	9	3											DA&ID
Witzenberg	9	6	3										1 FCPSA 1 UIF	ANC/UIF/ FCPSA
Drakenstein	26	20	10	1					1				2 WCC	ANC& ID
Stellenbosch	16	15	2							1			1 KCA	DA&ID
Breede Valley	18	13	5						1			1	1 BO	ANC& DA
Breede River/ Winelands	9	6	3										1 WCC 1 PDM	ANC& DA
Cape/ Winelands DM	17	13	5						1					ANC& ID
Theewaters-kloof	10	9	2	1						1				DA&ID
Overstrand	7	10	1	1										DA
Cape Agulhas	5	4		2										ANC&ID
Swellendam	4	3	2	1										DA&ID
Overberg DM	8	8	2											ANC& ID
Kannaland	6	2	1											ANC
Hessequa	9	6												ANC
Mossel Bay	8	10	1	1									3 ICOSA	DA & ID
George	17	19	2	1					1					DA&ID
Oudtshoorn	16		6										1 OCA	ANC&OCA
Bitou	7	3	1											ANC
Knysna	7	5	2										2 KCF	ANC&ID
Eden DM	12	10	2	1									2 ICOSA	DA&ID
Laingsburg	2	2											2 ICOSA	LGP & NPP
Prince Albert	3	3												ANC&DA
Beaufort West	5	2	1										5 ICOSA	ANC&DA
Central Karoo DM	7	3											2 ICOSA	ANC& DA

Table 5: Political composition of municipalities

Source: Database Department of Local Government and Housing

1.6 Classification of municipal capacity by the National Treasury

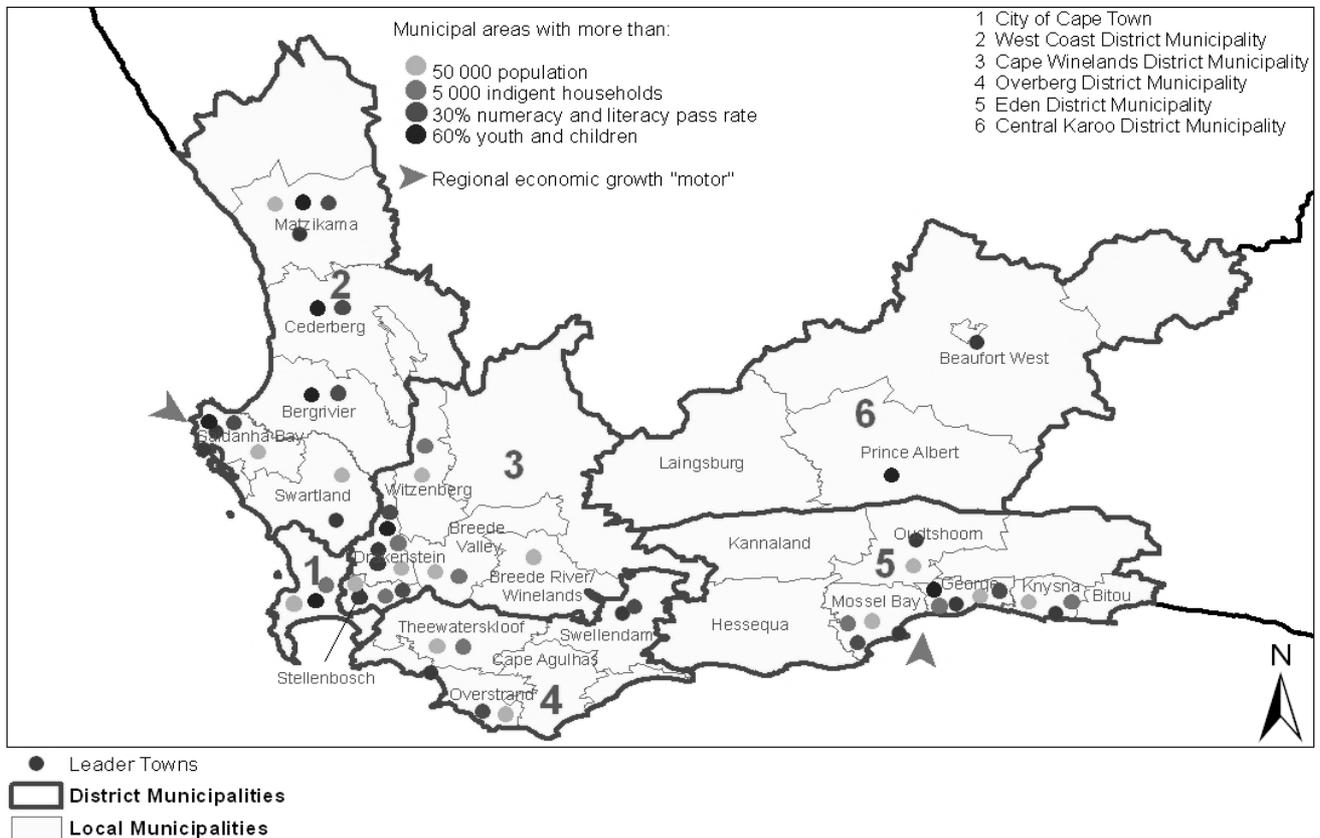
Municipality	Capacity Classification
City of Cape Town	High
Matzikama	Medium
Cederberg	Low
Bergriver	Medium
Saldanha Bay	High
Swartland	Medium
West Coast DM	Medium
Witzenberg	Low
Drakenstein	High
Stellenbosch	High
Breede Valley	High
Breede River/Winelands	Medium
Cape/Winelands DM	Medium
Theewaterskloof	Medium
Overstrand	High
Cape Agulhas	Low
Swellendam	Low
Overberg DM	Medium
Kannaland	Medium
Hessequa	Medium
Mossel Bay	High
George	High
Oudtshoorn	Medium
Bitou	Medium
Knysna	Medium
Eden DM	Medium
Laingsburg	Medium
Prince Albert	Medium
Beaufort West	Medium
Central Karoo DM	Medium

Table 6: Classification of municipal capacity by the National Treasury

Source: National Government Gazette No. 26511 dated 1 July 2004

1.7 Assessment of the geographical and demographic data and the socio-economic profiles of municipalities

Western Cape Local Municipalities



A world-wide phenomenon is that populations are ageing, growing and moving with the number of people residing in urban areas. The average urban/ rural split for the Western Cape is 74, 4% urban and 25,6% rural. The socio-economic status of the Western Cape communities reflect a concerning state of affairs that requires strategic and focused interventions in a cooperative way.

The following concise statements of the socio-economic profiles of municipalities and some reflect the outcome of certain critical interventions by government:

- About 20 % of all households are classified as "indigent households";
- The numeracy and literacy levels of Grade 6 pupils are alarmingly low;
- All municipal areas with higher than 30% pass rate for Grade 6 numeracy and literacy levels contain a leader town (except Cederberg and Bergrivier); and
- The number of reported crimes decreased dramatically from more than 600 000 (2005/06) to about 415 000 (2006/07) cases.

Another aspect of population growth would be to compare the cumulative population growth rate to the cumulative growth in the number of households. These two demographic indicators, however, do not correspond as the cumulative population growth rate for the Western Cape between 1997 and 2005 was about 14% with the number of households increasing in the same timeframe at a rate of about 24% (source: Globalinsight)

The spatial depiction of socio-economic data illustrates the influential importance of the Cape Metropolitan Area as the economic centre of the province with resultant centrifugal forces dominant in shaping the composition of neighbouring areas and beyond (also see Chapter 6). By far the majority of people living in the Western Cape, resides within a radius of 100 kilometres of the City. The only exception is the Southern Cape area that constitutes the Garden Route towns and the Matzikama Municipality . The latter would be because of agricultural activities with Vredendal providing essential goods and services to the rural communities.

CHAPTER 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

2.1 Introduction

Chapter 7 of the Constitution of the Republic of South Africa, 1996 identifies the following objectives for local government-

- 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.

The Constitution further states that “a municipality must strive, within its financial and administrative capacity, to achieve the objectives of local government”. Local government has been entrusted with the role to perform crucial tasks in order to create a better society. It is therefore an imperative for local government to consider and plan “beyond boundaries” as components of development can be exogenous and not confined to a particular municipal area or the perceived responsibilities of local government.

The quality of life of the Western Cape’s communities and its future generations will most certainly depend on the ability of local government to first and foremost deliver on its constitutional mandate in the context of the developmental state. This ability of local government depends on the synergy and co-operation between the different spheres of government² and the ways and means adopted to ensure public participation³. The operations of a municipality should reflect a dualistic approach in that internal ability and external influence would define developmental output.

The 1998 White Paper on Local Government “sets out the vision for a new developmental local government system, which is committed to working with local citizens, groups and communities to improve the quality of life and to meet the social, material and economic needs of communities in a holistic way.

Four key elements characterise the new vision for developmental local government. These are:

- Maximising social development and economic growth: The powers and functions vested in local government create the conditions for it to play a key role in developing economic prosperity at the local

² as promoted in Section 41 of the Constitution

³ according to Chapter 6 of the Municipal Systems Act, 2000 (Act 32 of 2000).

level. Municipalities therefore need a clear vision for the local economy and to create the overall economic and social conditions conducive to the creation of employment opportunities. Essential municipal services such as water, sanitation, electricity, roads and street lighting are an important contribution of local government towards building a healthy and socially sustainable society.

- **Integrating and Co-ordinating:** Developmental local government must find creative ways of integrating and co-ordinating resources and investments from all key role players, including parastatals, trade unions, community groups and the private sector to meet development targets.
- **Democratising development:** Municipal Councils play a central role in promoting local democracy. To actively stimulate the participation of marginalised and excluded groups in local government initiatives and community processes, municipalities must adopt inclusive approaches, including strategies aimed at removing obstacles to their participation.
- **Leading and learning:** All communities, irrespective of whether they are located in the cities, towns or rural areas, will have to find within themselves ways of making their settlements more sustainable. To create the social conditions favourable to development, Municipalities must, amongst others, build the kind of political leadership that is able to bring together communities of different persuasions, raise awareness of human rights and environmental issues, targeting particularly marginalised groups and the youth”.

(Extract from Volume 4 no.1 – Summary brief)

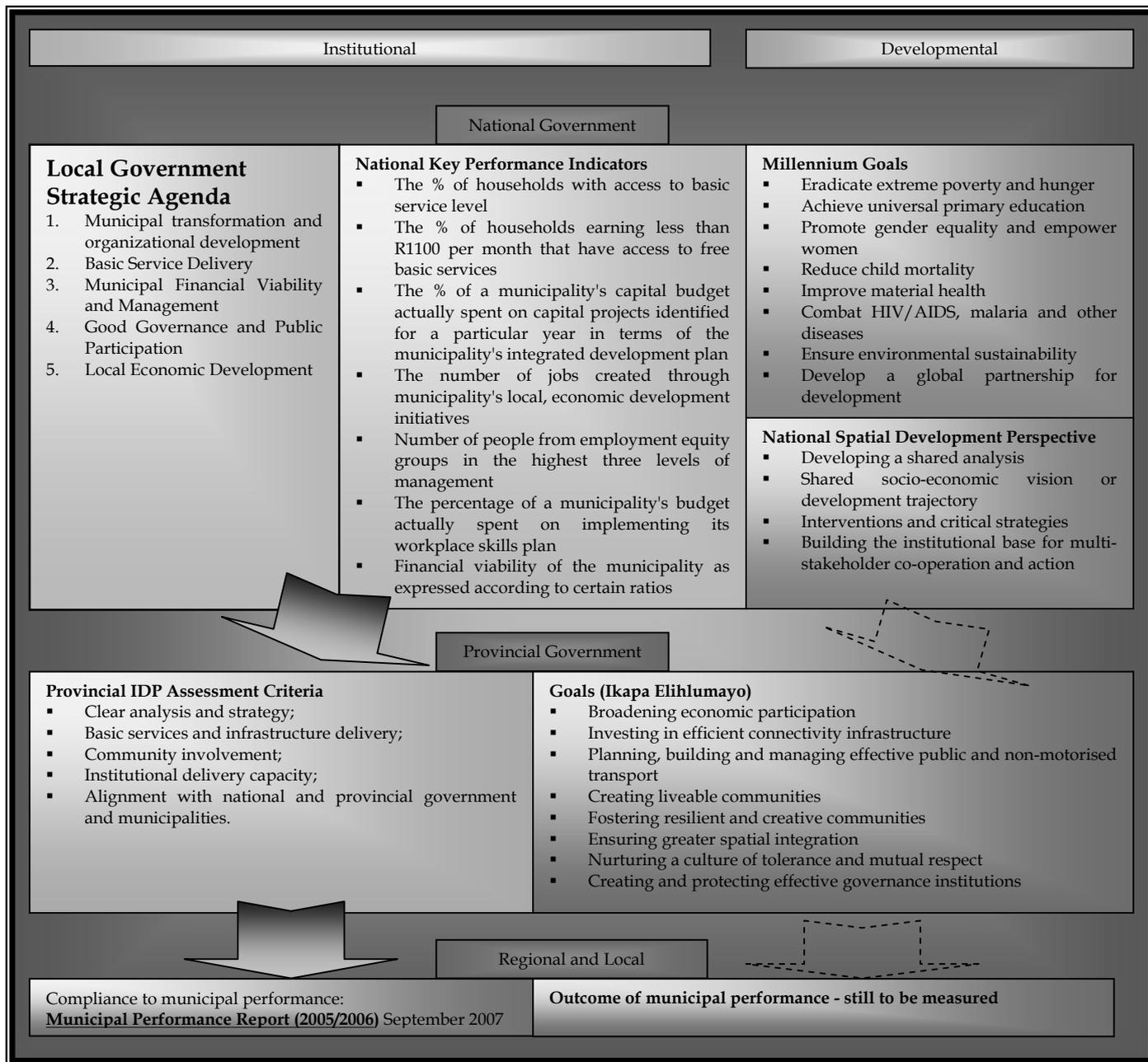
The White Paper also identifies three planning tools that can assist municipalities to become more developmental, namely:

- Integrated development planning and budgeting;
- Performance management; and
- Working with citizens and partners.

The essence of Local Government’s development planning must therefore be to deliver upon community-driven goals through the application of appropriate methods within a capacity framework originating from and created within available resources.

2.2 National and Provincial Key Performance Indicators

Diagram 1: Indicates the key performance indicators as identified at national and provincial levels:



2.3 Concise description of strategic vision of each municipality

Municipality	<p style="text-align: center;">Vision: Goals/ Objectives (Strategic Priorities)/ Themes/ Values</p>
City of Cape Town	<p style="text-align: center;">“a sustainable City that offers a future to our children and their children; a dignified City that is tolerant, non-racist and non-sexist; an accessible City that extends the benefits of urban society to all and builds the capacity of its people; a credible City that is well governed and trusted by its people; a competent City with skills, capabilities and a competitive edge; a safe and caring City that cares for its citizens and value the safety and security of all who lives, work and play in it; a prosperous City known for its ability to compete globally in the 21st century and its commitment to tackling the challenges facing South Africa, the Southern African Development Community and the African continent; a City known for its leadership in Africa and the developing world”.</p>
Matzikama	<p style="text-align: center;">“a safe, peaceful and affluent community” To provide the communities with effective, affordable and quality service through sustainable development</p>
Cederberg	<p style="text-align: center;">“A Visionary Municipality that works for you” through</p> <ul style="list-style-type: none"> ▪ Reliable, sustainable service delivery ▪ Continuous service maintenance ▪ Socially and environmentally responsible development ▪ Effective planning and timeous implementation ▪ Involving communities and continuous participation ▪ Innovative Municipal services solutions ▪ Providing an enabling environment ▪ Prioritising the needs of the disadvantaged ▪ Healthy inter-governmental relationships and cooperation ▪ Ensuring financial viability and economic growth and sustainability ▪ Visionary and competent management ▪ Creating a safe environment
Bergriver	<p style="text-align: center;">Supplying a responsible, duty-driven government to local communities/ provision of sustainable service delivery to communities/ promoting of social and economic development/ create a safe and healthy environment/ protect the natural environment/ involving communities and organizations in local authority matters.</p>
Saldanha Bay	<p style="text-align: center;">“to make this the preferred area of choice to live in, to do business in as well as for recreation” A natural choice for residence to live, work and relax in/ should have a safe, clean and beautiful residential areas with usable infrastructure/ business premises should be well planned and organised/ recreational facilities must be integrated with the residential and working environment/ the management of the region should be transparent and known for friendly service delivery.</p>
Swartland	<p style="text-align: center;">“to build sustainable partnerships with our people” To ensure social and economic stability and growth through sustainable service delivery of all primary and secondary services to all interested and effected parties. Objectives: housing; sound economic base; healthy and safe living environment; provision and exposure to the necessary training facilities; necessary sporting and recreation facilities.</p>
West Coast DM	<p style="text-align: center;">“a better quality of life for all” The purposeful improvement of the quality of life/ preservation of a safe environment/ pro-active and responsible stimulation of the regional economy/ pro-active cooperation.</p>

Witzenberg	<p>“A united, Integrated, Prosperous municipality, progressively free of poverty and dependency”</p> <p>To build a sustainable and environmentally sound Witzenberg that through efficient and effective utilization of its current resources establishes a platform for the progressive overcoming of poverty, underdevelopment and provides the basis for a prosperous life for all citizens</p>
Drakenstein	<p>“working together to create a place of opportunity”</p> <p>Foster people’s development/ develop a culture of participatory governance/ to exercise rights and duties within financial and administrative capacity/ to exercise rights and duties in a transparent and accountable fashion/ create sustainable and quality living environments/ effective and efficient administration.</p> <p>Six IDP strategic priorities: housing, LED and job creation; social infrastructure; community safety; quality living environment; institutional development.</p>
Stellenbosch	<p>“To be a professionally managed municipality that governs, leads and facilitates in a way that ensures –</p> <ul style="list-style-type: none"> ▪ An integrated, reconciled and united community, free from all forms of discrimination; ▪ A harmonious, crime-free area – <ul style="list-style-type: none"> ○ With a vibrant economy; ○ With a gratifying and sustainable lifestyle for all, visibly acknowledging its diverse socio-historical heritage while conserving its rich built, agricultural, rural and natural environment; and ○ Whose hospitality, rich diversity, history and character make it a choice destination for tourists; and ▪ An acclaimed centre of learning, viticulture and sport”
Breede Valley	<p>“in the Valley of Hope we plan, work and grow in unity”</p> <p>Access to job opportunities/ access to land and housing/ improve health care/ improved infrastructure/ social and community facilities/ safe and secure communities</p>
Breede River/Winelands	<p>“will strive to create a balanced and prosperous society by 2010”;</p> <p>A transformed and fully integrated municipality/ a satisfied and well-trained workforce/ the effective and efficient facilitation and implementation of economic development initiatives and processes to ensure sustainable growth/ to provide a safe, healthy, attractive and well-maintained environment to live and work in/ to ensure a financially viable municipality/ to ensure service delivery in accordance with the Batho Pele principles and legislative requirements.</p>
Cape Winelands DM	<p>“establish a safe, prosperous and unified Cape Winelands, in which all its people enjoy a high standard of living”;</p> <p>stimulating and growing the CWDM economy/ ensuring access to adequate land and affordable housing/ improving and expanding service provision to all CWDM communities/ promoting a safe environment/ Developing and maintaining the CWDM landscape and environment/ ensuring an institutional framework that fosters co-operative governance and the achievement of all CWDM objectives.</p>
Theewaterskloof	<p>Integrated sustainable communities/ developmental municipalities/ financial viability/ capacity development optimization and utilization/ local economic development/ improved customer care.</p>
Overstrand	<p>“to be the most desirable destination to visit, stay and do business”</p> <p>To facilitate and sustain an environment for the development of a world class tourism industry supported by environmentally sensitive development/ promotion of tourism and development/ provision and maintenance of municipal services/ creation and maintenance of a safe and healthy environment/ management and conservation of the natural environment/ provision of democratic and accountable development.</p>
Cape Agulhas	<p>“To render continuous, sustainable effective services to all inhabitants and visitors in the area in order to create a healthy and safe environment for happy communities”</p> <ul style="list-style-type: none"> ▪ To enhance service levels in whole area to the fullest ▪ To enhance human development and wealth ▪ Sustainable development ▪ Effective financial management of municipal resources ▪ Institutional transformation

Swellendam	<p>“the youngberry mecca at the foot of the Langeberg, where historic past and beautiful natural environment meet to create a united and prosperous future for all inhabitants”</p> <p>To keep Swellendam and surrounding area as the youngberry mecca of the world/ continuous efforts to preserve and protect the historical and cultural past/ the preservation and balancing of sustainable utilization of the areas outstanding natural environmental resources/ the promotion of sustainable economic development/ the promotion of sustainable economic development/ the development and empowerment of human resources/ to create and provide basic services and infrastructure.</p>
Overberg DM	<p>“A prosperous, democratic, safe, stable and healthy paradise for its entire community, B-Municipalities and partners”</p>
Kannaland	<p>“to create the ideal environment in which the people of Kannaland would like to live and work. To be the place of choice”</p> <p>Encouraging self-reliance/ ensuring co-ordination and collaboration between stakeholders/ promote a healthy and vibrant community/ unlocking the development potential of the area/ ensuring that everyone will be active in the economy/ attracting and keeping a highly skilled workforce and ensuring that literacy and numeracy levels are above average/ enabling all communities to have access to basic services/ ensuring a safe, healthy and secure environment/ caring for our vulnerable communities/ being a government accountable to its communities.</p>
Hessequa	<p>A cooperative community where everyone reaps the fruit of a growing economy through sustainable development and utilization of our human potential and our natural resources</p>
Mossel Bay	<p>“to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity”</p> <p>To render cost-effective and sustainable services, to have a motivated and representative municipal workforce, to apply good and transparent cooperative governance.</p>
George	<p>“to build on George’s status as the pace-setting destination in the region and utilising all resources available to us to the benefit of our Community in our growing and thriving City “</p>
Oudtshoorn	<p>“Peace and prosperity for all”</p> <p>Promote economic development / Provide appropriate physical infrastructure / Provide appropriate community infrastructure / promote and develop HIV/AIDS strategies / Provide adequate housing / Social development / Safety and Security</p>
Bitou	<p>“to be the best together”</p> <p>Effecting participative and accountable development Local Government and Governance/ fostering effective inter-governmental relations/ facilitating sustainable people-centred development and ensuring environmental integrity/ pro-actively identifying and securing suitable land for settlement/ facilitating housing delivery and land development/ provide effective basic services/ facilitate local economic development/ facilitating social upliftment and community integration/ adhering to the Batho Pele principles.</p>
Knysna	<p>“Knysna, the town that works for all”</p> <p>A caring and contented town / A successful and respected town / A attractive and sustainable town / A reliable functioning town / A financially sound town / A dynamic and welcoming town / A town prepared for the future</p>
Eden DM	<p>“a home and future for all”</p> <p>Good governance through institutional transformation, intergovernmental co-operation and public consultation/ develop appropriate regional economy/ create an enabling social environment that ensures safe, healthy and vibrant communities/ ensure an effective and affordable service and infrastructure delivery/ develop human and social capital/ sustain Eden environment through resource conservation, good land-use practices and people-centred planning.</p>
Laingsburg	<p>“The Laingsburg Municipality will be a desirable place to live, invest and visit, where all people may enjoy a sustainable quality of life by the year 2012”</p> <p>To create a people centred and economically viable municipality where all have equal access to basic social services, educational and skills enhancement programmes, entrepreneurial and job opportunities as well as, Enjoy a clean, sustainable</p>

	environment embedded in safety and security, which is Governed by a participative, professional, transparent and accountable administration
Prince Albert	<p>“uplift the standard and quality of life of the people in the sphere of the Prince Albert Municipal area and the optimal use of the resources and the sustainable preservation thereof”</p> <p>The supply of services to and facilitating of development of the total community of Prince Albert/ community solidarity and co-operation/ affirmative action and eradicating historical imbalances/ supplying in the basic needs of residents/ facilitating job creation and stimulating the economy/ quality training and education for juveniles and adults/ transparent, effective and community-directed municipal management/ a culture of delivery/ sustainable and sensible management of natural resources/ facilitating democracy/ creating and maintaining an sturdy infrastructure.</p>
Beaufort West	<p>“Beaufort West, land of space in the Great Karoo, aims to improve the quality of life for all its residents, including Merweville and Nelspoort by being a sustainable, expanding and safe town”</p> <p>To reflect the will of the South African people/ an effective municipal system/ to create affordable and sustainable infrastructure/ business initiatives and the hospitalisation of tourism/ empowerment of personnel, management and council members/ creating and maintaining an effective financial management system/ to develop the region as a sport and recreational mecca/ to create a crime free, safe and healthy environment/ agricultural businesses to improve job creation potential/ creation of employment/ to reduce poverty and to promote the empowerment of women/ involve HIV/ AIDS sufferers.</p>
Central Karoo DM	<p>“optimal quality of life for all citizens”</p> <p>Provide quality services for sustainable economic development and social stability through dynamic stakeholder partnerships and democratic involvement/ sustainable municipal service delivery/ improve the economy for sustainable growth/ accessible and affordable primary health care/ adequate access to land and housing/ appropriate infrastructure/ safe natural and build environment/ social development/ financially viable municipalities/ community participation/ institutional transformation and organisational development/.</p>

Table 7: Concise description of strategic vision of each municipality

Source: *Municipal annual reports*

2.4 Alignment of visionary statements between spheres of government

The general perception portrayed by the universal vision statements of local government (as assumed to represent the community's wishes) albeit with a slight difference in wording, indicates a desire to create a liveable area in which all can prosper. This is then dissected into more tangible components that correspond with the developmental goals of Ikapa Elihlumayo (see diagram 1, paragraph 2.2) but simultaneously allow for interpretation beyond the local government function and responsibility. These components represent the composite of present-day society and comprise a multitude of elements with different role players involved and require interventions and cooperation within which local government need to position their operations and planning strategically so as to ensure collaboration rather than fragmentation.

The visionary statements of the respective municipalities remained, almost without exception, similar to that of the 05/06 planning cycle. This situation is commendable and allows for stability in the delivery of services. However, the challenge which remains is whether the elected council (after the local government elections in March 2006) can positively impact development path for the specific municipalities.

The strategic focus of the City of Cape Town's visionary statement has shifted to economic growth through infrastructure investment. This shift in approach to municipal governance would seem normal and should be welcomed. However, given the enormity of the City's influence on its hinterland the quantitative and qualitative impact thereof should be closely monitored comprehensively and assessed as it may have some negative unintended consequences particularly for poorer communities and SMME's. The subsequent outcome should guide and be entrenched in the planning methodology and frameworks of adjacent municipalities.

As a general concern it is crucial that key performance areas be aligned to the agreed upon visionary statement (at any given time) and must articulate the development path. The visionary statement should be interpreted as a collective device for government and communities to ensure delivery on constitutional obligations. The delivery of services is paramount in the performance of any local authority with strategic objectives to guide planning and implementation processes. These strategic objectives, without exception, necessitate operational ability that reaches "beyond boundaries". As mentioned before the telling instrument has to be the concept of integrated development planning.

2.5 Integrated development planning per municipality

Municipality	IDP (06/07) approved by Council and implemented	Is the approved IDP seen as the single, inclusive and strategic plan for the municipality	Was the IDP prepared within set timeframes	Does the IDP include all core components (MSA)	Were community needs prioritised at ward level	Was the SDF approved (date) prior to IDP approval by Council	Did the LGMTEC engagements effect any changes in your draft IDP
City of Cape Town	yes	yes	yes	yes	yes	yes	no
Matzikama	yes	yes	yes	yes	yes	no info	no
Cederberg	yes	yes	yes	yes	yes	May 2007	yes
Bergriver	yes	yes	no	yes	yes	2002	yes
Saldanha Bay	yes	yes	yes	yes	yes	draft	yes
Swartland	yes	yes	yes	yes	yes	yes	no
West Coast DM	yes	no	yes	yes	yes	yes	no
Witzenberg	yes	no	yes	no	no	May 2007	yes
Drakenstein	yes	yes	yes	yes	yes	Aug 2007	yes
Stellenbosch	yes	yes	yes	yes	yes	yes	yes
Breede Valley	yes	yes	yes	yes	yes	yes	yes
Breede River/Winelands	yes	yes	yes	yes	yes	2001	yes
Cape Winelands DM	yes	yes	yes	yes	NA	yes	yes

Theewaterskloof	yes	yes	yes	yes	yes	no	no
Overstrand	yes	yes	yes	yes	yes	Jan 2007	yes
Cape Agulhas	yes	No info	yes	yes	yes	Feb 2006	yes
Swellendam	yes	yes	yes	yes	yes	yes	yes
Overberg DM	yes	yes	no	yes	yes	yes	no
Kannaland	yes	yes	no	yes	yes	May 2007	no
Hessequa	yes	yes	yes	yes	yes	yes	yes
Mossel Bay	yes	yes	yes	yes	yes	yes	yes
George	yes	no	yes	yes	yes	draft	yes
Oudtshoorn	yes	yes	yes	yes	yes	no	yes
Bitou	yes	yes	yes	yes	yes	yes	no
Knysna	yes	yes	yes	yes	yes	yes	yes
Eden DM	yes	no	yes	yes	yes	2003	yes
Laingsburg	yes	yes	yes	yes	yes	yes	yes
Prince Albert	yes	no	yes	yes	yes	2006	no
Beaufort West	yes	yes	yes	yes	yes	May 2007	yes
Central Karoo DM	yes	yes	yes	yes	yes	yes	no

Table 8: Integrated development planning per municipality
Source: Questionnaire August 2007; additional questionnaire June 2008

2.6 Analysis of IDP processes at municipal level

All municipalities had a 2006/2007 Integrated Development Plan (IDP) which included the core components as cited in Section 26 of the MSA (32 of 2000). The indication is that not all District Municipalities prepared a framework for integrated development planning as required by Section 27 of the MSA (32 of 2000). The IDPs were, given a few exceptions, all formulated and prepared within pre-determined timeframes and include the prioritising of community needs.

This process in itself, however, did not guarantee success in service delivery and the optimum application of scarce resources. Beyond the compliance dimension, local government needs to partner with the different spheres of government to create synergy between them and find ways and means to ensure effective public participation, develop a shared analysis for generating informed consensus and build the institutional base for multi-stakeholder co-operation and action as prerequisites for development planning. The LGMTEC process as performed underpinned this approach to cooperative governance, albeit that certain municipalities indicated (during 2006/2007) a less than expected impact on local government processes and products.

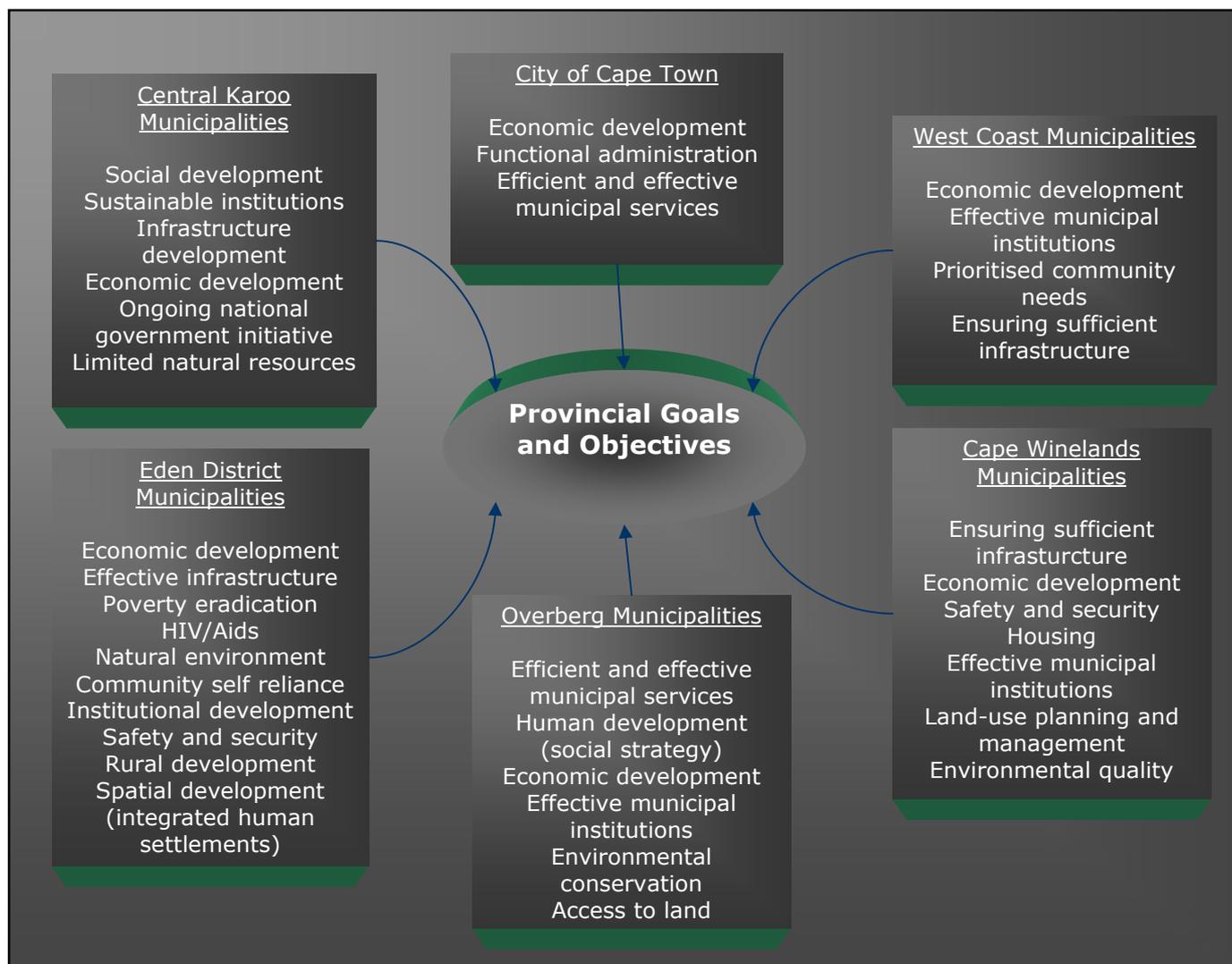
Challenges include the non-compliance in terms of Section 25 of the MSA (Act 32 of 2000); i.e. that the IDP is not deemed the single, inclusive and strategic plan for the development of the municipality. This becomes apparent throughout this performance report in the non alignment and integration between and within the key performance areas as expected in terms of the "local government strategic agenda". It was indicated that

various IDP's were amended during the 2006/2007 budget year, which pose the question of compliance with Section 34 (b) of the Municipal Systems Act, 2000.

The measured output of the IDP process and consequential product(s) as performance indicators of local government in the context of provincial requirements (see diagram 1), has improved

The output of the IDPs, in general, was characterised by effective preceding collation, analysis and assessment of data and statistics that inform processes to construct or formulate strategic interventions. Two critical elements that need to be addressed are the constant use of statistical data that dates back as far as 2001 (SA Stats Census data) and the lack of representative samples for rural areas. A concerning omission from most of the IDPs is reference to previous achievements and/ or failures as the outcome of measurement of "past" key performance indicators.

Provincial Government Western Cape completed a comprehensive analysis of the IDPs of the respective municipalities. The diagram below refers to the IDP priorities identified within the respective IDPs, namely:



2.7 Institutional development and transformation

2.7.1 Introduction

It is important that the necessary organisational structures are in place at municipalities, posts are filled and key policies, plans and procedures to guide transformation and ensure appropriate capacity are developed and adopted by the Municipal Councils. A municipality must organise itself to meet the various objectives cited in Section 51 of the Municipal Systems Act, 2000. These objectives relate primarily to the particular needs of the municipality and other objectives cited in its Integrated Development Plan. The Municipal Manager approves the staff establishment of a municipality and further approves varying job descriptions and other conditions of service for each staff member. Staff establishments and conditions of services are subject to evaluations and review by the Municipal Manager. The organisational structures of municipalities were not

always aligned with the Integrated Development Plans of municipalities. As municipalities were and are currently in the process of reviewing the macro and micro structures it was not possible to report on the alignment per municipality.

A municipality should also ensure that its recruitment, employment and career development practices are aligned to the objectives of the Employment Equity act. These obligations are encompassed in section 67(1) of the Municipal Systems Act, 2000;

67 (1) a municipality, in accordance with the Employment Equity Act 1998, must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration...

The broad objective of the Employment Equity Act, 1998 are cited in section 2 thereof reads as follows;

"Purpose of the Act

The purpose of this Act is to achieve equity in the workplace by –

- (a) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and*
- (b) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce"*

Human Resources management is broadly aimed at building the capacity of municipalities to achieve its various service delivery objectives. To this end the Municipal Systems Act, 2000 speaks to capacity building issues.

- 68. (1) A municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way, and for this purpose must comply with the Skills Development Act, 1998 (Act No. 81 of 1998), and the Skills Development Levies Act, 20 1999 (Act No. 28 of 1999).*

2.7.2 Municipal Organisational Structure

2.7.2.1 Filling of posts, transformation and HR policies and systems

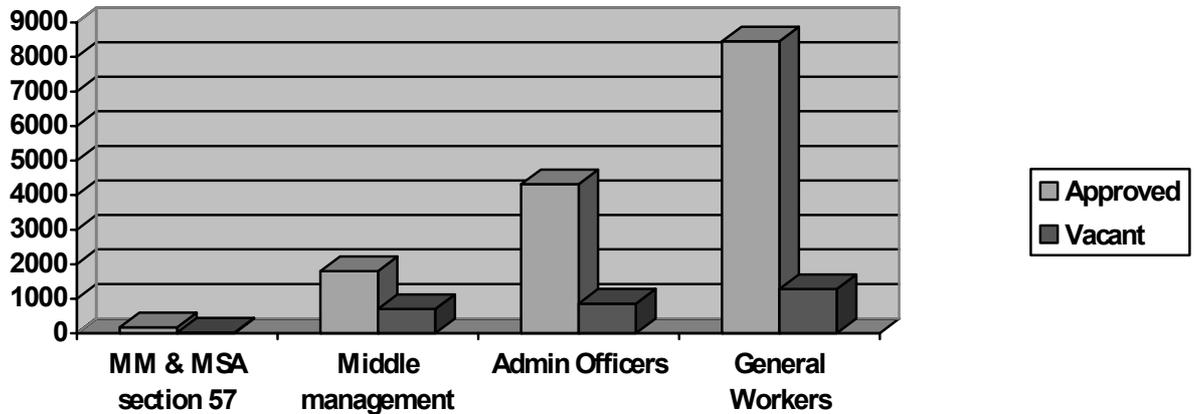
2.7.2.1.1 Number of approved and vacant posts per municipality

Municipality	Approved posts				Vacant posts			
	MM & MSA section 57	Middle management	Admin Officers	General Workers	MM & MSA section 57	Middle management	Admin Officers	General Workers
City of Cape Town	13	1 012	741	4 323	0	298	60	0
Matzikama	5	33	79	223	1	2	28	27
Cederberg	4	17	37	142	1	No info	No info	No info
Bergriver	6	40	62	235	0	4	4	24
Saldanha Bay	5	146	145	402	0	11	16	29
Swartland	7	74	90	280	0	8	7	7
West Coast DM	5	20	46	334	0	7	16	45
Witzenberg	3	No info	1	No info	2	No info	No info	No info
Drakenstein	8	198	258	915	5	59	63	189
Stellenbosch	10	113	460	486	0	49	295	230
Breede Valley	5	24	332	465	1	0	13	43
Breede River/Winelands	7	106	68	301	0	6	3	14
Cape Winelands DM	7	334	138	462	1	123	47	187
Theewaterskloof	5	43	173	368	0	18	38	80
Overstrand	7	50	69	666	0	9	28	77
Cape Agulhas	5	24	54	147	1	No info	No info	No info
Swellendam	Incomplete information submitted							
Overberg DM	5	34	2	127	0	0	0	2
Kannaland	4				3			
Hessequa	10	117	86	230	2	6	11	30
Mossel Bay	Incomplete information submitted							
George	9	119	417	662	0	33	94	121
Oudtshoorn	4	40	181	310	0	9	25	52
Bitou	5	71	148	196	2	16	12	14
Knysna	6	85	314	375	1	29	81	77
Eden DM	13	49	298	331	No info	3	No info	No info
Laingsburg	1	3	13	22	0	0	0	0
Prince Albert	3	2	15	29	0	0	5	6
Beaufort West	6	37	65	234	1	13	14	19
Central Karoo DM	4	19	25	117	0	1	1	6

Table 9: Number of approved and vacant posts per municipality

Source: Questionnaires: August 2007

Approved vs vacant posts



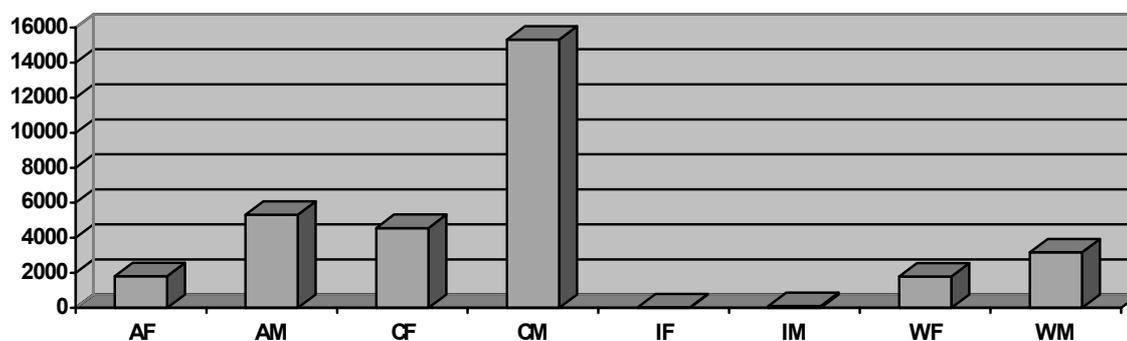
2.7.2.1.2 Transformation statistics per municipality

Municipality	All levels							
	AF	AM	CF	CM	IF	IM	WF	WM
City of Cape Town	1 280	3 237	2 861	10 035	16	56	1 201	2 268
Matzikama	2	21	79	157	0	0	16	17
Cederberg	2	7	50	151	0	0	8	11
Bergriver	2	11	48	212	0	0	17	19
Saldanha Bay	36	116	136	395	0	0	36	48
Swartland	5	57	76	287	0	0	36	41
West Coast DM	1	24	55	268	0	0	13	44
Witzenberg	24	96	95	279	0	0	10	14
Drakenstein	Incomplete information submitted							
Stellenbosch	97	242	150	459	0	0	46	76
Breede Valley	51	177	110	400	0	1	30	57
Breede River/Winelands	17	84	56	230	0	0	40	45
Cape Winelands DM	50	115	102	162	0	2	42	96
Theewaterskloof	19	77	77	251	0	0	18	11
Overstrand	24	240	78	286	0	0	69	95
Cape Augulhas	0	10	51	126	0	0	8	21
Swellendam	No information submitted							
Overberg DM	5	52	53	135	0	0	34	53
Kannaland	No information submitted							
Hessequa	5	17	58	240	0	0	37	45

Mossel Bay	Incomplete information submitted							
George	72	231	177	336	2	2	47	80
Oudtshoorn	No information submitted							
Bitou	37	136	41	105	1	1	6	21
Knysna	38	215	49	216	0	0	32	42
Eden DM	16	61	96	264	0	0	30	83
Laingsburg	1	1	13	15	0	0	4	1
Prince Albert	0	0	5	34	0	0	2	3
Beaufort West	10	60	27	178	0	0	16	14
Central Karoo DM	7	29	19	91	0	1	9	9

Table 10: Transformation statistics per municipality
Source: Questionnaires August 2007

Transformation statistics



2.7.2.1.3 Municipal employees per race category expressed as a percentage compared with the demography of the municipal area

Municipality	African	Coloured	Indian	White
	Demography (%) of municipality per race category			
	Municipal employees (%) per race category			
City of Cape Town	31.6	48.1	1.4	18.7
	21.5	61.5	0.3	16.5
Matzikama	5.57	76.11	0.1	18.1
	7.8	80.8	0	11.3
Cederberg	7.9	78.2	0.06	13.7
	3.9	87.7	0	8.2

Bergriver	5	75.5	0.1	19.2
	3.7	75.8	0	10.4
Saldanha Bay	16.9	63.6	0.4	18.9
	19.8	69.2	0	10.9
Swartland	10.3	72.3	0.4	16.8
	12.3	72.3	0	15.3
West Coast DM	10	72	0	18
	6	80	0	14
Witzenberg	19.8	70.8	0.1	9.1
	23.1	72.2	0	4.6
Drakenstein	Incomplete information submitted			
Stellenbosch	20.4	57.5	2	21.8
	31.7	56.9	0	11.4
Breede Valley	20.1	65.6	0.3	13.9
	27.6	61.7	0.1	10.5
Breede River/Winlands	14.5	71	0.7	14.3
	20.9	59.3	0	17.6
Cape Winelands DM	19.5	64.3	0.2	8.5
	28.9	46.3	0.3	24.25
Theewaterskloof	22.8	65.8	0.1	11.2
	21.1	72.4	0	6.4
Overstrand	27.1	37	0.08	35.6
	33.3	45.9	0	20.7
Cape Agulhas	5.6	68.8	0.1	25.5
	4.6	81.9	0	13.5
Swellendam	No information submitted			
Overberg DM	No information available			
	17.2	56.6	0	26.2
Kannaland	No information submitted			
Hessequa	4.4	70.1	0.09	25.7
	4.9	67.2	0	18.5
Mossel Bay	Incomplete information submitted			
George	27.2	50.3	0.2	22
	31.9	54.1	0.4	13.4
Oudtshoorn	No information submitted			
Bitou	37.9	40.2	0.3	21.5
	49.7	41.9	0.5	7.7
Knysna	31.9	44.1	0.1	23.8
	42.7	44.7	0	12.5
Eden DM	19.7	55.6	0.2	21.1
	11.1	52.1	0	16.3
Laingsburg	2.2	82.9	0.11	14.7
	7.3	63.4	0	12.1

Prince Albert	1.6	86.9	0.1	11.3
	0	79.5	0	10.2
Beaufort West	15.8	73.2	0.12	10.8
	22.9	67.2	0	9.8
Central Karoo DM	10.2	69.1	0.1	10.2
	21.8	66.6	0.6	10.9

Table 11: Municipal employees per race category expressed as a percentage of the demography of the municipality
Source: Questionnaires August 2007

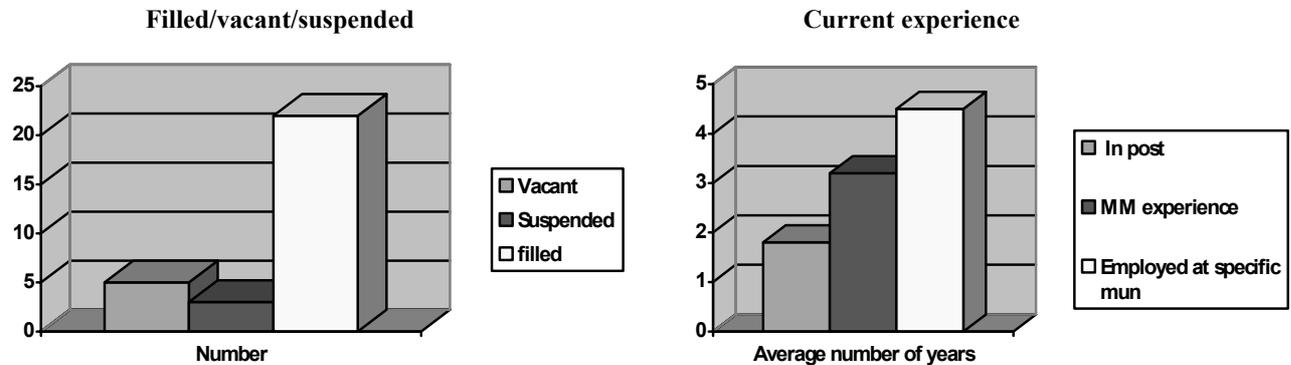
2.7.2.1.4 Municipal Manager Positions (Position as at 1 July 2008)

Municipality	Position filled (1 July 2008)	Name	Years in position at municipality	Years municipal manager experience	Years employed by specific municipality
City of Cape Town	Yes	A Ebrahim	2.2	2.2	24
Matzikama	Yes	D O'Neill	4	4	12
Cederberg	Yes	G Matthyse	2	2	2
Bergriver	Vacant	D Daniels (Acting)	0	5	0
Saldanha Bay	Suspended	H Snyders	1	1	4
Swartland	Yes	JJ Scholtz	1	1	10
West Coast DM	Yes	W Rabbets	7	7	9
Witzenberg	Vacant	D Nasson (Acting)	0	0	2
Drakenstein	Yes	ST Kabanyane	2	2	2
Stellenbosch	Suspended	D Daniels	2	5	2
Breede Valley	Yes	A Paulse	8	8	8
Breede River/Winlands	Yes	T Carstens	1	1	1
Cape Winelands DM	Yes	M Mgajo	1	1	5
Theewaterskloof	Yes	S Wallace	2	2	2
Overstrand	Yes	W Zybrants	0	12	0
Cape Agulhas	Vacant	S Mngewa	0	0	6 months
Swellendam	Yes	W Hendricks	1.5	1.5	1.5
Overberg DM	Suspended	GW Hermanus (Acting)	6 month	2.5	1
Kannaland	Yes	K de Lange	2	7	2
Hessequa	Yes	J Jacobs	4	4	14
Mossel Bay	Yes - ends July 08	K Nicol	2	14	2
George	Yes	C Africa	2	2	5
Oudtshoorn	Yes	Rev Pietersen	1	1	1
Bitou	Yes	L Ngoqo	New	0	0
Knysna	Yes	J Douglas	1.5	1.5	1.5
Eden DM	Yes	G Louw	New	2	0
Laingsburg	Yes	P Williams	7	7	7

Prince Albert	Vacant	D Rossouw (Acting)	0	0	0 (Previous mayor)
Beaufort West	Yes	J Booysen	1	3	9
Central Karoo DM	Vacant	S Jooste (Acting)	0	0	7

Table 12: Municipal Manager Positions

Source: Survey July 2008



2.7.2.1. Analysis of Institutional development and transformation

The status of the Municipal Manager positions filled, positions vacant and experience are indicated in the table above. The Western Cape Municipalities have a fairly new team of Municipal Managers and the statistics (including vacant and suspended positions) can be summarised as follows:

- The average amount of years that current Municipal Managers were in their positions amount to 1 year and 10 months. Nine of the Municipal Managers were less than 1 year in the current position.
- The average years of Municipal Manager experience is 3.28 years, while five have less than 1 year and 17 have less than 4 years Municipal Manager experience.
- The institutional knowledge of Municipal Managers currently employed averages 4,48 years.
- 17 Municipal Managers have less than 4 years experience at a specific municipality.
- Three Municipal Managers were suspended while five positions were vacant on 1 July 2008.

The current system of local government allows for political appointments to the post of Municipal Manager (Sect 82 of Municipal Systems Act) and other senior municipal managers (Sect 57 of Municipal Systems Act). This is often cited as one of the primary reasons for the high turnover of Municipal Managers and section 57 appointees. – A number of examples are evident including the City of Cape Town where they have had five new Municipal Managers in the last ten years,

1. 1996 – ANC relieved the City Manager, Mr K Nicol, and appointed Mr A Boraine
2. 2000 – DA relieved the City Manager, Mr A Boraine, and appointed Mr R Maydon
3. 2002 – ANC reclaimed Council and dismissed the City Manager, Mr R Maydon, and appointed Advocate W Mgoqi

4. 2006 - DA won 2006 elections and releaved the City Manager, Advocate W Mgoqi, and appointed Mr A Ebrahim

This has also happened in other municipalities including Stellenbosch, Eden, Saldanha, Witzenberg, Overberg, Theewaterskloof etc. The issue of political appointments is not disputed as political parties are often required to negotiate a number of competing community/political/economic and social interests in meeting their governance objectives. This requires that they have a professional, sound, flexible, effective and constructive working relationship with the implementers (managers) of their decisions.

The matters of concern however relates to organisational memory and continuity, huge packages and settlements that normally accompany these dismissals, organisational stability and morale. In most cases, municipalities use and are often expected to function and operate with acting appointments without the necessary authority and delegations. A case in point was the Witzenberg Municipality and Overberg District Municipality - Witzenberg has only one section 57 appointee currently serving as the acting Municipal Manager and Overberg has had a number (3) of acting Municipal Managers since the suspension of the incumbent in 2007.

High and medium capacity municipalities have reported large numbers of vacant posts in their middle management structures, which average about 30%. The primary drivers and implementers of policy and organisational decisions, private or public, have always been middle managers and supervisors. This group possess the technical skills and expertise to ensure service delivery and infrastructure delivery.

Most municipalities indicated that they had huge skills shortages and disparities at this level which in turn affected effective implementation of service delivery and infrastructural development. One of the reasons the City of Cape Town was able to increase its capital spendind was a result of reducing middle management level vacancies (LGMTEC Reports). A key trend was that municipalities with fewer vacancies at a middle management level (comparatively) were better organised to meet their service delivery and infrastructural demands e.g. Hessequa, Cape Agulhas, George, Knysna, Mossel Bay, Swartland, Breede River Winelands, Overstrand etc

In respect of administrative posts, proportionately and comparatively fewer posts were vacant. Municipalities also report proportionately and comparatively fewer vacancies in respect of general workers. This should not impact hugely on municipal performance but viewed collectively it will impact negatively on the overall achievement of peculiar municipal objectives for which the staff establishments was initially approved.

2.7.3 Development and Implementation of specific HR policies and systems per municipality

The Human Resources Development Strategy (HRDS) of South Africa has as its key mission to maximise the potential of our people, through knowledge and skills acquisition, to improved livelihoods - (HRDS SA 2001).

The HRD Strategy consists of 5 strategic objectives, namely

1. Improving the foundation for human development;
2. Developing high quality skills that are more responsive to our developmental needs;
3. Improving and increasing employer participation in life long learning;
4. Supporting employment growth through creative innovation and policies; and
5. Ensuring that the four objectives above are linked.

Municipality	Recruitment and selection policy	Skills Development Plan	EE Plan	HRM and HRD Policies
City of Cape Town	yes	yes	yes	yes
Matzikama	no	no	no	no
Cederberg	yes	yes	yes	yes
Bergriver	no	yes	yes	no
Saldanha Bay	yes	yes	yes	yes
Swartland	yes	yes	yes	yes
West Coast DM	Incomplete information submitted			
Witzenberg	yes	yes	yes	yes
Drakenstein	yes	yes	yes	yes
Stellenbosch	yes	yes	yes	yes
Breede Valley	yes	yes	yes	no
Breede River/Winelands	yes	yes	yes	yes
Cape Winelands DM	yes	yes	yes	yes
Theewaterskloof	yes	yes	yes	yes
Overstrand	yes	yes	yes	yes
Cape Augulhas	yes	yes	yes	no
Swellendam	yes	yes	yes	yes
Overberg DM	yes	yes	yes	yes
Kannaland	yes	yes	yes	no
Hessequa	yes	yes	yes	no
Mossel Bay	yes	yes	yes	no
George	yes	yes	yes	yes
Oudtshoorn	yes	yes	yes	yes
Bitou	no	yes	yes	no
Knysna	yes	yes	yes	yes
Eden DM	yes	Yes	yes	yes
Laingsburg	yes	yes	yes	yes
Prince Albert	no	yes	yes	no
Beaufort West	yes	yes	yes	yes
Central Karoo DM	yes	yes	yes	yes

Table 13: Development and Implementation of specific HR policies and systems per municipality
Source: Questionnaires August 2007

2.7.4 Municipal capacity and skills development initiatives

Municipality	Capacity and skills development initiatives
City of Cape Town	WPSP, Business Improvement Programme, Individual Performance Management, Staff Wellness Programmes, EAP Programme, Bursaries for Technikon and University Students among staff
Matzikama	Train i.r.o. Skills Development Plan, Ongoing professional training, Extension and revision of organogram.
Cederberg	Abet; Computer Literacy, Supervisor Training; Technical training and Financial Training
Bergriver	Formal training plan that contains training as identified by the HOD's of each department
Saldanha Bay	No information submitted
Swartland	Train i.r.o. Skills Development Plan, Ongoing professional training, Organisational development intervention, learnerships, ABET, management development, job-related training
West Coast DM	Skills audit, various training courses
Witzenberg	No information submitted
Drakenstein	Internal and external bursaries, Various training courses, job-related training, learnerships
Stellenbosch	No information submitted
Breede Valley	No information submitted
Breede River/Winelands	Various training courses
Cape Winelands DM	No information submitted
Theewaterskloof	Capacity building initiatives addressed in the new Skills Development Plan for 2008/2009. Water Learnership and Finance Learnership
Overstrand	Job-related training, learnerships, Skills programmes, Life skills, ABET, Management development and workshops
Cape Agulhas	Capacity building initiatives in line with skills development plan
Swellendam	No information submitted
Overberg DM	Job-related training, learnerships, Skills programmes, Life skills, ABET, Management development and workshops
Kannaland	Various hands-on capacity building initiatives
Hessequa	No information submitted
Mossel Bay	Various training courses
George	Various training courses, bursaries and learnerships in the technical fields
Oudtshoorn	No information submitted
Bitou	Job-related training, learnerships, Skills programmes, Life skills, ABET, Management development and workshops
Knysna	Job-related training, learnerships, Skills programmes, Life skills, ABET, Management development and workshops
Eden DM	Job-related training, learnerships, Skills programmes, Life skills, ABET, Management development and workshops
Laingsburg	Various training courses
Prince Albert	Interns, Skills development plan, regular training courses
Beaufort West	Training courses and learnerships
Central Karoo DM	Various training courses

Table 14: Municipal capacity and skills development initiatives

Source: Questionnaires August 2007 and May 2008 and municipal annual reports

2.7.5 Analysis of HR policies and systems

Human resources frameworks, incorporated in the various human resources policies are an integral part of managing the capacity of a municipality. Primarily it also ensures transparency, consistency and accountability of human resource practices.

All municipalities assessed reported that they had developed and implemented human resources policies. Municipalities are required to annually assess skills of its personnel and to develop and submit a workplace skills plan. Although all the municipalities submitted skills development plans and most municipalities started to implement their skills development plans, barely 1% of municipal budgets in most municipalities were used to actually develop the skills of their employees.

All municipalities agree that Human Resources in any organisation is essential for the successful implementation of any transformation process and that the recruitment of staff with appropriate skills should not “just make up numbers”.

Training is essentially a planned process to modify behaviour and attitude through learning experience so as to achieve effective performance in an activity – In the workplace its purpose is to develop the abilities of the individual and to satisfy current and future organisational needs. Most municipalities only spent 1% of their budgets on training.

Human Resource Management that is developmental integrated and viewed as integral to the overall performance and development of Councils is almost non-existent in the Western Cape. The research questionnaires, surveys, one on interviews with municipalities, Auditor – General reports (06/07) etc have all indicated that municipalities all have human resource policies in place – See table 13 above. This signifies a real attempt by municipalities to comply with the basic legislative and organisational compliance requirements.

2.8 Performance management

2.8.1 Service delivery budget implementation plans (SDBIP)

In terms of section 69 of the MFMA, the Accounting Officer of a municipality must submit a draft SDBIP for the financial year to the Mayor not later than 14 days before the approval of the budget. It must be prepared as a strategic financial management tool to ensure that budgetary decisions that are adopted by municipalities for the financial year are aligned with their Integrated Development Plan.

The Municipal Finance Management Act (MFMA) defines the “service delivery and budget implementation plan” as the detailed plan approved by the Mayor of the municipality in terms of Section 53 (1) (c) (ii) for implementing the municipality’s delivery of municipal services and its annual budget.

For the 2005/06 financial year only municipalities classified as high capacity municipalities had to submit and implement SDBIP's and for the 2006/07 financial year high, as well as medium classified municipalities had to submit and implement SDBIP's.

The SDBIP evaluation as per the table below was based on the following three criteria:

1. Monthly projections of revenue to be collected per source
2. Monthly projections of Expenditure and revenue for each vote
3. Quarterly projections of service delivery targets and performance indicators for each vote

Municipality	Capacity NT	Submitted to PT	Submitted to PT	Evaluation		
		2005/06	2006/07	Criteria 1 %	Criteria 2 %	Criteria 3 %
City of Cape Town	High	yes	yes	40	75	100
Matzikama	Medium	Not applicable	yes	20	33	0
Cederberg	Low	Not applicable	yes	10	17	50
Bergriver	Medium	Not applicable	yes	Not evaluated		
Saldanha Bay	High	yes	yes	40	83	17
Swartland	Medium	Not applicable	yes	40	100	100
West Coast DM	Medium	yes	yes	30	67	33
Witzenberg	Low	Not applicable	yes	30	0	67
Drakenstein	High	yes	yes	40	83	50
Stellenbosch	High	no	yes	60	17	33
Breede Valley	High	yes	yes	0	0	50
Breede River/Winelands	Medium	yes	yes	40	83	67
Cape Winelands DM	Medium	Not applicable	yes	80	67	17
Theewaterskloof	Medium	yes	yes	50	83	83
Overstrand	High	yes	yes	0	17	100
Cape Agulhas	Low	Not applicable	yes	50	100	100
Swellendam	Low	Not applicable	yes	40	17	17
Overberg DM	Medium	Not applicable	yes	30	17	17
Kannaland	Medium	Not applicable	yes	40	6	0
Hessequa	Medium	Not applicable	yes	Not evaluated		
Mossel Bay	High	yes	yes	60	83	33
George	High	yes	yes	80	83	67
Oudtshoorn	Medium	Not applicable	no	Not evaluated		
Bitou	Medium	yes	yes	20	83	17
Knysna	Medium	yes	yes	60	100	67
Eden DM	Medium	yes	yes	50	83	0
Laingsburg	Medium	Not applicable	yes	60	0	33
Prince Albert	Medium	Not applicable	yes	40	67	100
Beaufort West	Medium	Not applicable	yes	40	0	67
Central Karoo DM	Medium	yes	yes	60	33	17

Table 15: Service delivery and budget implementation plans
Source: Database Provincial Treasury

2.8.2 Performance management systems of municipalities

The Local Government: Municipal Systems Act (2000) states that:

A municipality through appropriate mechanisms, processes and procedures established in terms of Chapter 4, must involve the local community in the development, implementation and review of the municipality's performance management system, and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality.⁴

The Act requires that a municipality:

- develops a performance management system (PMS);
- sets targets and indicators and monitors and reviews performance based on those Indicators;
- publishes an annual report on performance for the councillors, the staff, the public and other spheres of government;
- conducts an internal audit on performance before tabling the above report;
- has the annual performance report audited by the Auditor General;
- includes in their PMS the General Key Performance Indicators (KPIs) prescribed by the Minister and reports on these indicators;
- involves the community in setting indicators and targets and reviewing municipal performance.

2.8.2.1 Implementation of performance management systems

Municipality	Policy and framework	Performance Management Committee	Annual Performance Report			
			Performance	Comparisons	Service delivery priorities	Performance targets
City of Cape Town	yes	yes	yes	yes	yes	yes
Matzikama	no	no	no	no	no	no
Cederberg	yes	yes	yes	yes	yes	yes
Bergriver	yes	no	yes	yes	yes	yes
Saldanha Bay	yes	yes	yes	yes	yes	yes
Swartland	yes	yes	yes	yes	yes	yes
West Coast DM	yes	no	yes	no	yes	yes
Witzenberg	yes	no	yes	no	yes	yes
Drakenstein	yes	no	yes	no	yes	no
Stellenbosch	yes	yes	yes	yes	yes	yes
Breede Valley	no	no	yes	no	no	no
Breede River/Winelands	yes	yes	yes	yes	yes	yes
Cape Winelands	yes	yes	yes	yes	yes	yes

⁴ Section 42

DM						
Theewaterskloof	no	no	yes	yes	yes	yes
Overstrand	yes	no	yes	yes	yes	yes
Cape Agulhas	yes	no	yes	yes	yes	yes
Swellendam	yes	no	yes	yes	yes	yes
Overberg DM	yes	no	yes	no	yes	yes
Kannaland	yes	no	yes	yes	yes	yes
Hessequa	no	no	yes	yes	yes	yes
Mossel Bay	yes	yes	yes	yes	yes	yes
George	no	yes	yes	yes	yes	yes
Oudtshoorn	no	no	no	no	no	no
Bitou	yes	yes	yes	yes	yes	yes
Knysna	yes	yes	yes	yes	yes	yes
Eden DM	yes	yes	no	no	no	no
Laingsburg	yes	yes	yes	yes	yes	yes
Prince Albert	no	no	yes	no	yes	yes
Beaufort West	yes	yes	yes	yes	yes	yes
Central Karoo DM	yes	yes	yes	yes	yes	yes

Table 16: Implementation of performance management systems

Source: Questionnaire August 2007

2.8.3 Reports of the Auditor-General on the performance of municipalities

The Office of the Auditor General is required to audit the performance of a municipality on an annual basis. Although 86% of the municipalities did not submit their audit performance information on time to the auditor-general, the following summarises the key performance audit outcomes for 2006/07:

2.8.3.1 Performance audit outcomes for municipalities

No.	Main findings	Percentage of non-compliance by municipalities analysed
1	<i>The percentage of entities that did not report on all the predetermined objectives</i>	0%
2	<i>The percentage of entities where the contents of their corporate/strategic plans/independent development plans did not include objectives and outcomes, as well as key performance measures and indicators for assessing their performance in delivering the desired outcomes</i>	24%
3	<i>The percentage of entities that did not report where quarterly reports on progress in achieving measurable objectives and targets were not prepared throughout the period to facilitate effective performance monitoring, evaluation and corrective action</i>	7%
4	<i>The percentage of entities where the measurable objectives reported in their annual reports were materially inconsistent with their predetermined objectives, as per the strategic plan</i>	0%
5	<i>The percentage of entities where objectives were reported in their annual report although they were not included as predetermined objectives in their strategic plans and/or the budgets</i>	0%
6	<i>The percentage of entities that could not furnish sufficient appropriate audit evidence to validate performance information</i>	3%
7	<i>The percentage of entities where their systems relevant to generating the required information were not adequate</i>	17%
8	<i>The percentage of entities where the evidence provided to support the performance information reported in their annual reports was materially inconsistent with the reported performance information or inadequate.</i>	0%
9	<i>The percentage of entities that did not provide their performance information on time for audit purposes</i>	86%

Table 17: Performance audit outcomes

Source: Database Auditor-general

2.8.4 Analysis of municipal performance management systems

According to Sloman (1997: 167), performance management systems are considered to be operating when the following conditions are met

- A vision of objectives is communicated to employees
- Departmental individual performance target are set within wider objectives
- A formal review of progress towards targets is conducted
- The whole process is evaluated to improve effectiveness

In terms of the Auditor - General (2006/7) reports, questionnaire and interviews it is clear that most municipalities have implemented performance management systems in line with DPLG guidelines and recommendations.

A breakdown of municipal compliance with regards to performance management (See table 16) reveals that on performance policy and framework, 23 complied , 7 non compliers. 17 Municipalities do not have Performance Management Committees and 13 comply which relates to issues of public participation in municipal performance. The setting of targets, priorities and performance in terms of annual performance reports is 85% compliant.

Further interrogation and analysis of their systems has however revealed that whilst policy and systems are in place it is primarily being implemented at a Section 57 (MSA) appointee level. Even at this level it is merely implemented at a compliance level and not being used as a means of enhancing overall municipal performance. The criteria set above for effective performance management system is not met in most municipalities. The Auditor - General (06/07) reports have also indicated a clear lack of public participation in the performance of municipalities across the Western Cape.

A major challenge facing most municipalities in developing effective performance management systems is the lack of and/or Management Information Systems(MIS). MIS describe a broad class of information systems, the goal of which is to provide integrated information to support decision-making for managers. Types of management information systems needed to support a variety of managerial end user responsibilities include information reporting systems, decision support systems and executive information systems. The current make-shift MIS within most municipalities does not serve its intended purposes and causes more confusion and anxiety than adding to effective service delivery - There is no timeous flow of information and municipalities "suffers from information overload". Make-shift MIS are used to generate reports, mostly of a financial/statistical nature and not as a management tool for policy, planning and decision-making.

2.8.5 Submission of Annual reports

The purpose of the annual report is to report on the performance of the municipality on the strategies and goals as identified and approved in their Integrated Development Plans (IDP) and translated into the budget of the municipality. Corrective measures must be implemented in instances of poor performance and included in the annual report submission. In terms of section 46 of MSA all the municipalities are required to annually prepare and submit a report on the performance of the municipality. The annual reports submitted for 2006/07 are listed below:

Municipality	Capacity (NT)	Annual report submitted
City of Cape Town	High	February 2008
Matzikama	Medium	February 2008
Cederberg	Low	February 2008
Bergriver	Medium	March 2008
Saldanha Bay	High	Not submitted to PT
Swartland	Medium	January 2008
West Coast DM	Medium	February 2008
Witzenberg	Low	January 2008
Drakenstein	High	March 2008
Stellenbosch	High	January 2008
Breede Valley	High	January 2008
Breede River/Winlands	Medium	January 2008
Cape Winelands DM	Medium	January 2008
Theewaterskloof	Medium	January 2008
Overstrand	High	January 2008
Cape Agulhas	Low	April 2008
Swellendam	Low	March 2008
Overberg DM	Medium	January 2008
Kannaland	Medium	March 2008
Hessequa	Medium	April 2008
Mossel Bay	High	January 2008
George	High	January 2008
Oudtshoorn	Medium	March 2008
Bitou	Medium	January 2008
Knysna	Medium	January 2008
Eden DM	Medium	January 2008
Laingsburg	Medium	January 2008
Prince Albert	Medium	Not submitted to PT
Beaufort West	Medium	February 2008
Central Karoo DM	Medium	January 2008

Table 18: Submission of annual reports

Source: Database PT

CHAPTER 3: BASIC SERVICE DELIVERY

3.1 Introduction

Municipalities, as the third independent sphere of government, are the closest to communities and are tasked primarily with developing and implementing sustainable ways to meet community needs and improve the quality of their lives with the provision of basic services i.e. water, electricity, sanitation and solid waste. The historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a delicate balance between delivering and improving current services, maintaining existing infrastructure and extending the infrastructure to eradicate service delivery. The DLG&H must ensure that local government in the Province is fully functional to enable the delivery of infrastructure, municipal services and also support it in discharging its other functions. This chapter attempts to give an indication of the performance of the municipalities in the Western Cape during the municipal financial year ending June 2007. **The information in the tables was submitted by municipalities during June 2008.**

3.2 Provision of basic services

3.2.1 Serviced households – level of services

Municipality	Type of service	Total nr of households (municipal info)	Total nr of households serviced	%	Nr of indigent households	%
City of Cape Town	Water (on site)	883,933	883 933	100	116 883	13
	Sanitation	883,933	834,606	94	116,883	14
	Refuse removal (at least once a week at site)	Formal: 578 243, Informal: 191 078	Formal: 578 243, Informal: 191 078	100	Formal: 293 185 Informal: 191 078	33 23
	Electricity (in house)	923 396	853 814	92	221 144	23
Matzikama	Water (on site)	14 497	13 797	95	1 301	9
	Sanitation		13 797	95	1 301	9
	Refuse removal (at least once a week at site)		14 497	100	1 301	9
	Electricity (in house)		13 797	95	1 301	9
Cederberg	Water (on site)	6981	4699	67	1211	25
	Sanitation		3776	54	1211	32
	Refuse removal (at least once a week at site)		4548	65	1211	26
	Electricity (in house)		5309	76	1211	22
Bergriver	Water (on site)	13 362	13 362	100	1 942	15
	Sanitation		13 322	99	1 808	14
	Refuse removal (at least once a week at site)		13 362	100	2 059	15
	Electricity (in house)		13 362	100	1 214	9

	house)					
Saldanha Bay	No information submitted					
Swartland	Water (on site)	18 758	17 820	95	3 559	20
	Sanitation		17 820	95	3 559	20
	Refuse removal (at least once a week at site)		17 820	95	3 559	20
	Electricity (in house)		17 820	95	3 559	20
West Coast DM	No information submitted					
Witzenberg	No information submitted					
Drakenstein	Water (on site)	46 500	46 400	99	6 579	14
	Sanitation		46 400	99	6 579	14
	Refuse removal (at least once a week at site)		43 000	92	6 579	14
	Electricity (in house)		46 400	99	6 579	14
Stellenbosch	No information submitted					
Breede Valley	No information submitted					
Breede River/Winelands	Water (on site)	21 215	13 346	63	4 634	35
	Sanitation		13 594	64	4 640	34
	Refuse removal (at least once a week at site)		13 831	75	4 877	35
	Electricity (in house)		15 184	72	4 985	33
Cape Winelands DM	Local municipality function					
Theewaterskloof	Water (on site)	24 363	Incorrect information submitted		5 869	Incorrect information submitted
	Sanitation				5 869	
	Refuse removal (at least once a week at site)				5 869	
	Electricity (in house)				4 234	
Overstrand	Water (on site)	25 142	Incomplete information submitted		2 517	10
	Sanitation				2 517	10
	Refuse removal (at least once a week at site)				2 517	10
	Electricity (in house)				2 517	10
Cape Agulhas	Incomplete information submitted					
Swellendam	No information submitted					
Overberg DM	Local municipality function					
Kannaland	No information submitted					
Hessequa	No information submitted					
Mossel Bay	No information submitted					
George	No information submitted					
Oudtshoorn	No information submitted					
Bitou	Water (on site)	13 950	13 950	100	2 036	15
	Sanitation		13 950	100	2 036	15
	Refuse removal (at least once a week at site)		13 950	100	2 036	15
	Electricity (in house)		13 950	100	2 036	15
Knysna	Incorrect and incomplete information submitted					

Eden DM	No information submitted					
Laingsburg	Water (on site)	1 959	1 176	61	651	56
	Sanitation		1 176	61	651	56
	Refuse removal (at least once a week at site)		1 176	61	651	56
	Electricity (in house)		1 176	61	651	56
Prince Albert	Water (on site)	2 614	2 614	100	1 226	47
	Sanitation		2 614	100	1 226	47
	Refuse removal (at least once a week at site)		2 614	100	1 226	47
	Electricity (in house)		2 614	100	1 226	47
Beaufort West	Water (on site)	9 103	9 103	100	2 957	32
	Sanitation		9 103	100	2 569	28
	Refuse removal (at least once a week at site)		9 103	100	743	8
	Electricity (in house)		9 103	100	2 957	32
Central Karoo DM	Water (on site)	1 450	1 450	100	896	61
	Sanitation		1 450	100	896	61
	Refuse removal (at least once a week at site)		1 450	100	896	61
	Electricity (in house)		1 450	100	896	61

Table 19: Serviced households – level of services
Source: Mini questionnaire to municipalities May 2008

3.2.2 Basic service delivery backlogs

Municipality	Type of service	Area/s	Total nr of households	Total cost to address
City of Cape Town	Housing	Informal Settlements, Backyard Dwellers	400 000	R30 billion
	Water (on site)	Informal Settlements, Backyard Dwellers	55 000	R5,5 billion
	Sanitation	Informal Settlements, Backyard Dwellers	55 000	R550 million
	Refuse removal (at least once a week at site)	Informal Settlements, Backyard Dwellers	Informal: 0 Backlog, 191 078 serviced units. Backyarders: 55 000 backlog	Operational Cost: R24 mil Capital Cost: R16,5 mil
	Electricity (in house)	Informal Settlements, Backyard Dwellers	102 062	R561,341 mil
	Streets and stormwater	Informal Settlements, Backyard Dwellers	There is no definite number established, as the number of such settlements continue to mushroom on a continuous daily basis.	The estimated amount as at 2006/07 Financial year stood at R6 780 224. The internal report to Internal Audit was the benchmark
Matzikama	Housing	Vredendal, Klawer, Lutzville, Doringbaai	2 900	R116 mil for housing & R80 mil for bulk infrastructure
	Water (on site)	Vredendal, Klawer, Lutzville	700	R3 mil
	Sanitation	Vredendal, Klawer, Lutzville	700	R5 mil
	Refuse removal (at least once a week at site)	-	0	0
	Electricity (in house)	Vredendal, Klawer, Lutzville	700	R7 mil
	Streets and stormwater	Vredendal, Klawer, Lutzville	700	R5 mil

Cederberg	Housing	Lamberts Bay Elandsbaai Citrusdal Graafwater Clanwilliam	664 152 2 140 212 1 959	R151 mil
	Water (on site)	Citrusdal	25	R62 500
	Sanitation	Lamberts Bay -Informal area Elandskloof Citrusdal -Informal Area Graafwater (Leipoltville and Paleisheuwel)	45	R2.2 mil
			75	
			82	
	Refuse removal (at least once a week at site)	-	0	0
		Electricity (in house)	Clanwilliam - Khayalitsha Elandskloof Citrusdal - Petersfield	626 80 180
Streets and stormwater	Lamberts Bay Elandskloof Citrusdal Graafwater Clanwilliam Storm water system in all towns need upgrading	1,5km 2km 1km 2km 5km	R30 mil R300 mil	
		No information submitted		
Bergriver	Housing	Porterville, Piketberg, Velddrif, Redelinghuys	2 300	R124 mil
	Water (on site)	-	-	-
	Sanitation	Aurora	5	R30 000
		Goedverwacht Mission Station	20	R83 000
	Refuse removal (at least once a week at site)	-	-	-
	Electricity (in house)	-	-	-
Streets and stormwater	Goedverwacht Mission Station Wittewater Mission Station	460	R12 mil	
		280	R8 mil	
Saldanha Bay	No information submitted			
Swartland	Housing	Whole area	7 200 (children staying with parents, etc)	R345 mil
	Water (on site)	0	0	0
	Sanitation	0	0	0
	Refuse removal (at least once a week at site)	0	0	0
	Electricity (in house)	0	0	0
	Streets and stormwater	0	0	0
West Coast DM	No information submitted			
Witzenberg	No information submitted			
Drakenstein	Housing	No info	No info	No info
	Water (on site)	Simondium, Hermon, Magnolia (Paarl East)	100	R100 000
	Sanitation	Simondium, Hermon, Magnolia (Paarl East)	100	R800 000
	Refuse removal (at least once a week at site)	Paarl West, OR Tambo	3 500 households serviced per central skip service	R3.2 million
	Electricity (in house)	All households on formal erven do have electricity		
	Streets and stormwater	All formal erven have road access and storm water drainage systems		

Stellenbosch	No information submitted			
Breede Valley	No information submitted			
Breede River/Winelands	Housing	Robertson	2 479	R412,3 million
		Ashton	2 122	
		Montagu	820	
		Bonnievale	1 658	
		McGregor	467	
	Water (on site)	Whole area	764	No info
	Sanitation	Whole area	764	No info
Breede River/Winelands	Refuse removal (at least once a week at site)	Whole area	35.24%	No info
	Electricity (in house)	Whole area	11.65%	No info
	Streets and stormwater	No info	No info	No info
Cape Winelands DM	Local municipality function			
Theewaterskloof	Housing	Riviersonderend	260	R400 million
		Greyton	130	
		Genadendal	150	
		Botrivier	200	
		Tesselaarsdal	100	
		Villiersdorp	1400	
		Grabouw	3450	
Caledon	700			
Water (on site)	0	0	0	
Sanitation	0	0	0	
Refuse removal (at least once a week at site)	0	0	0	
Electricity (in house)	Villiersdorp	200	No info	
Streets and stormwater	Whole area	75% of residents	R80 million	
Overstrand	Incomplete information submitted			
Cape Agulhas	Housing	Whole area	2 411	R149,5 million
	Water (on site)	Bredasdorp, Struisbaai, Napier	560	R500 000
	Sanitation	Bredasdorp, Struisbaai, Napier	560	R1 million
	Refuse removal (at least once a week at site)	-	0	0
	Electricity (in house)	No info	No info	No info
	Streets and stormwater	Bredasdorp, Struisbaai, Napier	560	R10 million
Swellendam	No information submitted			
Overberg DM	Local municipality function			
Kannaland	No information submitted			
Hessequa	Sanitation	No info	1 080	R43 million
	No information submitted			
Mossel Bay	Sanitation	No info	3 623	R118 million
	Housing	Mossel Bay, Great Brak River, Herbertsdale, Brandwacht, Friemersheim	10 000	R600 million
	Water (on site)	No info	No info	No info
	Sanitation	No info	4 440	R290 million
	Refuse removal (at least once a week at site)	0	0	0
	Electricity (in house)	Joe Slovo	800	R3,2 million
Streets and	No info	No info	No info	

	stormwater			
George	Housing	Whole area	11 303	R220 million
	Water (on site)	Whole area (informal dwellings)	1 185	R4.3 million
	Sanitation	Whole area	9 600 (Eden DM backlog study) 1 185 (informal dwellings)	R606 million R51 million
	Refuse removal (at least once a week at site)	No info	No info	No info
	Electricity (in house)	No info	No info	No info
	Streets and stormwater	No info	No info	No info
Oudtshoorn	No information submitted			
	Sanitation	No info	3 263	R290 million
Bitou	Housing	Whole area	5 900	No info
	Water (on site)	Whole area	5 900	R29 million
	Sanitation	Whole area	5 900	R33 million
	Refuse removal (at least once a week at site)	Whole area	5 900	R7 million
	Electricity (in house)	Whole area	5 900	R53 million
	Streets and stormwater	Whole area	5 900	R12 million
	Knysna	Housing	Whole area	6 000
Water (on site)		Whole area	6 000	R250 million
Sanitation		Whole area	9 029	R277 million
Refuse removal (at least once a week at site)		No info	No info	No info
Electricity (in house)		No info	No info	No info
Streets and stormwater			6 000	R25 million
Eden DM	Insufficient information submitted			
Laingsburg	Housing	Matjiesfontein, Laingsburg	1 237	R27 million
	Water (on site)	Farms	783	R1.5 million
	Sanitation	Farms & Matjiesfontein	799	
	Refuse removal (at least once a week at site)	Farms & Matjiesfontein	859	No info
	Electricity (in house)	Farms	783	R7.5 million
	Streets and stormwater	Laingsburg & Matjiesfontein	184	R4 million
Prince Albert	Housing	Prince Albert Leeu-Gamka Klaarstroom Mostly children living with parent	400 300 200	R11 mil for bulk R12 mil for bulk R13 mil for bulk
	Water (on site)	-	0	0
	Sanitation	-	0	0
	Refuse removal (at least once a week at site)	-	0	0
	Electricity (in house)	-	0	0
	Streets and stormwater	-	0	0
Beaufort West	Housing	Nelspoort Merweville Beaufort West	250 150 2940	R100 mil
	Water (on site)	-	-	-
	Sanitation	-	-	-

	Refuse removal (at least once a week at site)	-	-	-
	Electricity (in house)	-	-	-
	Streets and stormwater	Hillside Rustdene	900	R9.8 mil
Central Karoo DM	No backlogs in DMA			

Table 20: Basic service delivery backlogs

Source: Mini questionnaire to municipalities May 2008

3.2.3 Analysis of basic service delivery

An in-depth analysis of basic service delivery was hampered by the lack of credible information at municipal level, which is of great concern (tables 19 and 20). Most municipalities have relatively good information with regard to the situation in their urban areas, but less information pertaining to their rural areas. The critical question raised by this lack of credible information - **how do municipalities do credible, effective planning without information?** One of the main challenges with the delivery of services is the escalating costs of service provision, infrastructure development and maintenance, as well as the costs of backlog eradication. An analysis of municipal financial statements indicate that most municipalities are very reliant on capital grants to fund their capital expenditure. This further indicates that the revenue base of municipalities is insufficient to generate enough funding for provision and maintenance of basic infrastructure. Aging service delivery infrastructure and utilities exert pressure on resources, as these have to be maintained. There is a considerable shortage of funds for maintenance, mainly for roads, storm water drainage and sewerage.

The biggest challenges faced by municipalities with regard to the delivery of basic services are as follows:

- Lack of credible information
- Availability of land
- Insufficient funds for new, as well as to upgrade and maintain bulk infrastructure
- Lack of/ inadequate project management skills
- Lack of/ inadequate technical skills
- Huge rural areas with great travelling distances

3.2.4 Eradication of the bucket system/Sanitation backlog study

To establish the magnitude of the problem, a sanitation backlog study was undertaken by the Department in 2006/07. The project was funded by Department of Water Affairs and Forestry (DWAF) and co-ordinated by Department of Local Government and Housing (DLG&H).

The study conducted estimated the figures and costs for the Western Cape Province as follows:

Description	Total for all Districts	Metro	Total
Nr of informal Housing with no access to basic sanitation (excluding Backyard Dwellers)	14 507	100	14 607
Nr of informal housing with access to shared service (excluding Backyard Dwellers)	21 365	120 000	141 365
Backyard dwellers with access to shared service	73 855	180 000	253 855
Total	109 727	300 100	409 827
Cost for bulk water infrastructure	1 701 088 865	2 016 184 000	3 717 272 865
Cost for bulk sewer infrastructure	1 525 556 569	1 984 324 200	3 509 880 769
Cost for internal water and sewer infrastructure	840 021 000	2 400 000 000	3 240 021 000
Cost to eradicate sanitation	4 078 746 434	6 400 908 200	10 479 654 634

Note: An average growth in backlog of roughly 1,8% (compounded annually) of the existing backlog is estimated for the Province

The challenges experienced are as follows:

- Lack of municipal infrastructure policy and strategy
- Lack of adequate infrastructure information and infrastructure management
- Institutional arrangements
- Funding and financial issues
- Technical challenges

Simply addressing the bulk infrastructure for waterborne sewerage will take several years and considerable funding. Although many urban projects funded by the MIG are underway to upgrade and develop the water and sewer systems, at present funding it could take up to 10 years to bring waterborne sanitation to all citizens of the Western Cape who currently lack the facilities.

It is imperative to take a developmental approach, by exploring other sanitation technologies that may be feasible for different areas. Implementing a system that can easily be upgraded to full-water borne in future when the funding becomes available. Many projects are underway to upgrade and develop the water and sewer systems. Implementation should be done in a phased process by replacing buckets with dry on-site sanitation where immediate implementation of a full water-borne is not feasible. Municipalities should prioritise sanitation in their budgeting process and the environment should be protected at all times when choosing a technology option. The Upgrading of Informal Settlement Programme (UISP) can be a catalyst to eradicating the bucket and overall sanitation challenges especially within the City of Cape Town

3.3 Completion of sectoral plans

Municipality	Description	Compiled	Approved	Part of IDP
City of Cape Town	Housing	yes	yes	yes
	Water (on site)	yes	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	yes	yes	yes
Matzikama	Housing	yes	yes	yes
	Water (on site)	yes	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	no	no	no
Cederberg	Housing	yes	No (partly approved due to changes to be made)	no
	Water (on site)	yes	yes	no
	Disaster management	yes	yes	yes
	Integrated waste management	no	no	no
	Integrated transport	no	no	no
Bergriver	Housing	no	no	no
	Water (on site)	yes	yes	yes
	Disaster management	no - in process	no	no
	Integrated waste management	in process	no	no
	Integrated transport	in process	no	no
Saldanha Bay	No information submitted			
Swartland	Housing	yes	yes	yes
	Water (on site)	yes	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	Under review	Under review	Under review
West Coast DM	No information submitted			
Witzenberg	No information submitted			
Drakenstein	Housing	yes	yes	yes
	Water (on site)	yes	Yes, but in process of updating for Approval	yes
	Disaster management	No info	No info	No info
	Integrated waste management	yes	yes	yes
	Integrated transport	Cape Winelands District Municipality is compiling the Integrated Transport plans (IIP) for all the Categories B Municipalities in their area. The current public transport record and operating licence strategy, two of the components of the IIP will continue in 2008/09. Funding of these components by Province		
Stellenbosch	No information submitted			
Breede Valley	No information submitted			
Breede	Housing	yes	yes	yes

River/Winelands	Water (on site)	yes	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	no	no	no – Part of District plan
Cape Winelands DM	Local municipality function			
Theewaterskloof	Housing	yes	yes	yes
	Water (on site)	yes	yes	yes
	Disaster management	yes	not yet	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	yes	yes	yes
Overstrand	Housing	yes	yes	yes
	Water (on site)	Updated one in process of compilation	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	District Plan	yes	yes
Cape Agulhas	Housing	yes	no	no
	Water (on site)	yes	no	no
	Disaster management	yes	no	no
	Integrated waste management	no	no	no
	Integrated transport	no	no	no
Swellendam	No information submitted			
Overberg DM	Local municipality function			
Kannaland	No information submitted			
Hessequa	No information submitted			
Mossel Bay	Housing	No, in process	no	yes
	Water (on site)	No info	No info	No info
	Disaster management	yes	no	yes
	Integrated waste management	No info	No info	No info
	Integrated transport	No info	No info	No info
George	Housing	yes	yes	yes
	Water (on site)	yes	yes	yes
	Disaster management	no	no	no
	Integrated waste management	yes	yes	yes
	Integrated transport	yes	yes	yes
Oudtshoorn	No information submitted			
Bitou	Housing	no	no	no
	Water (on site)	yes	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	no	no	no
	Integrated transport	yes	yes	yes

Knysna	Housing	yes	yes	yes
	Water (on site)	yes	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	yes	yes	yes
Eden DM	Housing	no	no	yes
	Water (on site)	yes	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	yes	yes	yes
Laingsburg	Housing	yes	yes	yes
	Water (on site)	yes	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	no	no	no, busy with local, use Regional
Prince Albert	Housing	yes	yes	yes
	Water (on site)	yes	yes	yes
	Disaster management	in process	in process	in process
	Integrated waste management	no	no	no
	Integrated transport	no	no	no
Beaufort West	Housing	yes/no	yes/no	yes/no
	Water (on site)	yes	yes	yes
	Disaster management	no	no	no
	Integrated waste management	yes	yes	yes
	Integrated transport	use district plan	use district plan	use district plan
Central Karoo DM	Housing	no	no	no
	Water (on site)	yes	yes	yes
	Disaster management	yes	yes	yes
	Integrated waste management	yes	yes	yes
	Integrated transport	yes	yes	yes

Table 21: Completion of sectoral plans

Source: Mini questionnaire May 2008

3.4 Percentage (%) of capital budget spent on each service for 2006/07

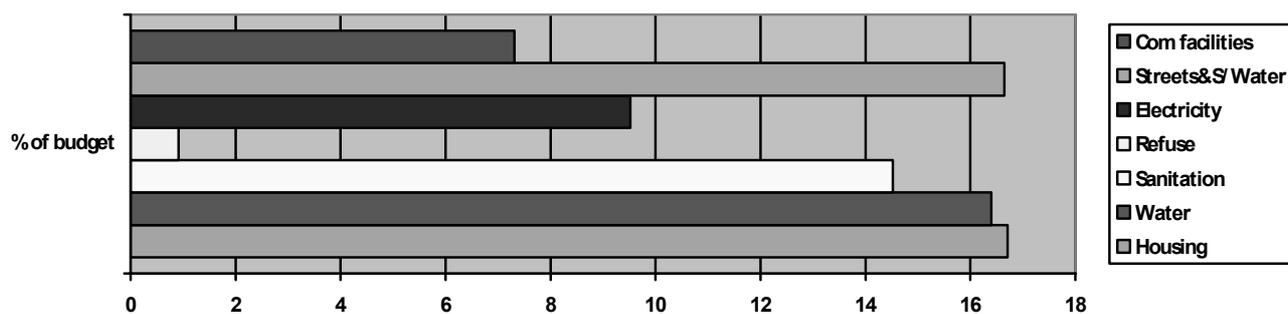
Municipality	Housing	Water	Sanitation	Refuse Removal	Electricity	Streets & Storm Water	Community facilities
City of Cape Town	7.00	7.00	5.00	4.00	13.00	5.00	2.00
Matzikama	0	8.00	27.50	0	29.00	7.20	28.30
Cederberg	Incomplete information submitted						
Bergriver	Incomplete information submitted						
Saldanha Bay	Incomplete information submitted						
Swartland	Not part of own capital	7.70	23.90	1.00	13.00	35.50	7.60

	budget						
West Coast DM	0	65	0	0	0	0	15
Witzenberg	55.40	5.70	18.90	0	7.30	4.00	2.50
Drakenstein	12.56	9.92	14.72	2.47	12.97	5.40	4.51
Stellenbosch	21.30	7.71	0.82	1.49	16.29	18.23	10.65
Breede Valley	21.86	16.97	28.32	0	9.98	10.23	23.64
Breede River/Winelands	Incomplete information submitted						
Cape Winelands DM	Local municipality functions						
Theewaterskloof	52.66	14.16	17.38	1.08	3.99	4.58	1.95
Overstrand	9.00	10.00	7.00	2.00	19.00	25.00	6.00
Cape Agulhas	32.26	21.52	3.50	2.00	12.30	26.83	0
Swellendam	Incomplete information submitted						
Overberg DM	Local municipality functions						
Kannaland	0	0	67.52	0	1.00	0	9.00
Hessequa	Part of operating budget	4.00	28.90	0.20	10.20	32.80	4.10
Mossel Bay	0.31	0.87	0.49*		0.44	7.73	0.06
George	2.00	19.00	10.00	0	10.00	36.00	3.00
Oudtshoorn	Incomplete information submitted						
Bitou	21.00	14.00	1.00		3.00	13.00	1.00
Knysna	21.41	28.99	4.63	0	16.78	21.58	0
Eden DM	Information provided in incorrect format						
Laingsburg	39.30	16.20	30.20	0	2.20	4.30	7.80
Prince Albert	0	54.60	1.10	0	3.50	21.70	19.10
Beaufort West	Incomplete information submitted						
Central Karoo DM	38.13	16.60	0	3.98	6.37	33.88	0

Table 22: Percentage (%) of capital budget spent on each service

Source: Questionnaires August 2007

Average % of budget spent on each service



3.5 Percentage (%) of Capital Budget spent

Municipality	% of Capital budget spent 2005/06	% of Capital budget spent 2006/07	Reasons for under spending
City of Cape Town	71.39	76.76	Housing rental programme restructuring, external funding not received on time
Matzikama	31.63	26.23	No reasons were given
Cederberg	52.52	49.97	No reasons were given
Bergriver	52.20	48.93	No reasons were given

Saldanha Bay	89.94	82.75	No reasons were given
Swartland	92.57	77.11	Time consuming Environmental Impact Assessments Projects still under construction
West Coast DM	70.95	52.83	Time-consuming EIA's, vacant technical posts, work still in progress, saving on various projects
Witzenberg	49.22	79.80	Lack of capacity in project management
Drakenstein	85.92	64.94	Capacity, red tape with EIA's and SCM processes
Stellenbosch	62.46	62.51 (Spending on own funds for capital was 94.8%)	External funding budgeted for, did not realise
Breede Valley	83.08	77.05	Delays in housing project, partners in N1 Fly-bridge not on board
Breede River/Winelands	83.77	354.48	-
Cape Winelands DM	55.82	55.82	Local municipalities could not provide counter funding & lack of technical capacity
Theewaterskloof	81.23	63.28	SCM processes
Overstrand	86.38	87.44	Technical capacity, time constraints with long SCM processes
Cape Agulhas	82.49	68.19- % for total budget (90% spent on own capital funds budget)	External funding was not received on time - MIG project, EIA's for some projects were not received in time, Council revised budget, EIA's not in time for completion
Swellendam	66.90	56.94	No reasons were provided
Overberg DM	84.44	59.15	Lack of Capacity, restructuring of municipality
Kannaland	19.01	83.75	Lack of Capacity
Hessequa	73.26	69.90	Lack of technical skills, poor planning
Mossel Bay	49.38	74.99	Filling of vacant posts
George	96.50	91.40	Delivery problem with equipment, and funds from provincial government transferred to future years
Oudtshoorn	Not available	Capital budget detail not in fin statements, still IMFO standards	
Bitou	32.82	39.66	No reasons were given
Knysna	83.36	89.55	MIG Flood funds were received to late and had to be rolled over
Eden DM	78.54	Cannot be accurately determined due to implementation of GAMAP/GRAP- re-evaluation of land and buildings took place, which gives unrealistic %	
Laingsburg	82.71	65.90	Lack of capacity (Project management & technical)
Prince Albert	50.63	79.34	Lack of capacity (Project management & technical)
Beaufort West	63.05	54.41	No reasons were given
Central Karoo DM	84.63	115.88	N/A
Average % for Province	66.56	73.63	

Table 23: Percentage (%) of capital budget spent

Source: Municipal Financial statements 2005/06, 206/07 & Questionnaire August 2007

3.6 Analysis of sectoral plans, % capital spent on each service and % of capital budget spent

Most municipalities have the required sectoral plan as part of the IDP's, although not all municipalities submitted information on their sectoral plans. Due to inadequate information received on the level of services

an analysis to determine whether municipalities spent their capital budgets in line with the needs as identified (in the level of services data and backlogs) was not possible.

Although the average percentage of capital budget spent for the Province has improved from approximately 66.56% in 2005/06 to 73.63% in 2006/07, it is not sufficient if all the Provincial service delivery challenges in the various municipal areas are taken into account. The main reason cited by municipalities for under spending their capital budgets (both financial years) was the lack of capacity/technical skills in their Engineering/Technical Departments.

As in the 2005/06 financial year and as mentioned before, almost all municipalities indicated that a lack of funding for bulk services hampered their delivery on basic services, especially with regard to the provision of housing. An analysis of municipal financial statements indicated that most municipalities were very reliant on capital grants to fund their capital expenditure. This is not ideal and a clear indication that the revenue base of municipalities is insufficient to generate enough funding for provision and maintenance of basic infrastructure. The biggest part of municipal capital budgets was allocated for bulk water and sanitation and very little towards maintenance of existing infrastructure. The maintenance budget is the first to be reduced when budgets cuts were made. The situation was and is not ideal and in many municipalities the bulk of the maintenance was and is done on an ad hoc basis. This is partly due to the fact that most capital grants, the largest one being MIG, must largely be utilised for new infrastructure and the formula that is used to determine the amount allocated favours bulk water and sanitation. Capital expenditure includes addressing backlogs and most municipalities normally did not have sufficient own funds to address these huge capital expenditure.

3.7 Free basic services

3.7.1 Free basic services provided per type of service per household

Municipality	Electricity		Water		Sanitation		Refuse removal	
	Nr of indigent house-holds receiving free service	Units per household (kwh)	Nr of indigent house-holds receiving free service	Units per household (kl)	Nr of indigent house-holds receiving free service	Units/ R value pm per household	Nr of indigent house-holds receiving free service	Units/ R value pm per household
City of Cape Town	411 238	50	200 000	6	200 000	4.2 kl	No info	No info
Matzikama	1 301	50	1 301	6	1 301	R73.25	1 301	R36.85
Cederberg	975	30	975	6	897	R54.70	975	R45.47
Bergriver	1 214	50	1 942	6	1 808	R67.26	2 059	R60.42
Saldanha Bay	No information submitted							
Swartland	5 105	50	3 559	6	3 559	R62.48	3 559	R43.69
West Coast DM Municipality	876	50	259	6	224	R25.00	641	R20.00

Witzenberg	1 592	50	1 174	6	1 174	R78.25	1 174	R89.75
Drakenstein	12 925	50	12 925	6	12 925	R85.00	12 925	R85.00
Stellenbosch	9 095	50	9 095	6	9 095	R42.74	9 095	R47.05
Breede Valley	5 315	50	5 205	6	5 205	R33.01	5 205	R37.45
Breede River/Winelands	4 985	50	4 634	6	4 640	R36.83	4 877	R36.83
Cape Winelands DM	Local municipal function							
Theewaterskloof	5 217	50	5 217	6	5 217	R32.50	5 217	R32.50
Overstrand	3 145	50	3 145	6	3 145	R36.40	3 145	R71.49
Cape Agulhas	1 107	50	1 107	6	1 107	R42.70	1 107	R47.50
Swellendam	1 202	20	1 420	6	0	0	0	0
Overberg DM	Local municipal function							
Kannaland	1 013	50	1 013	7	647	R75.32	1 013	R62.55
Hessequa	4 509	50/20	3 909	6	3 909	R57.07	3 909	R44.40
Mossel Bay	5 680	50	5 229	6	5 229	R48.58	5 229	R23.70
George	7 368	50	10 111	6	11 5000	R41.34	11 5000	R53.750
Oudtshoorn	3 572	50	3 288	6	3 288	R41.83	3 288	R40.16
Bitou	1 461	50	1 461	R37.05	1 461	R52.73	1 461	R43.32
Knysna	5 923	50	1 073	8	1 073	R66.66	1 073	R65.75
Eden DM	145	50	439	6	330	R30.03	418	R18.84
Laingsburg	680	50	680	6	680	R52.50	680	R41.00
Prince Albert	763	50	1 226	6	1 226	R45.52	1 226	R31.85
Beaufort West	2 957	50	2 957	6	2 569	R28.20	743	R16.90
Central Karoo DM	1 700	50	1 100	6	100/317	R29.79/ R13.40	100	R29.64

Table 24: Free basic services provided per type of service per household

Source: Questionnaire August 2007

3.7.2 Analysis of the provision of free basic services

All municipalities (those responsible for the provision of specific services) provided the nationally required free basic services to their indigent households where the households were linked to the grid. They had indigent registers that were updated regularly. A few municipalities also provided a certain amount of free basic services to their non-indigent households, i.e. electricity and water. The number of indigent households receiving free basic services increased slightly annually as new houses were built and households are linked to the grid. Most municipalities also had agreements in place with Eskom to refund free basic electricity that were rendered to indigent households in Eskom service areas. Municipalities financed free basic services with their equitable share grant from the national government.

3.8 Municipal Infrastructure Grant (MIG)

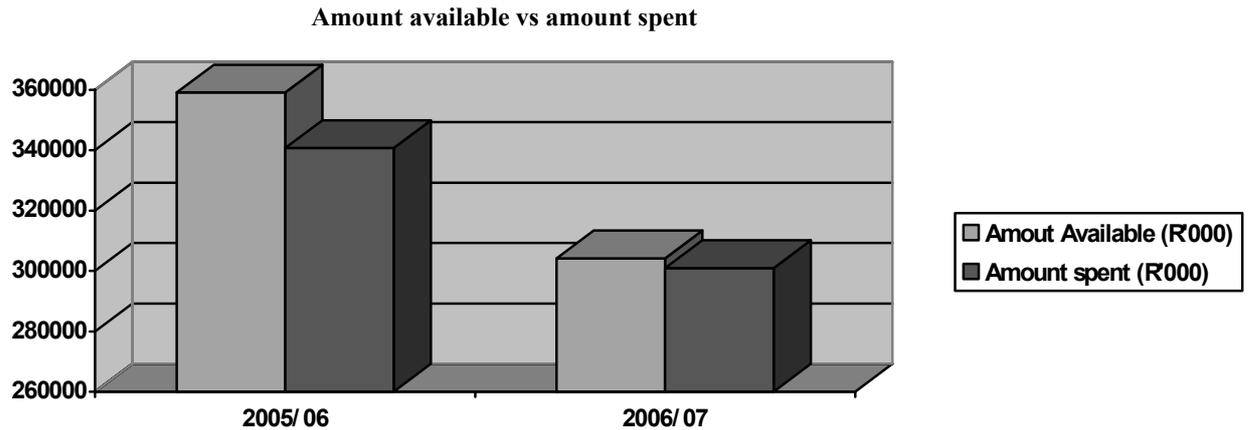
3.8.1 MIG expenditure

Municipality	2005/06			2006/07		
	Available funding R'000	Amount spent R'000	% spent	Available funding R'000	Amount spent R'000	% spent
City of Cape Town	211 325	211 325	100	196 656	196 656	100
Matzikama	3 078	1 646	53	5 729	5 437	95

Cederberg	4 031	1 657	41	1 999	1 999	100
Bergriver	Part of district municipality allocation					
Saldanha Bay	2 758	2 758	100	2 928	2 928	100
Swartland	4 597	4 597	100	3 555	3 555	100
West Coast DM Municipality	6 503	3 844	59	4 329	4 311	99
Witzenberg	Part of district municipality allocation			3 795	3 693	97
Drakenstein	13 950	11 322	81	9 821	9 821	100
Stellenbosch	14 912	10 435	70	9 407	8 192	87
Breede Valley	7 406	7 406	100	6 905	6 905	100
Breede River/Winelands	3 550	3 550	100	4 223	4 223	100
Cape Winelands DM	4 408	4 408	100	0	0	0
Theewaterskloof	8 133	8 133	100	6 673	5 082	76
Overstrand	4 463	4 072	91	4 574	4 574	100
Cape Agulhas	Part of district municipality allocation					
Swellendam	Part of district municipality allocation					
Overberg DM	3 856	3 856	100	2 410	2 410	100
Kannaland	Part of district municipality allocation			3 817	3 817	100
Hessequa	400	400	100	Part of district municipality allocation		
Mossel Bay	3 577	3 577	100	5 749	5 749	100
George	9 048	9 048	100	9 461	9 461	100
Oudtshoorn	6 162	6 162	100	3 609	3 609	100
Bitou	6 271	6 271	100	2 601	2 601	100
Knysna	6 011	4 398	73	5 968	5 968	100
Eden DM	8 528	8 291	97	6 707	6 707	100
Laingsburg	Part of district municipality allocation					
Prince Albert	Part of district municipality allocation					
Beaufort West	Part of district municipality allocation					
Central Karoo DM	26 145	23 545	90	3 208	3 208	100
Total	359 122	340 710	95	304 136	300 918	99

Table 25: MIG expenditure

Source: Database Department of Local government and Housing



3.8.2 Analysis of the MIG expenditure

The average percentage spent on the MIG grant was almost 99% for both financial years, which is due to the dedicated monitoring and support that was provided by the Department of Local Government and Housing. Unfortunately (according to the conditions of the grant) only new infrastructure may be financed with this funding, resulting in much needed maintenance of existing infrastructure being neglected in most municipalities. Municipalities are also very reliant on external grants to finance their capital expenditure due to ever increasing operating expenditure and revenue bases that remain mostly constant and declining.

3.9 Housing

3.9.1 Housing grant expenditure

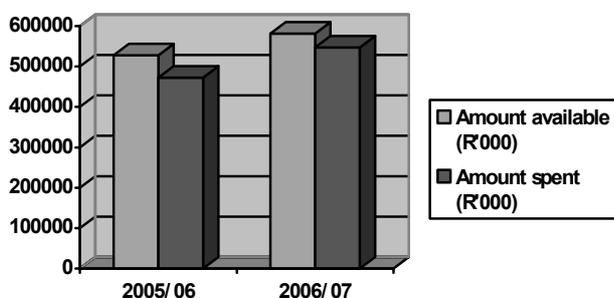
Municipality	2005/06 (April 2005-March 2006)					2006/07 (April 2006-March 2007)				
	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced	Allocation	Amount spent	% spent	Number of houses built	Number of sites serviced
	R'000	R'000				R'000	R'000			
City of Cape Town	416 716	371 066	89.04	12 122	10 778	335 037	324 672	97	11 875	12 713
Matzikama	948	5 465	574.47	274	0	8 600	2 873	33	111	0
Cederberg	908	226	24.88	12	0	1 077	1 079	100	0	313
Bergriver	2 304	0	0	0	0	2 734	299	11	0	25
Saldanha Bay	4 066	4 061	99.87	0	800	4 825	15 754	326	0	542
Swartland	1 543	8 127	526.70	0	435	9 500	7 952	83.70	0	365
West Coast DM Municipality	169	284	168.04	6	0	0	0	0	0	
Witzenberg	3 510	12 977	369.71	105	264	9 750	3 797	39	0	262
Drakenstein	12 871	10 799	83.90	316	757	15 275	16 129	106	208	208
Stellenbosch	12 871	10 868	84.43	71	390	14 000	18 222	130	11	828
Breede Valley	13 662	5 815	42.56	573	884	43 500	22 925	53	245	251
Breede	4 680	1 518	32.43	50	0	10 554	3 689	35	140	0

River/Winelands										
Cape Winelands DM	117	0	0	0	0	0	0	0	0	0
Theewaterskloof	10 167	16 373	161.04	180	1 030	27 000	15 341	57	311	510
Overstrand	4 054	3 826	94.37	145	0	12 000	5 508	46	134	184
Cape Agulhas	1 763	564	31.99	0	76	7 092	8 261	116	74	73
Swellendam	2 702	4 905	181.53	95	0	3 207	5 049	157	280	0
Overberg DM	0	0	0	0	0	0	0	0	0	0
Kannaland	666	0	0	0	0	5 790	6 402	111	0	335
Hessequa	3 065	11 659	380.39	383	684	8 637	12 310	143	301	0
Mossel Bay	3 998	6 027	150.75	1	242	4 744	17 322	365	0	257
George	6 751	4 561	67.56	437	155	8 012	5 427	68	88	18
Oudtshoorn	4 209	2 775	65.93	80	0	4 996	9 740	195	25	663
Bitou	6 547	14 972	228.68	137	700	14 700	10 783	228.68	499	295
Knysna	6 396	20 095	314.18	61	600	17 591	24 265	314.18	73	1039
Eden DM	173	0	0	0	0	0	0	0	0	0
Laingsburg	1 251	400	0	0	0	1 485	1 907	128	70	0
Prince Albert	528	6 119	115.89	52	0	627	0	0	0	0
Beaufort West	812	9 129	112.42	270	513	10 300	7 433	72	399	0
Central Karoo DM	190	7 420	39.05	276	0	0	0	0	0	0
Total	527 649	472 393	86.25	15 646	17 278	581 033	547 139	94.16	14 844	18 881

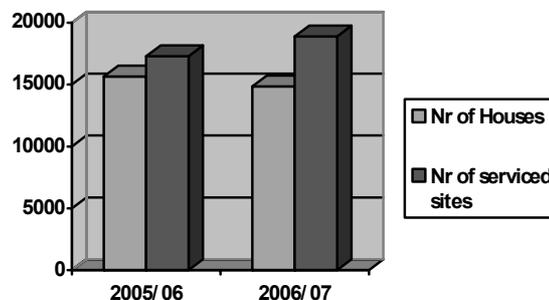
Table 26: Housing grant expenditure

Source: Database Department of Local government and Housing

Amount available vs amount spent



Nr of houses and serviced sites



3.9.2 Analysis of performance on Housing allocations

Although the average performance with regard to the spending of the housing grant by municipalities is good, there is definitely room for improvement in the performance of some municipalities as illustrated in table 26. Most municipalities have appointed private sector construction companies, i.e. ASLA as their housing implementation agent. Almost all municipalities indicated that a lack of funding for bulk services is hampering their delivery on housing.

CHAPTER 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

4.1 Introduction

Sufficient funding and effective management of available funding at a municipal level is essential to ensuring delivery on key developmental projects and plans. Financial viability is the key indicator towards sustainable service delivery in the medium to longer term. It's the ability of the municipality to manage its financial resources in such an effective way that essential basic services are delivered to all the members of their community. The Municipal Finance Management Act, 2003 and the Municipal Property Rates Act, 2004 have been introduced to provide municipalities with guidelines for effective systems to maximise their revenue potential and the effective and transparent management of their finances. This is aimed at ensuring that municipalities are more accountable, more financially sustainable and capable of delivering services.

4.2 Budget and budget related matters

4.2.1 Approval of budgets

In terms of section 24 of the MFMA, a Municipal Council must consider the approval of the annual budget at least 30 days before the start of the budget year. An annual budget must be approved before the start of the financial year (1 July).

Municipality	Date approved by council	
	2005/06	2006/07
City of Cape Town	31 May 2005	31 May 2006
Matzikama	31 May 2005	26 May 2006
Cederberg	31 May 2005	30 May 2006
Bergriver	31 May 2005	30 May 2006
Saldanha Bay	31 May 2005	23 May 2006
Swartland	26 May 2005	25 May 2006
West Coast DM	26 April 2005	31 May 2006
Witzenberg	7 June 2005	31 May 2006
Drakenstein	30 May 2005	30 May 2006
Stellenbosch	10 May 2005	16 May 2006
Breede Valley	1 June 2005	30 May 2006
Breede River/Winelands	20 April 2005	30 May 2006
Cape Winelands DM	12 May 2005	18 May 2006
Theewaterskloof	24 May 2005	31 May 2006
Overstrand	31 May 2005	31 May 2006
Cape Agulhas	24 May 2005	31 May 2006
Swellendam	26 May 2005	30 May 2006
Overberg DM	1 June 2005	31 May 2006
Kannaland	6 June 2005	23 May 2006
Hessequa	26 May 2005	30 May 2006
Mossel Bay	31 May 2005	30 May 2006

George	11 May 2005	23 May 2006
Oudtshoorn	31 May 2005	6 June 2006
Bitou	25 May 2005	31 May 2006
Knysna	31 May 2005	30 May 2006
Eden DM	31 May 2005	31 May 2006
Laingsburg	30 May 2005	30 May 2006
Prince Albert	25 May 2005	21 June 2006
Beaufort West	24 May 2005	5 June 2006
Central Karoo DM	27 May 2005	6 May 2006

Table 27: Approval of budgets

Source: Database PT

4.2.2 Budget and IDP linkages

4.2.2.1 Percentage (%) of capital budget spent on IDP related projects

Municipality	2004/05 (%)	2005/06 (%)	2006/07 (%)
City of Cape Town	63	71	77
Matzikama	No info	No info	100
Cederberg	No info	No info	100
Bergriver	No info	No info	100
Saldanha Bay	83	70	100
Swartland	100	100	100
West Coast DM	29	83	100
Witzenberg	100	100	100
Drakenstein	100	100	100
Stellenbosch	100	100	100
Breede Valley	80	90	100
Breede River/Winelands	No info	No info	100
Cape Winelands DM	LM function	LM function	LM function
Theewaterskloof	32	60	88
Overstrand	100	100	100
Cape Agulhas	100	100	100
Swellendam	No info	No info	No info
Overberg DM	98	98	100
Kannaland	No info	No info	No info
Hessequa	60	75	No info
Mossel Bay	94	92	98
George	100	100	100
Oudtshoorn	No info	No info	No info
Bitou	7	23	36
Knysna	100	100	100
Eden DM	100	100	100
Laingsburg	100	100	100

Prince Albert	100	100	100
Beaufort West	No info	No info	100
Central Karoo DM	100	100	100

Table 28: Percentage (%) of capital budget spent on IDP related projects
Source: Questionnaire August 2007

4.2.2.2 Analysis of IDP-Budget link

In 2006/7 cycle, the IDP-budget linkages of municipalities was analysed in May 2007. It was regarded as preliminary and subsequently tested through direct municipal engagement. Prince Albert and Swellendam municipalities were not analysed beforehand, and only the operational budget linkages of Cederberg municipality analysed. Clear identifiable trends emerged.

The preliminary findings according to the LGMTECH report suggest that the key concern requiring municipal budget prioritisation remains bulk infrastructure. The IDP-budget link cannot be viewed in isolation from resource constraints. The reality is that the province's limited natural resource base, increased demand for basic services (with specific pressures on water and electricity supply), and low municipal revenue bases hampers the financing of adequate infrastructure provision. This appears to be impacted upon by stringent limits to municipal tariff increases by National Treasury, reliance on government grants by municipalities (to resource both the basic services delivery through the Equitable Share allocation, as well as the municipal capital budget), and the MIG and housing income streams not being synchronised to enable subterranean infrastructure to support new housing developments. Infrastructure as a KPA appeared in the IDPs of almost all of the municipalities. These KPA's indicate that municipalities are guided by national, provincial and district objectives and are starting to respond to their local socio-economic challenges.

The LGMTECH report indicated that 17 of the 30 municipalities appear to have had generally responsive draft budgets. Of the remaining municipalities, 8 municipalities had partially responsive budgets and 5 municipalities did not have responsive budgets. However, on the whole, responsiveness remains weak in most municipalities. Municipalities with low capacity or poor economic potential struggled to develop budgets, which actually went beyond "basic services and housing". These were chiefly single-dimensional budgets, which failed to balance immediate community needs (e.g. housing) with investment in long-term growth. The result was and remains the budgets that generally focus on basic services whilst the developmental role of local government remains under-developed. In contrast to the previous year, a larger number of municipalities exhibited thinking on economic development and spatial planning, but the linkage to the budget still appears to be absent. Most municipalities still lack a focused strategy for spearheading shared growth. This could be ascribed to insufficient planning, where municipalities simply focus on their primary functional role of basic services provision, with limited attention to shared economic growth and the developmental role of local government.

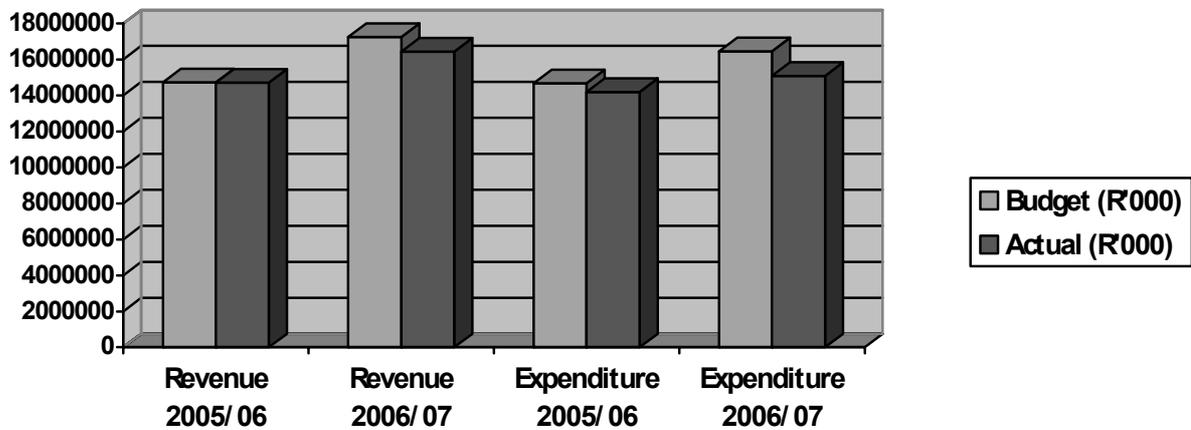
4.2.3 Performance against budgets

Municipality	Financial year	Revenue			Operating expenditure		
		Budget R'000	Actual R'000	Difference R'000	Budget R'000	Actual R'000	Difference R'000
City of Cape Town	05/06	9 944 536	9 636 685	(307 851)	9 862 338	9 634 712	227 626
	06/07	11 466 895	10 466 068	(1 000 827)	10 789 533	9 606 014	1 183 519
Matzikama	05/06	77 991	74 897	(3 094)	77 940	77 533	407
	06/07	74 056	92 882	18 826	74 057	91 312	(17 255)
Cederberg	05/06	56 994	54 899	(2 095)	54 550	51 644	2 906
	06/07	61 883	64 094	2 211	61 789	57 515	4 274
Bergriver	05/06	68 517	69 327	810	68 602	67 761	841
	06/07	78 318	91 140	12 822	71 173	81 524	(10 351)
Saldanha Bay	05/06	255 527	303 705	48 178	226 838	219 073	7 765
	06/07	336 265	351 822	15 557	318 150	263 290	54 860
Swartland	05/06	173 386	193 741	20 355	173 386	171 408	1 978
	06/07	230 602	200 578	(30 024)	178 967	172 655	6 312
West Coast DM	05/06	184 134	174 406	(9 728)	184 134	148 863	35 271
	06/07	187 327	202 823	15 495	187 327	165 722	21 605
Witzenberg	05/06	130 806	133 400	2 594	130 798	128 153	2 645
	06/07	149 675	145 750	(3 925)	149 674	145 468	4 206
Drakenstein	05/06	516 169	546 117	29 948	516 169	481 784	34 385
	06/07	566 112	603 510	37 398	556 112	547 380	8 732
Stellenbosch	05/06	390 036	377 724	(12 312)	390 036	386 867	3 169
	06/07	412 562	478 929	66 367	412 562	428 363	(15 801)
Breede Valley	05/06	299 219	309 628	10 409	256 513	245 423	11 090
	06/07	342 389	326 170	(16 219)	295 918	278 071	17 846
Breede River/Wine-lands	05/06	157 850	190 909	33 059	157 620	172 856	(15 236)
	06/07	184 462	197 020	12 558	184 233	185 943	(1 710)
Cape Winelands DM	05/06	277 472	257 555	(19 917)	277 472	231 821	45 651
	06/07	305 423	284 142	(21 281)	258 490	250 628	7 862
Theewaters-kloof	05/06	188 112	183 147	(4 965)	188 112	179 627	8 485
	06/07	206 671	191 675	(14 996)	206 671	183 193	23 478
Overstrand	05/06	259 647	280 030	20 383	256 277	251 290	4 987
	06/07	340 673	375 698	35 025	340 673	375 698	35 025
Cape Agulhas	05/06	73 717	72 108	(1 609)	73 717	69 620	4 097
	06/07	90 551	88 447	(2 104)	88 401	81 070	7 331
Swellendam	05/06	47 019	49 011	1 992	47 015	45 796	1 219
	06/07	57 077	57 805	728	57 085	54 063	3 022
Overberg DM	05/06	46 674	46 723	49	51 119	46 723	4 396
	06/07	126 264	129 638	3 374	130 661	135 921	(5 260)
Kannaland	05/06	37 975	37 402	(573)	37 975	35 313	2 662
	06/07	52 269	52 565	296	52 259	67 615	15 356
Hessequa	05/06	93 323	139 900	46 577	94 448	114 284	(19 836)
	06/07	143 584	144 025	441	134 099	121 607	12 492
Mossel Bay	05/06	257 503	320 253	62 750	257 456	249 194	8 262
	06/07	380 513	372 091	(8 422)	379 845	353 767	26 078

George	05/06	442 406	498 482	56 076	511 550	476 213	35 337
	06/07	529 833	591 814	61 981	606 358	567 568	38 790
Oudtshoorn	05/06	138 253	139 699	1 446	138 253	127 645	10 608
	06/07	152 262	173 662	21 400	154 429	152 865	1 564
Bitou	05/06	119 250	140 090	20 840	119 208	120 054	(846)
	06/07	139 447	152 941	13 494	139 390	138 992	398
Knysna	05/06	202 651	201 682	(969)	202 651	189 622	13 029
	06/07	248 421	270 214	21 793	248 414	277 028	(28 614)
Eden DM	05/06	149 243	134 912	14 331	179 927	128 546	51 382
	06/07	218 033	163 268	(54 765)	218 535	163 267	55 268
Laingsburg	05/06	15 385	13 752	(1 633)	15 385	12 751	2 634
	06/07	15 553	16 145	592	18 019	16 865	1 154
Prince Albert	05/06	9 863	9 912	49	9 830	9 819	11
	06/07	11 660	12 203	543	11 280	12 072	792
Beaufort West	05/06	57 713	62 021	4 308	57 696	61 733	(4 037)
	06/07	82 536	88 139	5 603	82 067	73 540	8 527
Central Karoo DM	05/06	62 372	65 477	3 105	62 993	64 163	(1 170)
	06/07	51 136	48 466	(2 669)	53 591	47 614	5 977
Total	05/06	14 733 743	14 717 594	19 041	14 680 008	14 200 291	479 717
	06/07	17 242 452	16 433 724	(808 728)	16 459 762	15 096 630	1 465 477

Table 29: Performance against budgets
 Source: Municipal Financial Statements 2005/06 & 2006/07

Performance against budgets



4.2.4 Performance against total grants, donations and contributions received

In terms of section 123(1) of the MFMA municipalities must disclose in their annual financial statements information on any allocations received from an organ of state in the national or provincial sphere of government; or a municipal entity or another municipality.

Municipalities also receive grants, donations and contributions from the private sector institutions, as well as from individual members of the public. The following table indicates the performance of the Western Cape municipalities against these funds received.

Municipality	Total available 06/07 (Balance 05/06 + received 06/07) R'000	Total Expenditure 06/07 R'000	Percentage spent 06/07 %
City of Cape Town	799 785	583 962	73
Matzikama	33 651	28 446	85
Cederberg	33 281	22 899	69
Bergriver	19 004	15 859	83
Saldanha Bay	45 872	39 097	85
Swartland	36 478	32 244	88
West Coast DM	12 976	20 879	161
Witzenberg	56 879	39 640	70
Drakenstein	107 847	64 420	60
Stellenbosch	80 411	57 225	71
Breede Valley	75 143	64 087	85
Breede River/Winelands	38 505	28 378	74
Cape Winelands DM	20 870	8 821	42
Theewaterskloof	36 919	30 634	83
Overstrand	29 741	28 311	95
Cape Agulhas	16 204	14 729	91
Swellendam	8 679	8 093	93
Overberg DM	84 814	80 604	95
Kannaland	33 597	23 535	70
Hessequa	76 014	33 612	44
Mossel Bay	69 447	56 386	81
George	77 296	47 279	61
Oudtshoorn	System not able to provide - in process for 2007/08		
Bitou	26 876	7 975	30
Knysna	83 747	53 090	63
Eden DM	61 145	43 759	72
Laingsburg	10 537	7 007	66

Prince Albert	5 999	5 192	87
Beaufort West	18 012	14 658	81
Central Karoo DM	45 421	31 966	70
Total	2 045 150	1 492 787	73

Table 30: Performance against total grants, donations and contributions received

Source: Municipal financial statements 2006/07

Note: Total amount available does not in all instances include the balance at the end of 2005/06, due to non-disclosure by some municipalities in their financial statements

4.2.5 Analysis of budget performance and performance against grants received

Municipalities' overall performance against conditional grants received is 73%, which is not ideal and indicates that there is room for improvement. Municipalities are indicating that they still receive allocations from other spheres of government at a very late stage during their budget cycle that results in spending challenges before the end of their financial year. An analysis of municipal financial statements indicates that most municipalities are very reliant on capital grants to fund their capital expenditure. This further indicates that the revenue base of most municipalities is insufficient to generate enough funding for provision and maintenance of basic infrastructure.

4.3 Submission of Financial statements and the Reports of the Auditor-General

4.3.1 Submission of Financial Statements

In terms of section 126 of the MFMA the Accounting Officer of a municipality must prepare the annual financial statements of the municipality and, within two months after the end of the financial year (31 August) to which those statements relate, submit the statements to the Auditor- General for auditing.

4.3.1.1 Submission dates and types of AG reports received

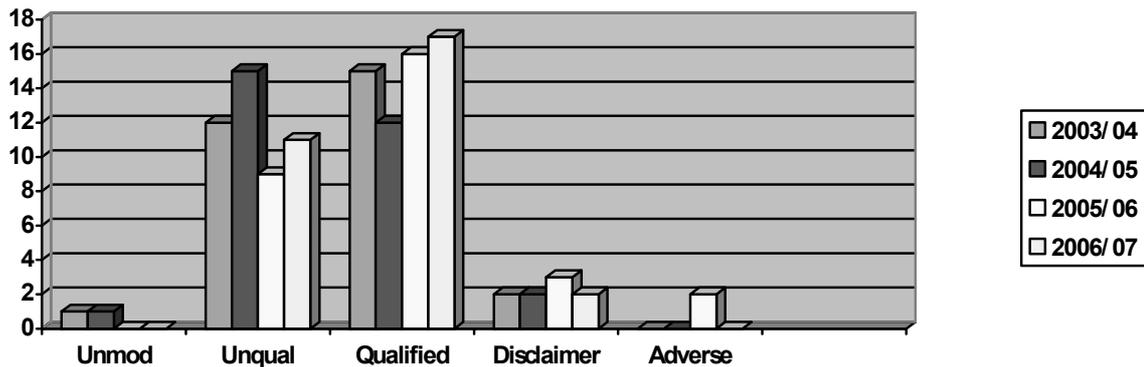
Municipality	Capacity NT	Financial year	Date submitted	Type of report from the AG				
				Unmodified with no findings	Unqualified opinion with emphasis of matter	Qualified opinion	Disclaimer of opinion	Adverse Opinion
City of Cape Town	High	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Matzikama	Medium	2005/06	19 Sep 2006					
		2006/07	31 Aug 2007					
Cederberg	Low	2005/06	12 April 2007					
		2006/07	31 Aug 2007					
Bergriver	Medium	2005/06	18 Sep 2006					
		2006/07	15 Oct 2007					
Saldanha Bay	High	2005/06	31 Aug 2006					

		2006/07	31 Aug 2007					
Swartland	Medium	2005/06	11 Sep 2006					
		2006/07	21 Sep 2007					
West Coast DM	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Witzenberg	Low	2005/06	13 Sep 2006					
		2006/07	31 Aug 2007					
Drakenstein	High	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Stellenbosch	High	2005/06	30 Aug 2006					
		2006/07	31 Aug 2007					
Breede Valley	High	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Breede River/Winelands	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Cape Winelands DM	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Theewaterskloof	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Overstrand	High	2005/06	31 Aug 2006					
		2006/07	17 Sep 2007					
Cape Agulhas	Low	2005/06	4 Aug 2006					
		2006/07	8 Aug 2007					
Swellendam	Low	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Overberg DM	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Kannaland	Medium	2005/06	30 Aug 2006					
		2006/07	31 Oct 2007					
Hessequa	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Mossel Bay	High	2005/06	7 Sep 2006					
		2006/07	31 Aug 2007					
George	High	2005/06	14 Sep 2006					
		2006/07	13 Sep 2007					
Oudtshoorn	Medium	2005/06	22 Nov 2006					
		2006/07	31 Oct 2007					
Bitou	Medium	2005/06	29 Aug 2006					
		2006/07	31 Aug 2007					
Knysna	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Eden DM	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Laingsburg	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Prince Albert	Medium	2005/06	31 Aug 2006					
		2006/07	31 July 2007					

Beaufort West	Medium	2005/06	31 Aug 2006					
		2006/07	31 Aug 2007					
Central Karoo DM	Medium	2005/06	31 Aug 2006					
		2006/07	8 Aug 2007					
Total		2005/06		0	9	16	3	2
		2006/07			11	17	2	0

Table 31: Submission dates and types of AG reports received
Source: Database PT

Comparison with previous years: Type of AG reports issued



4.3.2 Key findings in the reports of the Auditor-General

Note: Only the eleven findings that were raised in most municipalities for the 2005/06 and 2006/07 financial years in the reports are indicated:

- 1: Internal control weaknesses/ Internal audit
- 2: Non compliance with laws and regulations: MFMA & MSA
- 3: Debtor control and management
- 4: Financial statement issues
- 5: Supply chain management (SCM)
- 6: Asset management
- 7: Provisions
- 8: Creditor control
- 9: Staff matters/HRM
- 10: Performance management (PMS)
- 11: Fruitless & Wasteful expenditure

Municipality	Financial year	Key findings										
		1	2	3	4	5	6	7	8	9	10	11
City of Cape Town	2005/06	■	■	■		■				■	■	■
	2006/07		■	■						■	■	■
Matzikama	2005/06	■		■		■	■					
	2006/07	■		■			■			■	■	■
Cederberg	2005/06	■	■	■			■		■	■	■	■
	2006/07	■	■	■		■	■		■		■	■
Bergriver	2005/06	■	■	■			■		■			

Prince Albert	2005/06											
	2006/07											
Beaufort West	2005/06											
	2006/07											
Central Karoo DM	2005/06											
	2006/07											
% of total findings	2005/06	60	57	47	43	43	33	30	27	27	Not in PT DB in 05/06	20
	2006/07	29	78	21	39	25	33	8	4	46	75	4

Table 32: Key findings in the reports of the Auditor-General

Source: Database PT

4.3.3 Analysis of provincial trends and key challenges

Although most municipalities submitted their financial statements on time, except for Bergrivier, Swartland, Oudtshoorn, George, Overstrand and Kannaland, there has been a slight improvement in the audit outcomes for the 2006/07 municipal financial year. There were no adverse opinions and one less disclaimer than in the 2005/06 financial year. Technical issues relating to non compliance with accounting standards, i.e. Asset Management, debtor control and financial statement issues contributed to a number of qualifications. This shows that most municipalities still need assistance to implement Generally Recognised Accounting Practices (GRAP). Although there seems to be an improvement in the internal control in most municipalities, non-compliance with laws and regulations were raised in almost all municipalities, as well as numerous issues relating to the implementation of performance management.

Disclaimed opinions were again given on the statements of the Kannaland and Oudtshoorn, one less than in the 2005/06 financial year. Kannaland and Cederberg are still "going concern" risks in the opinion of the AG. This term is used by the AG in their reports when they are of the opinion that the specific municipality's revenue base is not sufficient.

4.4 Outstanding debt and debt management

4.4.1 Outstanding consumer debt per service

Municipality	Financial year	Type of service					
		Rates	Trading services (Elect & water)	Economic services (Sewerage & Refuse)	Housing rentals	Other	Total
		R'000	R'000	R'000	R'000	R'000	R'000
City of Cape Town	2005/06	1 525 858	2 040 130	841 445	307 325	369 322	5 084 080
	2006/07	983 954	1 803 889	740 311	225 659	367 035	4 120 848
Matzikama	2005/06			13 430	3 174	0	16 604

	2006/07		14 520	2 708	0	17 228
Cederberg	2005/06	Not indicated in this format in financial statements				31 120
	2006/07	Not indicated in this format in financial statements				28 584
Bergriver	2005/06	5 882	5 482	2 504	0	3 555
	2006/07	6 292	5 933	2 419	0	5 060
Saldanha Bay	2005/06	21 050	8 599	12 738	22 438	75 972
	2006/07	24 985	20 463	9 829	26 626	94 159
Swartland	2005/06	5 115	6 767	4 806	384	0
	2006/07	5 061	10 554	4 060	224	0
West Coast DM	2005/06	13	3 270	25	48	1 542
	2006/07	25	4 479	25	51	1 401
Witzenberg	2005/06	Not indicated in this format in financial statements				39 805
	2006/07	Not indicated in this format in financial statements				47 995
Drakenstein	2005/06	18 524	44 702	21 161	6 138	2 868
	2006/07	29 425	51 955	38 473	10 865	3 543
Stellenbosch	2005/06	18 584	22 713	13 883	-	55 180
	2006/07	17 868	24 902	14 850	-	57 620
Breede Valley	2005/06	18 630	31 309	23 966	7 182	14 142
	2006/07	18 254	25 412	14 759	6 797	15 005
Breede River/Winelands	2005/06	Not indicated in this format in financial statements				27 329
	2006/07	Not indicated in this format in financial statements				27 042
Cape Winelands DM	2005/06	No consumer debtors				
	2006/07	No consumer debtors				
Theewaterskloof	2005/06	Not indicated in this format in financial statements				56 007
	2006/07	Not indicated in this format in financial statements				71 926
Overstrand	2005/06	6 880	19 010	9 330	979	0
	2006/07	9 671	17 232	7 556	9	2 689
Cape Agulhas	2005/06	1 763	4 190	1 671	189	2 439
	2006/07	1 703	3 981	1 449	118	3 605
Swellendam	2005/06	Not indicated in this format in financial statements				23 146
	2006/07	Not indicated in this format in financial statements				26 262
Overberg DM	2005/06	Not indicated in this format in financial statements				3 784
	2006/07	0	28	5	36	2 909
Kannaland	2005/06	5 313	4 804	11 823	331	0
	2006/07	6 543	5 698	13 979	369	0
Hessequa	2005/06	5 309	6 564	6 006	2 838	5 582
	2006/07	4 735	6 310	5 268	207	5 219
Mossel Bay	2005/06	7 833	20 553	19 204	444	4 848
	2006/07	7 256	27 952	26 168	440	4 627
George	2005/06	15 918	29 274	25 339	772	18 331
	2006/07	12 305	30 038	21 779	629	12 134
Oudtshoorn	2005/06	Not indicated in this format in financial statements				50 794
	2006/07	Not indicated in this format in financial statements				78 017
Bitou	2005/06	Not indicated in this format in financial statements				26 437
	2006/07	Not indicated in this format in financial statements				31 457
Knysna	2005/06	10 083	13 686	5 489	5 436	7 036
	2006/07	10 844	16 410	5 753	3 810	7 834

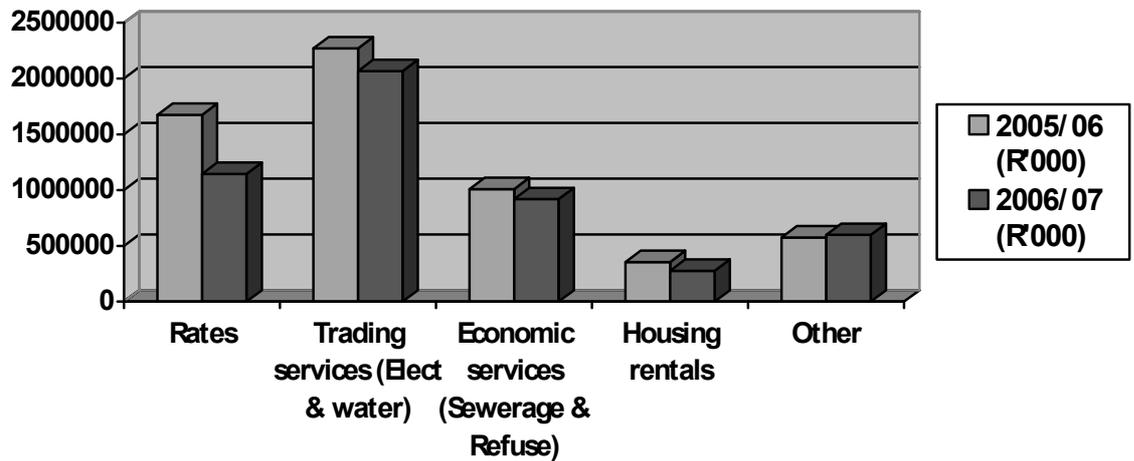
Eden DM	2005/06	1 835	2 077	1 362	50	1 874	7 198
	2006/07	1 845	2 759	1 773	0	2 175	8 552
Laingsburg	2005/06	726		377	0	0	1 103
	2006/07	644		288	0	0	932
Prince Albert	2005/06	Not indicated in this format in financial statements					2 169
	2006/07	Not indicated in this format in financial statements					1 778
Beaufort West	2005/06	3 760	5 207	7 093	427	10 811	27 298
	2006/07	4 632	6 651	8 628	459	13 426	33 796
Central Karoo DM	2005/06	421	2 093	1 161	0	246	3 921
	2006/07	478	2 434	1 737	0	276	4 925
Total	2005/06	1 673 497	2 270 807	1 009 006	354 981	573 748	5 947 715
	2006/07	1 146 520	2 067 368	918 821	276 299	598 717	5 089 570

Table 33: Outstanding consumer debt per service
 Source: Municipal financial statements 2005/06 & 2006/07

Notes:

- Provisions for bad debt were not taken into account in the total amount outstanding per municipality
- Due to phased implementation of GRAP, figures under correction due to different formats of financial statements

Total amount outstanding per type of service



4.4.2 Comparison with previous year: Total consumer debt outstanding per municipality

Municipality	Total Outstanding Debt		
	2005/06 R'000	2006/07 R'000	Difference R'000
City of Cape Town	5 084 080	4 120 848	(963 232)
Matzikama	16 604	17 228	624
Cederberg	31 120	28 584	(2 536)
Bergriver	17 423	19 704	2 281
Saldanha Bay	21 050	24 985	3 935
Swartland	17 075	19 901	2 826
West Coast DM	4 898	5 981	1 083
Witzenberg	39 805	47 995	8 190
Drakenstein	93 393	134 261	40 868
Stellenbosch	18 584	17 868	(716)
Breede Valley	95 229	80 227	(15 002)
Breede River/Winlands	27 329	27 042	(287)
Cape Winelands DM	No consumer debtors		
Theewaterskloof	56 007	71 926	15 919
Overstrand	36 200	37 160	960
Cape Agulhas	10 252	10 856	604
Swellendam	23 146	26 262	3 116
Overberg DM	3 784	2 978	(806)
Kannaland	22 271	26 589	4 318
Hessequa	26 299	21 739	(4 560)
Mossel Bay	52 882	66 443	13 561
George	89 634	76 885	(12 749)
Oudtshoorn	50 794	78 017	27 223
Bitou	26 437	31 457	5 020
Knysna	41 730	44 651	2 921
Eden DM	7 198	8 552	1 354
Laingsburg	1 103	932	(171)
Prince Albert	2 169	1 778	(391)
Beaufort West	27 298	33 796	6 498
Central Karoo DM	3 921	4 925	1 004
Total	5 947 715	5 089 570	(858 145)

Table 34: Total consumer debt outstanding per municipality

Source: Municipal financial statements 2005/06 & 2006/07

Notes:

- Provisions for bad debt were not taken into account in the total amount outstanding per municipality
- Due to phased implementation of GRAP, figures under correction due to different formats of financial statements

4.4.3 Consumer debtor age analysis

Municipality	Financial year	Debtor age analysis				Total R'000
		Less than 30 days R'000	Between 30-60 days R'000	Between 60-90 days R'000	More than 90 days R'000	
City of Cape Town	2005/06	703 486	197 139	141 979	4 041 476	5 084 080
	2006/07	908 300	154 140	294 138	2 764 270	4 120 848
Matzikama	2005/06	Not indicated in this format in financial statements				16 604
	2006/07	Not indicated in this format in financial statements				17 228
Cederberg	2005/06	Not indicated in this format in financial statements				31 120
	2006/07	Not indicated in this format in financial statements				28 583
Bergriver	2005/06	Not clear in financial statements				17 423
	2006/07	Not clear in financial statements				19 704
Saldanha Bay	2005/06	Not clear in financial statements				75 972
	2006/07	Not clear in financial statements				94 159
Swartland	2005/06	7 983	1 857	1 226	6 009	17 075
	2006/07	9 586	1 997	534	7 784	19 901
West Coast DM	2005/06	2 907	287	167	1 537	4 898
	2006/07	4 470	52	31	1 428	5 981
Witzenberg	2005/06	7 581	1 490	981	29 753	39 805
	2006/07	7 654	1 603	1 122	33 448	47 995
Drakenstein	2005/06	35 831	5 704	4 220	47 638	93 393
	2006/07	45 278	8 531	10 234	70 218	134 261
Stellenbosch	2005/06	17 257	2 253	1 372	34 298	55 180
	2006/07	16 603	2 181	1 335	37 501	57 620
Breede Valley	2005/06	13 795	2 842	2 167	76 425	95 229
	2006/07	17 471	2 295	2 496	57 965	80 227
Breede River/Wine-lands	2005/06	Not indicated in this format in financial statements				27 329
	2006/07	Not indicated in this format in financial statements				27 042
Cape Winelands DM	2005/06	No consumer debtors				
	2006/07	No consumer debtors				
Theewaters-kloof	2005/06	Not indicated in this format in financial statements				56 007
	2006/07	Not indicated in this format in financial statements				71 926
Overstrand	2005/06	14 646	3 416	1 273	16 865	36 200
	2006/07	17 525	4 491	1 725	13 419	37 160
Cape Agulhas	2005/06	3 204	1 256	271	3 297	1 420
	2006/07	3 533	1 344	269	2 170	2 820
Swellendam	2005/06	Not indicated in this format in financial statements				23 146
	2006/07	Not indicated in this format in financial statements				26 262
Overberg DM	2005/06	Not indicated in this format in financial statements				3 784
	2006/07	Not indicated in this format in financial statements				2 978
Kannaland	2005/06	1 370	519	759	19 623	22 271
	2006/07	1 424	565	491	24 108	26 589
Hessequa	2005/06	4 206	1 409	933	19 751	26 299
	2006/07	4 589	1 757	822	14 571	21 739

Mossel Bay	2005/06	16 058	1 870	1 459	33 495	52 882
	2006/07	20 805	1 928	1 722	41 988	66 443
George	2005/06	1 856	17 795	4 366	65 617	89 634
	2006/07	27 012	2 094	1 636	46 143	76 885
Oudtshoorn	2005/06	Not indicated in this format in financial statements				50 794
	2006/07	Not indicated in this format in financial statements				78 017
Bitou	2005/06	Not indicated in this format in financial statements				26 437
	2006/07	Not indicated in this format in financial statements				31 457
Knysna	2005/06	9 351	2 621	1 038	28 720	41 730
	2006/07	10 853	4 074	1 503	28 221	44 651
Eden DM	2005/06	Not indicated in this format in financial statements				7 198
	2006/07	Not indicated in this format in financial statements				8 552
Laingsburg	2005/06	Not indicated in this format in financial statements				1 103
	2006/07	Not indicated in this format in financial statements				932
Prince Albert	2005/06	Not indicated in this format in financial statements				2 169
	2006/07	Not indicated in this format in financial statements				1 778
Beaufort West	2005/06	Not clear in financial statements				27 298
	2006/07	Not clear in financial statements				33 796
Central Karoo DM	2005/06	178	143	112	3 488	3 921
	2006/07	159	145	147	4 474	4 925
Total	2005/06	931 390	332 282	254 004	4 519 673	5 947 715
	2006/07	1 199 778	291 713	422 721	3 252 226	5 089 570

Table 35: Consumer debt age analysis

Source: Municipal financial statements 2005/06 & 2006/07

Notes:

- Provisions for bad debt were not taken into account in the total amount outstanding per municipality
- Due to phased implementation of GRAP, figures under correction due to different formats of financial statements

4.4.4 Analysis of consumer debtors

Although it seems as if there was a substantial decrease in outstanding debtors from 2005/06 to 2006/07, it is in actual fact not the case in all instances. The implementation of GAMAP/GRAP has a huge effect on the manner in which municipalities list their outstanding consumer debt in their financial statements. One of the key findings in the reports of the AG is insufficient debt management, as well as insufficient provision by municipalities for bad debt. When evaluating the balance sheets of municipalities it is still problematic to note that current assets mainly consist of outstanding debtors that will not realise immediate cash to service their current liabilities, i.e. creditors (especially when taking into account the largest chunk of outstanding debt is older than 90 days). Although all municipalities have approved credit control policies in place, it is often not enforced effectively due to capacity and other resource shortages.

4.5 Performance against additional viability indicators

The following indicators are used by most banks and financial institutions to determine the financial health of a municipality.

4.5.1 Staff cost as % of total operating expenditure (Excludes Councillor allowances)

Municipality	2004/05 %	2005/06 %	2006/07		
			Total Expenditure salary and allowances R'000	Total Operating Expenditure R'000	Percentage)
City of Cape Town	32	28	3 010 002	9 606 014	31
Matzikama	38	35	29 773	91 312	32
Cederberg	37	39	24 387	57 515	42
Bergriver	43	43	32 764	81 524	40
Saldanha Bay	36	32	81 630	263 290	31
Swartland	29	31	55 907	172 655	32
West Coast DM	25	23	34 851	165 722	21
Witzenberg	33	35	53 472	145 468	36
Drakenstein	32	31	170 521	547 380	31
Stellenbosch	34	33	146 460	428 363	34
Breede Valley	32	33	82 036	278 072	30
Breede River/Winelands	28	29	56 554	185 943	30
Cape Winelands DM	37	30	67 415	250 628	27
Theewaterskloof	25	23	44 839	183 193	24
Overstrand	33	32	88 058	268 655	33
Cape Agulhas	37	35	25 964	81 070	32
Swellendam	41	41	20 050	54 063	37
Overberg DM	39	48	49 056	135 921	36
Kannaland	32	29	10 677	67 615	15
Hessequa	45	33	40 719	121 607	33

Mossel Bay	34	31	140 387	353 767	39
George	25	24	139 998	567 568	25
Oudtshoorn	39	43	65 331	152 865	43
Bitou	-	39	51 605	138 992	37
Knysna	30	33	111 676	277 028	40
Eden DM	42	36	52 574	163 267	32
Laingsburg	36	38	5 389	16 865	32
Prince Albert	44	45	5 057	12 072	41
Beaufort West	41	41	28 152	73 540	38
Central Karoo DM	18	19	9 314	47 614	20
Total	32	29	4 734 618	15 096 630	31

Table 36: Staff cost as % of total operating expenditure (Excludes Councillor allowances)

Source: Municipal financial statements 2005/06 & 2006/07

4.5.2 Level of reliance on grants

Municipality	2005/06	2006/07		
		Total grants and subsidies received R'000	Total Operating Revenue R'000	Percentage %
City of Cape Town	11	1 512 496	10 466 068	14
Matzikama	13	28 446	92 882	31
Cederberg	15	10 244	64 094	15
Bergriver	9	16 329	91 140	18
Saldanha Bay	6	53 290	351 822	15
Swartland	17	24 239	200 578	12
West Coast DM	11	21 865	202 823	11
Witzenberg	11	30 315	145 750	21
Drakenstein	13	64 045	603 510	11
Stellenbosch	15	55 420	478 929	12
Breede Valley	25	64 088	326 170	20
Breede River/Winelands	8	17 959	197 020	9
Cape Winelands DM	36	157 176	284 142	55
Theewaterskloof	27	59 032	191 675	31
Overstrand	7	30 599	375 698	8
Cape Agulhas	6	6 494	88 447	7
Swellendam	0	967	57 805	2
Overberg DM	23	80 554	129 638	62
Kannaland	23	23 535	52 565	44
Hessequa	23	33 612	144 025	23
Mossel Bay	14	48 902	372 091	13
George	12	110 672	591 814	19*
Oudtshoorn	5	14 433	173 662	8
Bitou	20	11 819	152 941	8
Knysna	10	64 343	270 214	24
Eden DM	2	39 852	163 267	34
Laingsburg	63	8 415	16 145	52
Prince Albert	51	5 999	12 203	49

Beaufort West	12	23 904	88 139	27
Central Karoo DM	51	19 008	48 466	39
Total	12	2 638 052	16 433 724	16

Table 37: Level of reliance on grants

Source: Municipal financial statements 2005/06 & 2006/07

4.5.3 Liquidity ratio

Municipality	Ratio		2006/07		
	2004/05	2005/06	Net current assets R'000	Net current liabilities R'000	Ratio
City of Cape Town	1.4:1	1.3:1	4 610 975	3 841 375	1.2:1
Matzikama	3.7:1	4.2:1	22 843	17 424	1.3:1
Cederberg	2.1:1	1.6:1	60 001	32 440	1.8:1
Bergriver	2.6:1	4.6:1	57 423	24 146	2.4:1
Saldanha Bay	4.5:1	3.2:1	282 824	80 787	3.5:1
Swartland	1.0:1	0.7:1	37 163	47 243	0.8:1
West Coast DM	0.4:1	0.3:1	23 072	89 726	0.2:1
Witzenberg	0.8:1	0.9:1	37 996	45 397	0.8:1
Drakenstein	2.5:1	1.8:1	210 178	126 552	1.7:1
Stellenbosch	2.6:1	2.4:1	237 554	101 396	2.3:1
Breede Valley	1.6:1	1.9:1	128 058	53 376	2.4:1
Breede River/Winlands	2.9:1	3.5:1	100 128	44 263	2.2:1
Cape Winelands DM	1.6:1	1.5:1	297 982	43 014	6.9:1
Theewaterskloof	1.6:1	1.5:1	47 379	20 868	2.3:1
Overstrand	1.5:1	1.6:1	234 194	141 460	1.7:1
Cape Agulhas	7.2:1	9.2:1	74 688	11 148	6.7:1
Swellendam	5.0:1	9.3:1	34 798	5 359	6.5:1
Overberg DM	2.4:1	1.88:1	18 328	12 366	1.5:1
Kannaland	1.9:1	2.3:1	13 988	19 240	0.7:1
Hessequa	1.9:1	2.2:1	106 405	60 940	1.7:1
Mossel Bay	3.5:1	3.8:1	257 474	81 915	3.1:1
George	2.9:1	3.2:1	399 990	134 012	2.9:1
Oudtshoorn	2.8:1	3.4:1	103 221	23 203	4.4:1
Bitou	1.3:1	2.9:1	71 215	17 317	4.1:1
Knysna	2.0:1	2.1:1	338 404	68 873	4.9:1
Eden DM	1.7:1	2.8:1	76 181	29 861	2.5:1
Laingsburg	17.1:1	3.9:1	15 046	3 483	4.3:1
Prince Albert	9.5:1	8.1:1	19 174	1 712	11.1:1
Beaufort West	2.5:1	1.4:1	44 049	26 087	1.7:1
Central Karoo DM	1.4:1	1.3:1	9 734	6 863	1.4:1
Total	1.6:1	1.5:1	7 970 465	5 211 846	1.5:1

Table 38: Liquidity ratio

Source: Municipal financial statements 2005/06 and 2006/07

4.5.4 Analysis of viability indicators

The nationally accepted norm for personnel expenditure as part of total operating expenditure is between 35-40%. Most of the municipalities' personnel expenditure falls within this bracket. It is a real challenge for smaller municipalities with a low revenue base to stay within this norm and the experience of most municipalities is that the ever increasing tasks from other spheres of government are putting this expenditure under enormous pressure.

Although the municipalities' grant dependency percentage is low in comparison to other Provinces, they are becoming more reliant on capital grants as mentioned earlier in the report. Municipalities with a limited revenue base become more reliant on operational grants as well, i.e. the equitable share. As of July 2006, regional council levies were replaced by the equitable share, which means that District Municipalities have become much more reliant on national government grants.

A healthy liquidity ratio is 1.5:1 and although most municipalities fall within this norm, the biggest part of their current assets for most municipalities is outstanding debts, except for District Municipalities with a smaller consumer base. As mentioned before, this current asset will not realise cash immediately to service short term liabilities, taking into account that the biggest part of the outstanding debt is outstanding for more than 90 days.

The Provincial Treasury in terms of section 71(7) of the MFMA publish 30 days after the end of each quarter a consolidated statement on the state of municipalities' budgets per municipality. This statements is also submitted to the Provincial Legislature quarterly. This statements provide detail on the revenue and expenditure, as well as various other financial information of municipalities on a quarterly basis.

Evaluations and the identification of the correct figures for the different tables was hampered by the fact that municipalities are at various stages with the implementation of GAMAP/GRAP and therefore the display of their financial information in their annual financial statements vary.

The GRAP financial statements make provision for more financial information in a more understandable manner, which will make financial evaluation easier in the future.

CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

5.1 Introduction

Good governance ensures that the voices of the poorest and the most vulnerable are heard in decision-making over the allocation of development resources, and that political, social and economic priorities are based on broad consensus among the three stakeholders, namely the state, private sector and civil society.

The status of local government has changed radically over the past five years. Local government is a sphere of government; its powers are derived from the Constitution and are no longer delegated from the national or provincial government. The by-laws of a municipal council are legislative acts and, therefore, not reviewable in terms of administrative law.

In Chapter 7 of the Constitution, Section 151 states that a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation as provided for in the Constitution.

Good governance and public participation are the basis of developmental Local Government. This key performance area for municipalities includes such matters as the deployment of Community Development Workers (CDW's), the establishment of ward committees, the functioning of IGR structures, and public participation processes.

The initial assessment of Project Consolidate at the end of 2006 pointed to the need to institutionalise the lessons from this initiative within government generally. These lessons directly contributed to the adoption of the 5 Year Local Government Strategic Agenda (2006 - 2011), which focuses on three strategic priorities:

- Mainstreaming hands-on support to Local Government to improve municipal governance, performance and accountability;
- Addressing the structure and governance arrangements of the State in order to better strengthen, support and monitor Local Government; and
- Refining and strengthening the policy, regulatory and fiscal environment for Local Government and giving greater attention to the enforcement measures.

The period under review (2006/7) was marked by rapid political changes (March 2006 elections and September 2007 floor crossing periods) creating political and administrative paralysis in a number of municipalities across the Western Cape.

5.2 Good governance indicators as at June 2007

Municipality	All admin delegations adopted	S59 MSA Delegations adopted	Roles of Committees and Political Office Bearers defined	Meetings convened					Number of meetings where quorum was not achieved		Code of conduct adopted (Council & staff)	Code communicated to community	Interests of councillors and staff declared	Councillors and staff members in arrears with municipal accounts	Anti-corruption strategy implemented	Change in political leadership
				Council	Executive mayoral committee	Portfolio Committee	Municipal Management	IDP Representatives	Council	Executive mayoral committee						
City of Cape Town	yes	yes	yes	6	11	49	52	12	0	0	yes	yes	yes	yes	yes	yes
Matzikama	yes	yes	yes	NI	NI	NI	12	4	NI	NI	no	no	no	yes	no	no
Cederberg	yes	yes	yes	13	18	0	12	0	0	0	yes	no	no	yes	yes	no
Bergriver	yes	yes	yes	NI	NI	NI	12	13	0	0	yes	no	no	no	no	yes
Saldanha Bay	yes	yes	yes	23	33	3	12	0	0	0	yes	yes	yes	yes	yes	yes
Swartland	no	no	no	9	25	44	11	2	0	0	yes	no	yes	no	no	No
West Coast DM	yes	yes	yes	10	14	23	NI	4	0	0	yes	no	yes	no	no	yes
Witzenberg	yes	yes	yes	4	10	11	12	NI	0	0	yes	no	yes	yes	yes	yes
Drakenstein	yes	no	yes	12	21	0	48	NA	0	0	yes	Part-ly	yes	NI	no	yes
Stellenbosch	yes	yes	yes	10	41	43	50	NA	0	0	yes	yes	yes	yes	yes	No
Breede Valley	yes	yes	yes	16	11	NI	15	NA	0	0	yes	no	Council	yes	no	yes
Breede River/Winelands	yes	yes	yes	12	32	NI	12	4	0	0	yes	no	yes	yes	no	yes
Cape Winelands DM	yes	yes	yes	10	29	NI	12	1	0	0	yes	yes	yes	NI	no	no
Theewaterskloof	yes	yes	yes	24	19	24	NI	NI	0	0	yes	no	yes	yes	no	yes
Overstrand	yes	yes	yes	11	10	7	10	2	0	0	yes	yes	yes	yes	no	no
Cape Agulhas	yes	yes	yes	12	12	40	NI	2	0	0	yes	no	yes	NI	NI	no
Swellendam	yes	yes	yes	12	12	12	48	10	0	0	yes	yes	yes	yes	yes	yes
Overberg DM	yes	No	no	12	45	NI	NI	2	0	0	yes	yes	yes	yes	no	no
Kannaland	yes	yes	yes	12	0	0	0	0	0	0	yes	no	yes	no	no	yes
Hessequa	yes	yes	yes	12	25	51	48	16	0	0	yes	yes	yes	no	yes	no
Mossel Bay	NI	NI	NI	4	10	Ni	NI	19	0	0	yes	NI	yes	no	no	no
George	yes	yes	yes	10	15	42	45	20	0	0	yes	yes	yes	yes	no	no
Oudtshoorn	no	yes	yes	NI	NI	NI	NI	NI	NI	NI	yes	no	yes	yes	no	yes
Bitou	yes	yes	yes	9	18	0	NI	12	0	0	NI	NI	NI	Ni	NI	NI

Knysna	yes	yes	yes	6	13	58	9	8	0	0	yes	yes	yes	NI	no	Yes
Eden DM	yes	yes	yes	NI	yes	yes	yes	no	no	NI						
Laingsburg	yes	yes	yes	12	NI	NI	NI	NI	0	0	yes	yes	yes	no	yes	yes
Prince Albert	no	no	yes	4	NA	4	NI	NA	0	NA	yes	no	no	no	no	No
Beaufort West	yes	yes	yes	14	9	11	NA	NA	NI	NI	yes	yes	yes	NI	yes	yes
Central Karoo DM	yes	yes	yes	14	10	65	30	6	0	0	yes	no	yes	no	yes	yes

Table 39: Good governance indicators

Source: Questionnaire August 2007

NI = No information

5.2.1 By-laws and standing operating procedures

In terms of Section 59 of the of Municipal Systems Act, 2000 as amended, provides that Municipalities are required to develop and implement standard operating procedures and delegations as an element of good governance. Only Western Cape Province reported on this, namely 83% of all local, district and metropolitan municipalities have adopted administrative delegations; 79% of municipalities have adopted delegations and 89% have adopted codes of conduct for councillors and municipal officials. .

Most municipalities adopted administrative- and section 59 delegations and the roles of committee/political office bearers were defined as prescribed in the Municipal Systems Act. The average number of meetings for Council, Executive Mayoral Committee, Portfolio Committee, Municipal Management and IDP forums was fairly high and reflects positively on the overall good governance of municipalities.

Almost all Council and Executive/Mayoral Committees achieved the requisite quorums for meetings. Most municipalities adopted codes of conduct for Council and staff as required by the Municipal Systems Act. The challenge of effectively communicating and involving communities in the development of these Codes however remains. This has a negative impact on good governance and has been reported on in most of the Auditor General Reports of 2006/7.

In most municipalities the interest of Councillors and staff has been declared and active registers and declarations are maintained. Councillor and staff arrears have been resolved or arrangements to resolve arrears have been made in most municipalities.

5.2.2 Ward Committees/ IDP Representative Forums

Ward committees are established in terms of Chapter 4 of the Municipal Systems Act, 2000, and the Municipal Structures Act, 1998. Since 2000, there have been different approaches used by different municipalities in the establishment of Ward Committees. The ward committee system was designed to ensure that people's inputs are taken into account in planning and decision-making processes at municipal level. Considerable progress has been achieved in establishing Ward Committees despite numerous challenges confronting municipalities

and ward committees. *The Western Cape Province has been demarcated in 348 wards since the second local government elections, 1st March 2006.*

- The City of Cape Town (the new demarcations) has 105 wards.
- The West Coast District has five municipalities with a total of 42 wards; with the assistance of the PIMS Centre all ward committees had been established.
- The Cape Winelands District has five municipalities with 91 wards; all other municipalities had their ward committees established with the exception of Breede Valley Municipality with 14 wards established and 6 that was outstanding.
- The Overberg District has four municipalities with 32 wards. Thirty one (31) ward committees have been established; only one ward in Swellendam was outstanding.
- The Eden District has seven municipalities with 71 wards; six municipalities established their ward committees.
- Central Karoo District has 7 ward committees and all ward committees were established and were functional. Beaufort West was the first municipality to successfully introduce ward based planning.

5.2.3 Anti-corruption

The Western Cape Province launched their Local Government Anti-Corruption Strategy in December 2006. This initiative is a national anti-corruption drive at local government level aimed at enlisting the support of all relevant stakeholders and raise awareness. This is also to promote transparency and integrity in local government and to address those specific areas that are potentially vulnerable to corruption.

Six pilot Project Consolidate Municipalities (Kannaland, Hessequa, Laingsburg, Theewaterskloof, Prince Albert, Beaufort West) in the Western Cape were assisted to work through and evaluate their procurement, housing and appointment of personnel policies with the view to adjust them and to make them less vulnerable for corruption.

The second phases of the roll-out of the Local Government Anti-Corruption Strategy, three municipal districts have been identified to receive assistance through this initiative namely, Overberg, West Coast and Cape Winelands (15 all together). The focus for this phase will be on housing, procurement, human resources and finance.

The Department actions with regard to anti-corruption were two-fold namely:

- Assisting the national Department of Provincial and Local Government (DPLG) with the roll-out of the Local Government Anti-Corruption Strategy, launched nationally in October 2006 and in December 2006 in the Western Cape Province, and
- Actual investigation of alleged corruption at municipalities.

Good progress with regard to investigations into PHP projects were being made through excellent co-operation between the Special Investigations Unit (SIU) and the Department. Fifteen projects were identified for investigation (10 high priorities and 5 lower priorities).

A number of alleged irregularities at the George, Bitou and Stellenbosch Municipalities were probed.

5.3 Community development workers

The Community Development Workers (CDWs) programme is a presidential project announced by President Mbeki in his State of the Nation Address in February 2003 and was launched in 2004. It involves the deployment of CDWs in the wards within the municipalities to assist strengthening the democratic social contract, advocating an organised voice for the poor and improvement of government community social networks.

CDWs have generally been completing their field work assignment which involves developing a community profile that includes:

- The breakdown of the population & facilities and services available
- Availability and accessibility of services
- How income is earned
- Access to water, sanitation, fuel, housing
- Health, welfare, social and legal issues
- Compiling a list of local organisations & services

Almost 70% of ward committees were established according to the database of the Department, community development workers were deployed in most municipalities/wards, imbizos, youth forums, community development forums has also occurred during the period under review. Whilst this bodes well for citizenry participation, in a number of communities are still raising issues around the lack of consultation with regards to service delivery. As indicated in the Auditor - General Reports, most municipalities are still not involving

communities in the development of Integrated Development Plans, Municipal Performance Reviews, Spatial Development Plans etc. The involvement and role played by CDWs and Ward Committees in these processes needs to be clarified as well as participation of communities.

5.4 Inter governmental relations

For the municipalities to succeed in its developmental role, proactive cooperation between all the spheres of government is critical for efficient and effective service delivery. Each sphere of government has a role in the development planning, prioritisation, and resource allocation.

The Intergovernmental Relations Framework Act (IGRFA) was passed in 2005. The Act provides a framework for the cooperation among the three spheres of government as distinctive, interdependent and interrelated, and it defines the responsibilities and institutional structures to support closer cooperation. In the Western Province the following functional intergovernmental relations structures were established and/or maintained.

- Provincial Advisory Forum
- Provincial Advisory Technical Forum
- LGMTEC
- Speakers Forum
- Municipal Managers Forum
- District Co-ordinating Forums
- Disaster Management Forum
- CFO Forum
- IDP Representative Forums
- Various district forums, such as IT, Electrical, etc

The effective functioning of these fora remains challenging. Most municipalities have rated the relevance of these fora as average (as per August 2007 Questionnaire). They view the Municipal Managers Forum as the most relevant and effective forum initiated by Province.

5.5 Analysis, challenges and trends

Local government is an autonomous sphere of government; its powers are derived from the Constitution and are no longer delegated from the national or provincial government. The by-laws of a municipal council are legislative acts and, therefore, not reviewable in terms of administrative law.

During the period under review (2006/7) the March 2006 election period resulted in a number of party political coalitions being formed at a Metro, District and Municipal level. This is a new dynamic within South African local politics and is very pronounced in the Western Cape where the coalitions are primarily between the Democratic Alliance and the Independent Democrats against the African National Congress and visa versa.

This dynamic has led in some instances to municipal managers and other Section 57 appointees often being suspended for months resulting in (acting appointees without necessary delegated authority or experience) organisational paralysis, low staff morale and a breakdown of governance at a municipal level in some instances. The Auditor – General has repeatedly raised this matter as a major issue affecting good governance and oversight. There is an urgent need to increase the capacity of local municipalities to manage these senior appointments without impacting negatively on service delivery.

Some of the other challenges in good governance and public participation

include:

- Challenge with regard to Council stability, continuity, organisational memory, oversight and accountability;
- Challenges with regard to the effective functioning of coalition lead municipalities;
- Challenges with regard to the removal, placement and vacancies experienced at a Municipal Manager and Section 57 appointee level;
- Challenges with regard to the effective functioning of ward committees;
- Challenges with regard to the strengthening of intergovernmental relations, especially at District and Provincial level; and
- Challenges with regard to the efficacy of public participation exercises.

CHAPTER 6: LOCAL ECONOMIC DEVELOPMENT

6.1 Introduction

An imperative for economic growth and development is the participation by local government as a driver of economic development in an enabling and contributory environment. This developmental role should manifest in the recognition and application of its strategic position as a key facilitator, partner and collaborative agent through proper investment, provision of basic services and a developmental attitude. Local municipalities within their resource capabilities and related space, should thus partner National and Provincial government in a combined quest to achieve developmental goals in order to alleviate poverty and create jobs.

It is paramount for economic growth that horizontal and vertical linkages exist between the institutional and developmental goals created by the three spheres of government (see diagram 1). These linkages should relate to and give recognition to the existence of similar objectives. These objectives should then characterise any activity and in particular that of local government. The investment of public funds need to be aligned with the four basic principles of the National Spatial Development Perspective and also to direct private investments. Given, national and provincial economic growth targets local government must apply the three planning tools efficiently so as to contribute in its quest for a better society. This report has covered the three tools mentioned in section 2.1.

The general assumption still remains that local government does not comprehend the local context and circumstances and tend to divulge a set of actions that potentially could serve little collective purpose. Although LED plans have been prepared, their operational language is sometimes difficult to understand and tend to be formulated in isolation of other municipal initiatives. Present-day concerns such as xenophobia, climate change, scarcity of natural resources, spatial segregation and energy consumption and management need to be addressed. A major stumbling block in municipal progression is the (still) remaining backlog in service infrastructure.

6.2 LED and poverty alleviation strategies and implementation

Municipality	Municipality has a LED strategy and implement accordingly	Municipality has a Poverty Alleviation strategy and implement accordingly	Can the formulation processes be regarded as transparent	The biggest challenge in the implementation of mentioned strategies	Is the LED strategy overseen by a allocated official	Does the LED feature in Departmental Business Plans and performance
City of Cape Town	yes	yes	yes	Capacity, external partners, national and provincial constitutional competencies that the city can only influence and not address directly	yes	yes
Matzikama	yes	no	yes	funding	yes	no
Cederberg	yes	no	yes	funding	yes	Yes
Bergriver	yes	no	yes	funding	yes	no
Saldanha Bay	yes	no	yes	Funding; collaboration between role players	yes	no
Swartland	yes	no	yes	No info	no	yes
West Coast DM	yes	no	yes	Capacity	yes	no
Witzenberg	yes	no	yes	Low economic base; capacity	yes	no
Drakenstein	yes	yes	yes	No info	yes	yes
Stellenbosch	no	no	NA	NA	no	yes
Breede Valley	no	no	NA	Capacity	yes	yes
Breede River/Winelands	draft	No info	yes	Stakeholder involvement	yes	yes
Cape Winelands DM	yes	yes	yes	Streamlining internal processes amongst all stakeholders	yes	yes
Theewaterskloof	no	no	NA	Capacity	yes	no
Overstrand	yes	no	yes	Capacity	yes	no
Cape Agulhas	no	no	NA	Capacity	yes	no
Swellendam	no	no	NA	NA	yes	NA
Overberg DM	yes	yes	yes	Co-ordination	yes	yes
Kannaland	no	no	yes	Capacity	yes	In future
Hessequa	no	yes	yes	Lack of stakeholder involvement/ capacity	yes	yes
Mossel Bay	yes	No info	yes	capacity	yes	yes
George	yes	yes	yes	Assets; red tape	yes	no
Oudtshoorn	no	no	no	NI	no	no
Bitou	yes	no	yes	Funding, Provincial departments involvement	yes	yes
Knysna	no	no	NA	Give support to Red door, business development outsourced to BOP	no	no
Eden DM	draft	no	yes	Capacity, funding	yes	no
Laingsburg	yes	yes	yes	Funding, Low economic potential area, distance from markets	yes	yes
Prince Albert	no	no	NA	Capacity	no	no

Beaufort West	yes	no	yes	Funding, Capacity	yes	no
Central Karoo DM	yes	no	yes	Funding, Capacity	yes	yes

Table 40: LED and poverty alleviation strategies and implementation
Source: Questionnaire August 2007

6.3 Crucial economic data relevant to the measurement of municipal performance

Municipality	Extended Public Works Program (gross number of jobs created)	Contribution towards GDP of District (*Contribution towards GDP of Province)	Economic sector with highest contribution to GDP
City of Cape Town	23 685	77.9	Finance and Business Service
Matzikama	953	14.4	Agriculture, Forestry and Fishing
Cederberg	1 665	10	Agriculture, Forestry and Fishing
Bergriver	953	11.5	Agriculture, Forestry and Fishing
Saldanha Bay	921	32.9	Manufacturing
Swartland	3 470	30	Manufacturing
West Coast DM	11 768	4	Manufacturing
Witzenberg	2 104	9.2	Agriculture, Forestry and Fishing
Drakenstein	55	38	Manufacturing
Stellenbosch	796	23	Finance and Business Service
Breede Valley	2 200	18.9	Agriculture, Forestry and Fishing
Breede River/Winlands	1 800	12.4	Manufacturing
Cape Winelands DM	864	8.8	Manufacturing
Theewaterskloof	1 622	40.6	Agriculture, Forestry and Fishing
Overstrand	1 100	40	Catering and accommodation sector
Cape Agulhas	1 046	14.3	Catering and accommodation sector
Swellendam	1 046	13.8	Agriculture, Forestry and Fishing
Overberg DM	6 342	2.4	Agriculture, Forestry and Fishing
Kannaland	231	2.9	Agriculture, Forestry and Fishing
Hessequa	441	12.1	Electricity and water
Mossel Bay	2 803	19.9	Manufacturing
George	1 055	35.7	Finance and Business Service
Oudtshoorn	417	11.6	Catering and accommodation sector
Bitou	70	5.2	Finance and Business Service
Knysna	2 044	11.1	Finance and Business Service
Eden DM	8 109	6.3	Finance and Business Service
Laingsburg	325	14.6	Agriculture, Forestry and Fishing
Prince Albert	460	29.8	Finance and Business Service
Beaufort West	977	55.6	Transport and communication
Central Karoo DM	1 500	0.5	Finance and Business Service

Table 41: Crucial economic data relevant to the measurement of municipal performance:
Source: PT: Socio Economic Profiles Local Government

6.4 Incorporation of LED proposals in IDP

There is a general tendency for the IDP to “side-step” the real economic realities presenting themselves in the municipal area. The “uncertainty” about the conditions under which economic development can flourish coupled with the inwardly focus of IDPs contribute to a less than satisfactory municipal economic output. The converse is noticeable with regard to service delivery where the municipal focus is primarily on the provision of infrastructure. This phenomenon overshadows economic related activities / projects within municipal planning and implementation. The latter, as a value-forming attribute of the local economy is essential, but municipalities need to get embroiled with the more complex issues of the economy.

When considering the economic sector with the highest contribution towards the GDP for each of the respective municipalities, the picture that emerges is a lack of diversity in economic clusters. Four economic sectors dominate output with varying growth potential. Municipalities need to identify the stimulants of their economies and concentrate on supply-side interventions based on demand and available resources.

6.5 Analysis of present-day Local Economic Development

The evaluation of municipal performance with regard to local economic development was hampered by the unavailability of the majority of LED plans of those municipalities that formulated these essential planning documents.

The Western Cape economy as a significant contributor to the national economy accentuates the importance of government interventions and policy to sustain and direct economic growth. The National Spatial Development Perspective (NSDP) states “that each sphere of government has its own distinct development tasks and related planning frameworks corresponding to the scale of operations and the area of jurisdiction”.

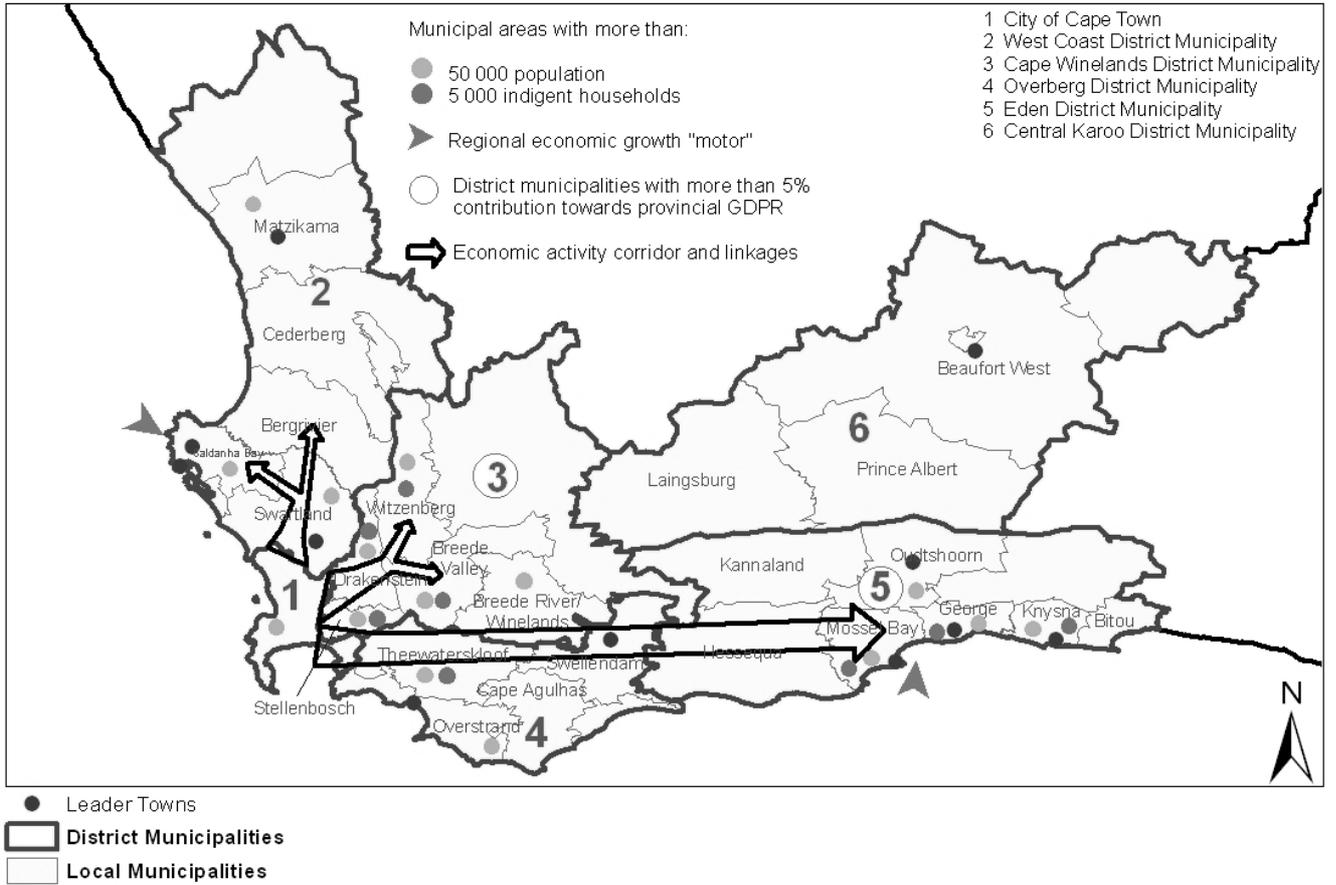
The NSDP accordingly promotes the focusing of government action and intervention, avoiding the so-called “watering can” approach to ensure maximum social and economic impact within the context of limited resources. This includes the actions and interventions by local government within a geographic area to maximize strengths, address weaknesses and create opportunities. The realisation by local government of the dominant nature and extent of the local economy as a key component of any developmental approach is crucial to creating a workable agreement between role players.

Local economies need to be “robust and inclusive municipal economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives” (LED Guidelines, p15). The Constitution places a responsibility on local government to facilitate local economic development (LED) in partnership with other spheres of government.

The quality of life of communities will depend on all stakeholders collaborating to improve regional, national and global competitiveness and accelerating economic growth, job creation, black economic empowerment and poverty alleviation. These relationships of integrated partnership need to be harnessed and maintained in order to produce multiple benefits for all involved.

Most of the municipalities (61%) had an approved Local Economic Development Plan which informed the 06/07 Integrated Development Plan and without exception these plans were deemed to be the result of a transparent formulation process. Implementation and subsequent impact were however limited due to a shortfall in available funds, co-operation between stakeholders; low economic development potential and capacity. One municipality mentioned the lack of land, buildings as well as red tape as the biggest challenge that hindered the implementation of their LED Plan. Despite the obvious need to create jobs, alleviate poverty and the enormity of the scale to which local government actions impact on the local economy, it became apparent that local municipalities did not consider (or mainstream) their LED Plans in strategic planning and budgeting processes. This leads to LED proposals not being integrated into the business plans of municipal departments and with the consequences being lack of internal communication, non-ownership of products, apathy towards economic principles, change management and the complexity of proposals to understand and implement. Only a few of the municipalities do not have poverty alleviation strategies with some municipalities indicating that the strategy was deemed part of their LED plan.

Western Cape Local Municipalities



6.6 Urban Renewal Programme - Integrated Sustainable Rural Development Programme

South Africa's Urban Renewal Programme (URP) and Integrated Sustainable Rural Development (ISRDP) were launched by President Mbeki in February 2001. Cabinet mandated the Department of Provincial and Local Government (DPLG) as the national coordinating institution for URP and ISRDP, but the successful implementation of the programme relies on the involvement of all stakeholders.

The programme targets eight urban nodal points and thirteen rural across the country, Khayelitsha and Mitchell's Plain (URP) and Central Karoo (ISRDP) in the Western Cape. These areas are characterised by poverty, backlogs in basic services, low levels of private and public investment, and high crime and unemployment.

The rationale of the programme is to develop an integrated and sustainable approach to developing these areas, and to draw together different government departments and spheres of government (national, provincial and local) to tackle problems in a co-ordinated way.

In addition the programme also aims to attract private investors into the areas, to create jobs and provide services. The overall objectives/characteristics of URP include the following:

- To address poverty and underdevelopment
- To achieve increased equity
- To build and encourage socially cohesive communities
- To improve provision of services
- Investment by residents in their own communities

The Urban Renewal Programme and Integrated Sustainable Rural Development Programme forms part of the Chief Directorate Governance and Institutional Support: Directorate Governance and Integration. The key objective of the programme is to facilitate the co-ordination and integration of development programme in the presidential nodes (ISRDP: Central Karoo, URP: Khayelitsha and Mitchell's Plain). The intention of the programme is to capitalize on the potential synergies among the various government programmes in order to promote and support more rapid and equitable development in the country.

Key deliverables for the programme are as follow:

- Promote inter-sectoral and inter-sphere planning;
- Identify the number of additional integrated projects identified and implemented all 3 spheres of government in the nodes;
- Aligning provincial-nodal priorities and resources are aligned with the 5 year Strategic Local Government Agenda;
- Provincial Multi-disciplinary teams established based on the integrated projects;
- Facilitate regular feedback sessions between the three spheres of government;
- Submitting provincial and nodal reports to DPLG for submission to the Social Cluster (January and July Cabinet Lekgotla Reports);
- Providing support to the provincial political champions;
- Facilitating the contribution of the provincial communication officers in ISRDP and URP communication campaigns;
- Ensure that Monitoring and Evaluation systems are implemented.

Key achievements included:

- Councillor induction workshop
- Twinning Programme/Information sharing programme (Mdantsane, Galeshewe, Motherwell, Khayelitsha and Mitchell's Plain)
- Supported Central Karoo in the review of the LED Strategy/business plans

- Supported the City of Cape Town in writing the LED Business plan
- Support for the Social Transformation Programme: Election of the structure, Workshop in capacitating the Mitchell's Plain Peoples Forum,
- Assisted the structure with the signing of the Memorandum for Understanding between the Structure and the Premier.
- Arranged the GDS for Central Karoo
- Actively took part in the URP Multi-stakeholder meeting
- Assisted the Department of Economic Development and Tourism with the LED Road show in Central Karoo.
- Arranged Municipal Manager's Forum session in Central Karoo
- Took part in the National Imbizo held in Prince Albert
- Arranged the Provincial Nodal Economic Indaba in Worcester in preparation for the National Indaba held in Pretoria 2007.

Future action plans include:

- Visible support to the City of Cape Town pertaining to the Neighbourhood Development Partnership Grant (NDPG)
- Assist the Central Karoo in accessing the grant
- Coordinate and facilitate sessions pertaining to communicating and dissemination of the Post Nodal Economic Profiling Workshop
- Arrange the Nodal Economic Development workshop for Central Karoo.
- Assist the Social Transformation Programme with the signing of the Memorandum for Understanding (The Premier, Political Champion and MPPF)
- Community launch and Road shows pertaining to the structure and its objectives
- Arrange a provincial workshop in forging partnership between URP and STP
- Arrange a skills Audit for Mitchell's Plain Peoples Forum and Khayelitsha Development Forum.
- Arrange skills Training for the structures (MPPF and KDF)
- Assist the Department of Community Safety in reviving the LCPS/Khaya Plain Crime Prevention Strategy.
- Arrange a session pertaining to the revival of the Denel land issue as it is crucial for the integration of Khayelitsha and Mitchell's Plain
- Arrange the Urban Renewal Seminar and ISRDP Seminar in providing the overview of the progress made since the inception of the ISRDP and URP programmes, The challenges faced during this period, as well as identifying key areas of need still existing.
- Facilitate and coordinate a joint approach to the broader economic development of Khayelitsha, Mitchell's Plain, and Philippi East, the corridor between Khayelitsha and Mitchell's Plain as well as coastal belt.
- Revive the Interdepartmental Task Teams pertaining to Urban Renewal Programme.

There are positive strides due to the intervention from national, provincial and the City of Cape Town (URP team) to direct and stimulate the programme and to enhance the involvement of the nodal communities. The planned events and initiatives will lead the way towards greater performance with the implementation of the programme within the remaining years. Key to the success of the entire initiative is communication and multi-stakeholder engagement/partnerships.

CHAPTER 7: MUNICIPAL CHALLENGES AND ACHIEVEMENTS

7.1 Introduction

This chapter highlights key challenges experienced by municipalities during the year under review. The national municipal achievements award, the Vuna awards are also highlighted in this chapter.

7.2 Key challenges as identified by municipalities

Municipality	Challenges identified by municipalities
City of Cape Town	Recruitment, Training, Deployment and Retention of staff with skills relevant to our core function as a Municipality, Provision of Housing, Job Creation and skills development
Matzikama	Lack of Recruitment Policy/ workplace Safety Officer, Insufficient staff, housing and bulk infrastructure
Cederberg	Reliable management information,
Bergriver	HR development, housing, infrastructure backlogs
Saldanha Bay	No information submitted
Swartland	Scarce skills, LED, Maintenance of infrastructure
West Coast DM	No information submitted
Witzenberg	Debtor collection, capacity to speed up infrastructure development
Drakenstein	Security of Funding to address engineering services backlogs and asset maintenance and replacement, The retaining of current staff and the filling of posts in scarce skills technical fields e.g. qualified and experienced engineers, technicians and artisans, long processes due to environmental assessments and procurement processes and other legislative requirements before actual service delivery can be implemented.
Stellenbosch	Housing and land for housing, unemployment, job creation, community safety
Breede Valley	Consumer payments (debt collection), Maintenance of assets, Infra-structure backlogs amounts to more than R 800 million
Breede River/Winelands	Infrastructure development, Fire fighting and Disaster management
Cape Winelands DM	Clarity on the powers and functions on a practical implementation level, The participation of National and Provincial state departments in IGR processes that go beyond LGMTECH and consistency in this regard
Theewaterskloof	Backlog in bulk services, water and sanitation, streets, Housing; staff capacity, community services, operational and corporate -implementation MFMA; Recovery of Debt
Overstrand	Housing services; Infrastructure Development; LED
Cape Agulhas	Appointment of skilled staff, to eradicate backlogs, to render affordable services
Swellendam	Housing backlogs, infrastructure development, Service delivery with budget constraints and job creation
Overberg DM	Procuring a sustainable income; Building human resource and institutional capacity; Ensuring co-operation from B-municipalities, stimulating LED, sound management, unemployment and poverty
Kannaland	Water, Skilled staff and financial viability, LED, unemployment and literacy levels
Hessequa	Housing and Water
Mossel Bay	Find new water resources; Upgrading water purification plants; Upgrading of existing storm water systems
George	Political stability, Capacity - staff shortages, Communication/ Approval - between the different levels of Government, e.g. Housing subsidy approvals; Service Backlogs
Oudtshoorn	No information submitted
Bitou	In-migration, housing backlog, LED

Knysna	Service delivery challenges: Electricity, Water, Sewerage; LED; Access to developable land
Eden DM	Rapid development placing bulk infrastructure under pressure, disasters, IGR, insufficient funds for operating (revenue base), LED, Tourism, Social Services, etc.
Laingsburg	Small revenue base, limited capacity
Prince Albert	Attracting and retaining of skilled staff, numerous vacancies
Beaufort West	Attracting and retaining of skilled staff,
Central Karoo DM	Effective IGR; Shared services; financial constrains; political stability, poverty, agricultural dependence, revenue base

Table 42: Challenges as identified by municipalities

Source: Questionnaires August 2007 and May 2008 and municipal annual reports

7.3 Municipal challenges identified during performance analysis

KPA 1: Municipal transformation and organizational development			
Vague and cumbersome visionary statements	Planning "beyond boundaries"	Understanding of economic and social elements	Alignment and integration of sectoral plans
Strategic placement of IDP as the "single, inclusive and strategic plan of the municipality"	Organisational structures not aligned to implement IDP's	Attraction of scarce skills to municipalities	Skills development to enhance implementation of IDP's
Effective performance management		SDBIP's not used to manage performance	
KPA 2: Basic service delivery			
Availability of land	Lack of credible information for effective planning	Huge distances of rural areas	Lack of sufficient funding for bulk infrastructure
Lack of/ inadequate capacity for effective project management	Lack of/ inadequate technical skills	Growing backlogs	Increasing reliance on capital grants for new infrastructure
Insufficient municipal revenue bases to generate additional funds for new infrastructure	Deterioration of existing infrastructure due to lack of funds for maintenance	Lack of capacity and skills to speed-up/ fast track tender processes	Fast increasing cost of building materials
KPA 3: Municipal financial viability and management			
Long term funding regime to secure sustainability	Attraction of scarce skills	Effective debtor management	Increasing capital grant dependency
Growing number of indigent households	Compliance with numerous Acts and regulations	Effective cash-flow management	Effective supply chain management
KPA 4: Good governance and public participation			
Solid leadership - impact on strategic thinking and long term view	Deteriorating IGR	Public accountability	Effective communication with communities
Management of coalitions	Powers and functions	Functioning of ward committees	Implementation of effective public participation
KPA 5: Local economic development			
Understanding of economic and social elements	Management of inconsistent partnerships between role-players	Transfer of NSDP objectives to a local level	Targeted infrastructure development that support economic growth as envisaged in NSDP and PGDS

Enhancement of LED strategies beyond individual projects	Considering of impact of policy changes by Metro by neighbouring municipalities	Addressing of present-day concerns by LEDs	Provincial economy basically dependent on economic performance of Metro
--	---	--	---

Table 43: Municipal challenges identified during performance analysis

7.4 Municipal Performance Excellence Awards (Vuna awards)

The White Paper for Local Government identifies performance management system (SPMS) as a tool to realise the developmental vision for local government. The Vuna awards is a component of a much larger system as envisaged in the legislated policy framework for monitoring Local Government which is aimed at enhancing municipal accountability and efficiency. A critical element of performance management systems is an incentive system that seeks to reward excellence while encouraging continuous improvement in performance.

The aims of the Vuna Awards are the following:

- Promote creative and innovative municipal service delivery;
- Promote efficiency of expanded development programs, such as, the Consolidated Municipal Infrastructure Programme (CMIP), Local Economic Development (LED), Integrated Development Plans (IDP's) and Integrated Sustainable Rural Development Programme (ISRDP)
- Recognize the effectiveness and efficiency of municipal institutions;
- Promote good local governance;
- Provide a benchmark for performance;
- Identify and provide support to "poor performing municipalities";
- Improve the profile / image of local government;
- Build community and stakeholders' confidence in municipalities; and
- Enhance systems of developmental local government.

The Western Cape has experienced an 8% increase in the amount of municipalities that had applied to compete in the Vuna 2007 awards for the o6/07 financial year.

Best Practice Awards

The Western Cape municipalities nominated for best practices included:

Municipality	Description
Hessequa	Albertinia Fine foods
Matzikama	LED
Cederberg	Recovery plan
Drakenstein	Water Services to Informal Settlements
Cape Winelands DM	Performance Management Systems

The Provincial Vuna Award winners for the Western Cape included:

VUNA Category B (Local)	Winners and runner ups
Gold Winner	1. Swartland
Silver Winner	2. Breederiver/ Winelands
Bronze Winner	3. Matzikama
Vuna KPA nominations – Service delivery	Overstrand
Vuna KPA nominations – LED	Matzikama
Vuna KPA nominations – Financial viability	Matzikama
Vuna KPA nominations – Institutional transformation	Overstrand
Vuna KPA nominations – Good governance	Swartland
VUNA Category C (District)	Winners and runner ups
Gold Winner	West Coast DM
Silver Winner	Cape winelands DM

The National Vuna award winners included:

Category	Aggregate Winners
Metropolitan Municipalities	1. Johannesburg 2. Ethekwini 3. City of Cape town
Local Municipalities	1. Swartland 2. Steve Tshwete 3. Umngeni

CHAPTER 8: PROVINCIAL SUPPORT AND CAPACITY BUILDING INITIATIVES

Municipality	Responsible provincial department	Type of support provided
KPA1: Municipal transformation and organizational development		
All	Local Government	Hosting of summer school for Eastern Cape and Western Cape municipalities and well attended by senior officials and councilors
All	Local Government	Hosting of training for woman working in local economic development
		PMS Audit
KPA 2: Basic service delivery		
Metro	DEADP	The Department's innovative response to the 2010 soccer stadium in Green Point and other related infrastructure projects contributed to improved service delivery.
All	DEADP	The Department provided a comprehensive advisory service to municipalities and other stakeholders with regard to environmental and planning matters in an attempt to improve service delivery
Stellenbosch, Bitou, George Municipalities	Local Government	Water & Sanitation Master Plans (Total Cost excl VAT R1,077,254.54; Total Budget R1,400,000)
All	Local Government	Training Electrical Staff (90 people; Total Budget R267,000)
All	Local Government	Pavement Management Systems (Total Budget R562,000)
All	Local Government	Report on Municipal Streets (Total Budget R35,000)
Drakenstein Municipality	Local Government	Asset Management Plans (1 Pilot Study; Total Cost excl VAT R554,000; Total Budget R554,000)
All	Local Government	Asset Management Training (24 people; Total Cost excl VAT R178,800; budget R184,000)
All	Housing	MIG Support and monitoring
KPA 3: Municipal financial viability and management		
Overberg DM	Local Government	Support during the development of turn-around strategy
All	Provincial Treasury	<p>Debt management:</p> <ul style="list-style-type: none"> Established task team to assist municipalities in collection of outstanding amounts due to them from provincial and national government Raised the level of discussion in municipalities with respect to revenue enhancement and the related debt management as a means of maximising revenue of municipalities during MTEC discussions and all subsequent engagements. Discussion during the IYM visits have regularly engaged municipalities by examining, analysing and advising on how to best manage debtors and the resulting benefit to revenue protection. The Provincial Treasury has interrogated presentations of two service providers who focus on revenue protection and enhancement with the purpose of mainstreaming these activities in municipalities
All	Provincial Treasury	<p>Internal controls – Link to internal audit</p> <ul style="list-style-type: none"> The Provincial Treasury is in the process of securing the services of an External Service Provider to build internal capacity within the Provincial Treasury on how to address deficiencies identified in the reports of the Auditor-General on the financials of municipalities. A framework will be developed to address the shortcomings within municipalities inclusive of continued support, monitoring and transferring of skills to municipal officials, ultimately improving the financial management practice within a municipality to a Level

<p>All</p>	<p>Provincial Treasury</p>	<p>GRAP Implementation</p> <ul style="list-style-type: none"> • During April/May 2008 Annual Financial Statements for 2006/2007 financial year, all 30 municipalities in the Western Cape were analysed and interpreted using ratios to assess the financial position, performance and cash flow. This assessment fed into the LG MTEC process. • Municipal Audit Outcomes for 2006/2007 were analysed • A Service provider was procured to provide technical training during 2007 based on the issues raised by A-G for 2005/2006. • All the written requests for deviation from MFMA exemption received from municipalities were sent to National Treasury and subsequently municipalities were informed on the approval of the deviation to MFMA exemptions jointly by National/Provincial Treasury. • Regular visits to municipalities are conducted to assess progress towards compliance on all the accounting standards. • Monitor implementation plans of municipalities for the phasing-in of GRAP as per National Treasury's Government Gazette No.30013.
<p>All</p>	<p>Provincial Treasury</p>	<p>Supply Chain Management (SCM)</p> <ul style="list-style-type: none"> • Training was done per District to address shortcomings identified in the 05/06 AG Report and also the SCM Implementation Checklist by National Treasury • The training encompassed shortcomings and other SCM issues that municipalities experience • Compliance Assessments are conducted • The objective of the SCM Compliance Assessments is help build and improve SCM capacity within municipalities • The SCM shortcomings are identified and explained to municipalities • The issues that flow from the shortcomings identified in the Compliance Assessments and Auditor-General reports are used as the criteria for the training • The SCM training is therefore developed to address the specific shortcomings • This is followed up by a visit to the municipality to ensure Compliance • Where core SCM training is provided, SCM training sessions are provided by SAMDI (two training sessions held this year included Bid Committee Training and Contract Management) • The Senior Management in municipalities are encouraged to send their SCM officials or those performing the SCM functions to these training sessions • Many SCM issues such as Transversal Contracts, etc or any SCM problems commonly experienced by municipalities are addressed through Circulars • Day to day SCM queries (via e-mail and the telephone) are dealt with and a future scenario would be to encapsulate this activity through the establishment of a SCM help desk and a dedicated website for information sharing • SCM Forums are held every quarter and the purposes thereof is to: <ul style="list-style-type: none"> ○ To allow municipalities to share best SCM practice within their own municipalities to others ○ To discuss solutions to common SCM related issues ○ To provide information on new developments which may have an effect on SCM ○ To seek areas for further collaboration on SCM matters affecting the Western Cape e.g. establishment of District Working Committees to identify and pursue areas where SCM economies of scale can be exploited to the benefit of the district as a whole
<p>KPA 4: Good governance and public participation</p>		
<p>All Local Municipalities (except for the Metro)</p>	<p>DEADP</p>	<p>Visited all 5 District Municipalities (where all Local Municipalities were represented) in order to launched the GIS Support to Municipality Programme. All the municipalities were subsequently visited to undertake an assessment of their Geographic Information Systems capacity.</p>
<p>All</p>	<p>DEADP</p>	<p>Conducted capacity-building workshops with Municipal Planners on the PSDF (Provincial Spatial Development Framework) strategy.</p>
<p>All</p>	<p>DEADP</p>	<p>Conducted workshops with Municipalities and social partners on developing the SDIP (Sustainable Development Implementation Plans)</p>

All	DEADP	Eleven public workshops were held throughout the Province as part of the public participation process for the Draft Noise Control Amendment Regulations.
All	DEADP	The capacity-building workshops for the Integrated Pollutant and Waste Information System (IPWIS) were held.
Cape Winelands District	DEADP	A law enforcement and compliance-monitoring campaign was undertaken in the Cape Winelands area as part of the National Department of Environmental Affairs and Tourism's countrywide campaign.
Eden District	DEADP	A law enforcement operation was conducted in the Southern Cape in collaboration with the Department of Water Affairs and Forestry to investigate matters of joint jurisdiction.
All	DEADP	Integrated Waste Management Plan evaluation, feedback and training workshops were conducted with all municipalities who had submitted their Integrated Waste Management Plans to the Department.
All	DEADP	Sustainable Coastal Livelihood training at four three-day training conferences was provided to municipalities, other government departments and official decision-makers.
Cape Metro Sub-Council 9,11,10,13, 14,	Local Government	<ul style="list-style-type: none"> • Introduction of Community Based Planning. • Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers.
Cape Winelands District	Local Government	<ul style="list-style-type: none"> • Facilitated the establishment of the District Public Participation Task Team • District Task Team is comprised of two representatives from each municipality. • Some officials and Speakers were part of a workshop on National Framework for Public Participation. • Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level • District Speaker's Forum: Information sharing and presentation of National and Provincial public participation and ward committee activities.
BreedeValley	Local Government	<ul style="list-style-type: none"> • Community Based Planning and ward based training • Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers. • Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level
Stellenbosch	Local Government	<ul style="list-style-type: none"> • Community Based Planning and ward based training • Conducted a survey of meaningful citizen's participation in the IDP/budget processes. • Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level
Breede River Winelands	Local Government	<ul style="list-style-type: none"> • Community Based Planning and full implementation of ward based planning • CDW's involved in the assessment of ward committee functionality • Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers.
Witzenberg	Local Government	<ul style="list-style-type: none"> • Attended council meetings and gave support to the office of the Speaker • CDW helped with the assessment of ward committees • Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers.
Knysna	Local Government	<ul style="list-style-type: none"> • Community Based Planning training and full implementation of ward based planning • Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers.
Eden district	Local Government	<ul style="list-style-type: none"> • Community Based Planning training for officials • Facilitated the establishment of a Functional District Public Participation

		<p>Task Team</p> <ul style="list-style-type: none"> Some officials and Speakers were part of a workshop on National Framework for Public Participation. Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level
Bitou	Local Government	<ul style="list-style-type: none"> Community Based Planning and ward based training. Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers.
George	Local Government	<ul style="list-style-type: none"> Some officials were part of the Eden CBP training. Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers. Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level
Mosselbay	Local Government	<ul style="list-style-type: none"> Presentation of Community Based Planning training to the council Some officials were part of the Eden CBP training facilitated by DLGH and DPLG Consultation with officials dealing with ward committee with regard to non-functioning of ward committees. Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers. Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level
Hessequa	Local Government	<ul style="list-style-type: none"> Community Based Planning and full implementation of ward based planning. Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers. Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level
Oudtshoorn	Local Government	<ul style="list-style-type: none"> Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers. Conducted a Provincial workshop on National Framework for Public Participation. Aim was for official dealing with public participation to understand and implement the Framework at local level Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level
Central Karoo	Local Government	<ul style="list-style-type: none"> Training on Community Based Planning. Facilitated the establishment of the District Public Participation Task Team. District Task Team is comprised of two representatives from each municipality. Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level
West Coast	Local Government	<ul style="list-style-type: none"> Facilitated the establishment of the District Public Participation Task Team. District Task Team is comprised of two representatives from each municipality. Conducted a Provincial workshop on National Framework for Public Participation. Aim was for public participation practitioners to understand and implement the Framework at local level Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers
Bergrivier	Local Government	<ul style="list-style-type: none"> Community Based Planning training for officials.

		<ul style="list-style-type: none">Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers.
Saldanha	Local Government	<ul style="list-style-type: none">Conducted a survey of meaningful citizen's participation in the IDP/budget processes, findings were presented to all Speakers and IDP managers.

Table 44: Provincial support and capacity building initiatives

Source: Department of Local Government and Housing

BIBLIOGRAPHY

1. Municipal Systems Act, Act No. 32 of 2000
2. Municipal Finance Management Act, Act No. 56 of 2003
3. Gaffney's: Local Government in South Africa 2007-2008 –Official yearbook
4. Data base of the Provincial Treasury: Socio Economic Profiles Local Government
5. National Government Gazette No. 26511 dated 1 July 2004
6. Ikapa Elihlumayo Policy Document
7. National Government Gazette No. 22605 dated 24 August 2001
8. Annual reports of municipalities 2005/06 & 2006/07
9. Financial statements of municipalities for 2005/06 & 2006/07
10. Reports of the Auditor-General for 2005/06 & 2006/07
11. Auditor-General database: Audit outcomes on performance management
12. Database Department of Local Government and Housing: MIG expenditure 2005/06 & 2006/07
13. Database Department of Local Government and Housing: Housing expenditure 2005/06 & 2006/07
14. Database Provincial Treasury: Approval of 2005/06 & 2006/07 budgets by municipalities
15. Database Provincial Treasury: Submission of financial statements and types of Audit reports issued 2005/06 & 2006/07
16. Database Provincial Treasury: Summary of Audit outcomes 2005/06 & 2006/07
17. Questionnaires: Distributed to municipalities during August 2007 & May 2008
18. LG MTEC reports: Department of Local Government and Housing and the Provincial Treasury
19. IDP Analysis Database
20. IEC Website: www.iec.org
21. STATS SA 2001 Census
22. STATS SA 2005 Community Survey
23. DPLG PMS Audit
24. DLGH IDP Public Participation Research Report