



**Western Cape Government • Wes-Kaapse Regering • URhulumente weNtshona Koloni**

PROVINCE OF THE WESTERN CAPE

PROVINSIE WES-KAAP

# Provincial Gazette Extraordinary

7713

Wednesday, 14 December 2016

# Buitengewone Provinsiale Koerant

7713

Woensdag, 14 Desember 2016

*Registered at the Post Office as a Newspaper*

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*(\*Reprints are obtainable at Room M21, Provincial Legislature Building, 7 Wale Street, Cape Town 8001.)*

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**PROVINCIAL NOTICE**

The following Provincial Notice is published for general information.

ADV. B. GERBER,  
DIRECTOR-GENERAL

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Provinsiale Wetgewer-gebou,  
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P.N. 456/2016

14 December 2016



**Western Cape  
Government**

Local Government

## **CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE REPORT**

### **2014/2015**

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*Drafted in terms of Section 47 of the Local Government: Municipal Systems Act, 2000  
(Act 32 of 2000)*

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AFS	Annual Financial Statements
AG	Auditor General
CDW	Community Development Worker
DEADP	Department of Environmental Affairs and Development Planning
DWS	Department of Water Affairs and Sanitation
IDP	Integrated Development Plan
JPI	Joint Planning Initiative
KPI	Key Performance Indicators
LED	Local Economic Development
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MISA	Municipal Infrastructure Support Agent
MGRO	Municipal Governance Review and Outlook
NI	No Information Provided
RED	Regional Economic Development
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDBIP	Service Delivery & Budget Implementation Plan
TOR	Terms of Reference

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## **MINISTER'S FOREWORD**

I'm pleased to submit the eleventh Consolidated Municipal Performance Report 2014/15 to the Provincial Legislature, National Minister for Cooperative Governance and Traditional Affairs, National Council of Provinces as well as residents of the Western Cape.

In the Western Cape a lot of progress has been made over the past five years. In the 2010/2011 financial year the province had 2 municipalities out of 30 that managed to get a clean audit opinion. This has increased to twenty-two (22) in the 2014/2015 financial year, a remarkable achievement. This growth is due to the combined efforts of my Department and other stakeholders who work in the municipal environment.

In additions, five municipalities (Matzikama, Saldanha Bay, Stellenbosch, Overberg District and Swellendam) improved from obtaining unqualified with findings audit outcomes to obtaining unqualified with no findings outcomes.

Good governance has various dimensions including, amongst other, rule of law, transparency, access to information and accountability. In practical terms, good governance requires of municipalities to ensure that its policies and budget allocations are responsive to community needs.

The ward committee system was designed to ensure that citizens' inputs are taken into account during planning and decision-making processes at Local Government level. The Department of Local Government (DLG) facilitated this process by supporting municipalities to establish functional ward committee structures throughout the province. All ward committees established within the province were deemed to be functional during the year under review.

To supplement the service delivery capacity of municipalities both the Community Development Worker and Community Works Programmes have been implemented in the Province. At the end of the 2014/15 financial year, there were 164 CDWs deployed in 7 regions across the Province and 6 890 work opportunities were created through the CWP. The CWP is part of the broader efforts to create a safety net to unemployed persons in order to improve their living conditions.

The increase in the population of the Western Cape has led to an increase in demand for basic services which has resulted in municipal infrastructure being under strain. Increased investment in bulk infrastructure over the period, has unlocked many new projects which have contributed to improved access to basic services.

The Department contributed In order to ensure municipalities' readiness and ability to deliver on their mandate, the Department spearheaded a supporting role to municipalities by bringing all stakeholders together assessing the Integrated Development Plans of municipalities.

The DLG will continue to monitor and evaluate municipal performance so as to design and implement differentiated support programmes for municipalities with the ultimate goal of improving the livelihood of communities.

## EXECUTIVE SUMMARY

### 1. GOVERNANCE OVERVIEW

Section 152(2) of the Constitution of the Republic of South Africa requires municipalities to, within their administrative and financial capacity, establish and organise their administration so as to responsive to the needs of local communities. Both the political and administrative component in a municipality should strive towards attaining good governance so as to meet this constitutional mandate.

With the exception of Oudtshoorn Municipality, political governance in municipalities across the Province was stable during the year under review. This includes the eight municipalities that were governed by coalitions. With regard to administrative governance, a vacancy rate of 7.2% indicates that municipalities in the Province were fairly stable administratively and able to perform their delegated responsibilities.

To ensure that administrative governance results in improved service delivery four municipalities (Mossel Bay, Overstrand, Cape Agulhas and Overberg District Municipalities) have cascaded their Performance Management System (PMS) to the entire (including general workers) organisational structure. Twenty Five (25) municipalities have cascaded their PMS to either Section 56 managers and/or to middle management and supervisory level.

To ensure that the risk management function is embedded within corporate governance, municipalities in the Province have appointed Chief Risk Officers (CROs) who are responsible for enabling the efficient and effective governance of significant risks and related opportunities. West Coast, Overberg and Central Karoo District municipalities have implemented risk management as a shared service and have appointed a service provider that reports to the risk management committee on a quarterly basis. All

municipalities in the Province reported to have Internal Audit Units in place of which two municipalities (Central Karoo and Prince Albert) had outsourced this function. The remaining twenty – eight 28 municipalities have established Internal Audit Units and appointed dedicated personnel to fulfil the function.

## **2. SERVICE DELIVERY OVERVIEW**

It is in progress with regards to service delivery challenges that the reality of implementation gaps becomes apparent, with implementation gaps being understood as the difference between the intended and actual policy outcomes and outputs. Provincial Departments have instituted various measures to support municipalities in identifying and responding to the causes underlying implementation gaps. There is also a linkage between municipal governance and service delivery challenges. Where communities do not utilise or do not have confidence in platforms established for the purpose of engaging on service delivery challenges they utilise alternative avenues such as service delivery protests to express dissatisfaction. As at June 2015 95% of households had access to basic water, 94% of households had access to basic electricity, 94% of households had access to basic sanitation and 94% of households had access to refuse removal. Of these households 650 526 were provided with free basic water, 650 735 were provided with access to free basic electricity, 650 140 households had access to free basic sanitation and 650 735 households had access to free basic refuse removal.

As at June 2015 Municipal Infrastructure Grant expenditure was at 97, 4% as compared to 97,8% in the previous financial year. Municipalities who could not spend their allocation by the end of the financial year have applied to National Treasury to have the funds rolled over to the next financial year.

The Western Cape Provincial Blue Drop Score significantly decreased to 88.5% in 2014 compared to the score of 94.2% in 2012. More than 80% of the Water Services Authority's in the Province (21 out of 25) had reduced scores with declines ranging from 2% to a considerable decline of 45% in the case of Laingsburg Local Municipality. In addition, the number of Blue Drop certified scores ( $\geq 95\%$ ) decreased with about a quarter, from 33 to eight. Thirty four systems received scores below 50%, while 19 systems were in the High Risk Category. The pronounced deterioration in Blue Drop scores in the WC Province is of serious concern to the DWS and these downward trends must be corrected to ensure that the required quality of water services is provided within the Province. The Province has historically maintained a very proud record of water service provision and should ensure that this effort is not further lost (DWS, 2014).

The Western Cape has continued with the positive trend of 100% expenditure on the Human Settlement Development Grant. The Department of Human Settlements reported that 10 749 houses were completed during 2014/15., 7 014 serviced sites were completed against a target of 6 211 while 1 046 other housing opportunities were provided against a target of 1 015. To instil the sense of ownership amongst the housing beneficiaries in the Western Cape, 2 457 title deeds were issued against the target of 4 136 which then reduced the backlog of title deeds from 86 350 to 55 000.

### **3. FINANCIAL SUSTAINABILITY OVERVIEW**

Sound financial management and financial controls are critical for the continued financial viability of municipalities. This will require of some municipalities to implement revenue enhancement strategies to improve management of taxes, levies, rates and service charges.

Total actual operating revenue for the Province for the 2014/2015 financial year amounted to R41 468 265 000 while the total actual operating expenditure amounted to R38 207 945 000, resulting in a surplus of R3 260 320 000. The majority of municipalities were able to increase their operating revenue as compared to the 2013/2014 financial year. Cederberg Local and West Coast District municipalities increased their operating revenues by 25.8% and 29.2%, respectively. Three municipalities namely Kannaland (-3.5%) George Municipality (-0.7%) and Beaufort West Municipality (-1.4%) however reduced their actual operating revenue.

The current ratio is a liquidity and efficiency ratio that measures a municipality's ability to pay off its short-term liabilities with its current assets. The current ratio is an important measure of liquidity because short-term liabilities are due within the next year. Only one municipality (Knysna Municipality) was found to have a negative current ratio whilst West Coast District Municipality (13.14%) and Cape Winelands Municipality (Cape Winelands DM) had the highest ratios.

Total debtors for the 2013/14 financial year amounted to R8.42 billion. Outstanding debtors in respect of water services are the highest at R2.45 billion. In this regard, Provincial Treasury has requested all municipalities to explore the viability of water management devices. Task teams were established to facilitate the payment of outstanding government debt owed by the provincial departments. Household debt to municipalities continue to grow and constitute the greatest (77.57% or R6 372 399) proportion of debt owed to municipalities.

#### **4. LOCAL ECONOMIC DEVELOPMENT (LED)**

Although it also poses challenges, the increased globalisation of skills and resources has created the opportunity for local governments to create

partnerships with national and international stakeholders who share a commitment to democratic values. All municipalities (with the exception of Overberg and Central Karoo District Municipalities) in the Western Cape have reviewed their LED strategies. The Western Cape Department of Economic Development and Tourism is continuing to support municipalities to develop and review their LED strategy and LED Maturity assessments have also been conducted in some municipalities. Municipalities have indicated that their LED strategies include all activities associated with economic development and that they are working closely with all relevant stakeholders on key regional economic issues.

## **PART A: INTRODUCTION**

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This report will be structured as follows:

- i. Background and Purpose of the Report;
- ii. Local Government Legislative Framework;
- iii. Municipal Annual Report Process;
- iv. Methodology followed in compiling the report;
- v. Demographic and socio-economic data;
- vi. Analysis of municipal performance for the 2014/2015 financial year; and
- vii. Provincial initiatives which support municipalities.

### **1. BACKGROUND AND PURPOSE OF THE REPORT**

The purpose of this report is to assess the performance of municipalities and the state of service delivery in the Province for the 2014/2015 financial year. It is intended for this report to present information that stakeholders and communities can use to keep Local Government accountable. In so doing, it responds to the principles of participatory governance as contained in various policies including the 1998 White Paper and the 1997 White paper on Transforming Public Service Delivery. It was the latter that introduced the *Batho Pele* principles of consultation, service standards, access, courtesy, information, openness and transparency, redress and value for money as principles that must guide the public sector.

### **2. LOCAL GOVERNMENT LEGISLATIVE FRAMEWORK**

Local Government is considered to be the sphere of government closest to communities. It has a key role to play in providing basic services and facilitating socio-economic growth and development. A legislative framework guides Local Government in fulfilling this crucial mandate, the most important of these are highlighted below:

Section 40(1) of the **Constitution of the Republic of South Africa, 1996** (hereafter "the Constitution") provides for three spheres of government that are distinctive, interdependent and interrelated and it is this provision that departments at Provincial and National level have to be cognisant of as they undertake their monitoring and support function.

Chapter 7 of the Constitution deals with provisions related to Local Government, including the establishment of different municipal category types, as well as the powers, functions and composition of councils. Section 152 (1) outlines the objectives of Local Government as follows:

- a) to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment; and
- e) to encourage the involvement of communities and community organisations in the matters of Local Government.

Section 152(2) stipulates that a municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1). Section 153 details the developmental duties of municipalities. It stipulates that a municipality must -

- a) structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community, and
- b) participate in national and provincial development programmes.

Section 47 of **The Local Government: Municipal Systems Act, (Act 32 of 2000)** (hereafter “the Systems Act”) stipulates that 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.

Section 47(2) specifies that 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.

The **Local Government Municipal Finance Management Act, (Act 56 of 2003)** (hereafter “the MFMA”) was introduced to modernise municipal budgeting and financial management and contained a number of provisions related thereto. One such example is the introduction of a governance framework for municipal entities. It also fosters transparency within Local Government through budgeting and reporting requirements and it is these reporting requirements that make reports like this and consequently citizen oversight possible.

The **1998 White Paper on Local Government** (hereafter “the 1998 White Paper”) is underpinned by principles of developmental Local Government. Within the South African context, developmental Local Government is defined as “municipalities who are committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives”. In order to fulfil this developmental role, the White Paper provides guiding principles and outlines the unique characteristics and expected outcomes of developmental Local Government. The White Paper recognises that, in many cases, a lack of Performance Management Systems (PMSs) at municipal level

contributes to inefficient service delivery. It identifies Provincial Government as having a key role in monitoring Local Government performance so as to ensure that high service standards and public service are rendered. The 1998 White Paper, to this end, states that performance monitoring indicators need to be carefully designed so that the efficiency, quality and value for money of services are accurately reflected.

### **3. MUNICIPAL ANNUAL REPORTING PROCESS**

In terms of the Systems Act all municipalities are required to prepare Integrated Development Plans (IDPs). Integrated development planning is a process by which municipalities prepare a five-year strategic plan through consultation with communities and stakeholders. Through consultation processes stakeholders such as, amongst other, National and provincial departments, development agencies, private-sector bodies, non-governmental organisations and communities can play a role in the preparation and implementation of municipal IDPs.

In terms of Section 46 of the Systems Act all municipalities are required to prepare an Annual Performance Report that reflects its performance as at the end of each financial year. This report should include performance against targets set, performances in the previous financial year and measures taken to improve performance. In terms of Section 121(1) of the MFMA, the Annual Performance Report must form part of a municipality's Annual Report. There are key deadlines related to the submission of municipal Annual Reports that municipalities have to comply with. These are listed in Table 1 below:

**Table 1: Statutory Annual Report Process**

<b>REPORT PROCESS</b>	<b>APPLICABLE LEGISLATION</b>	<b>RESPONSIBLE ENTITY/ PERSON</b>	<b>SUBMISSION DATE</b>
<b>Submission of financial statements</b>	MFMA Section 126(1)	Municipalities	31 August (2 months after the end of a financial year)
<b>Auditor-General to audit financial statements and submit report</b>	MFMA Section 126 (4)	Auditor-General	30 November (within 3 months after receiving financial statements)
<b>Draft annual report to be prepared</b>	MFMA Section 121 (1)	Municipal Manager	31 December (within 6 months after the end of the financial year)
<b>Tabling of municipal annual report to council</b>	MFMA Section 127 (3)	Mayor	31 January (within 7 months after the end of the financial year)
<b>Make annual report public and invite the local community to make representations</b>	MFMA Section 127 (5)	Accounting Officer of municipality	After tabling
<b>Submit annual report to PT and MEC for Local Government</b>	MFMA Section 127 (5)	Mayor	After tabling
<b>Adopt an oversight report containing the council's comments</b>	MFMA Section 129 (1)	Council	By no later than 31 March (within 2 months after the tabling)
<b>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</b>	MFMA Section 129 (2b)	Accounting Officer of municipality	Within 7 days after the meeting during which the oversight report was adopted
<b>Submit oversight report and annual report to the Provincial Legislature</b>	MFMA Section 132 (1)	Accounting Officer of municipality	Within 7 days after the meeting during which the oversight report was adopted
<b>Monitor submission process of municipal annual reports to the</b>	MFMA Section 132 (3)	MEC for Local Government	From 1 February to mid-April

<b>REPORT PROCESS</b>	<b>APPLICABLE LEGISLATION</b>	<b>RESPONSIBLE ENTITY/ PERSON</b>	<b>SUBMISSION DATE</b>
<b>Provincial Legislature</b>			
<b>Drafting of Consolidated Municipal Performance Report and submission to MEC</b>	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
<b>Submit consolidated municipal performance report to Provincial Legislature and Minister of Cooperative Governance</b>	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

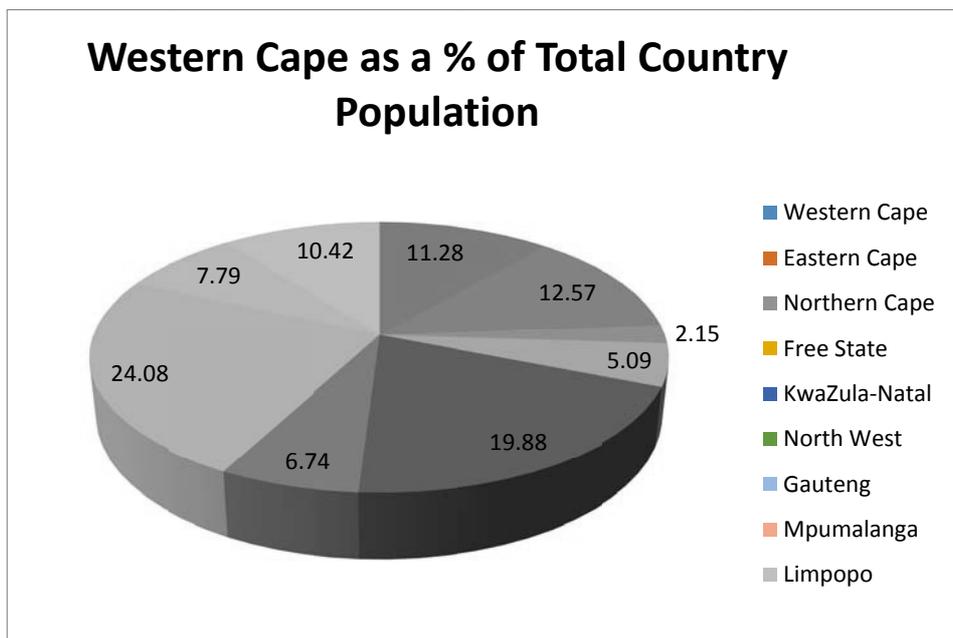
#### **4. METHODOLOGY FOLLOWED IN COMPILING THE REPORT**

The compilation of the report required the retrieval of data from various sources. The main sources of data were municipal Annual Reports and reports from PT and the Departments of Local Government and Human Settlements. The report also drew on data gathered by Statistics South Africa including the 2011 census and 2016 community survey data.

The Systems Act requires municipalities to monitor and measure the progress of its performance by preparing quarterly and mid-year performance reports against its performance management systems. These quarterly and mid-year reports contribute to the compilation of the municipality's Annual Performance Reports which are submitted, together with the AFS, to the Auditor General for auditing by 31 August of each financial year.

## 5. DEMOGRAPHIC AND SOCIO-ECONOMIC DATA

The Western Cape, with a total land area of 129 462 km<sup>2</sup>, is bordered to the North and the East by the Northern Cape and Eastern Cape provinces, respectively. All illustrated in Graph 1, the Western Cape is the country's fourth largest province, with an estimated population of 6 279 730 and 1 933 876 households (Statistics SA, 2016:30, 18-19).



**Graph 1. Western Cape as a % of Total Country Population.**  
 Source: Stats SA 2016 Community Survey

The Province is constituted of 30 municipalities including one Metropolitan Municipality (City of Cape Town (COCT)), five District municipalities (West Coast, Cape Winelands, Overberg, Eden and Central Karoo) and 24 local municipalities. The Province is constituted largely out of formal dwelling types with 82.43% (1 593 891) of households within the Province residing in formal dwellings (Statistics SA, 2016:30).

It is worth repeating here that Developmental Local Government is Local Government “committed to working with citizens and groups within the

community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives" (1998 White Paper on Local Government). This mandate is necessary because of the dire socio-economic conditions within which some households and communities reside. One can, for example, consider the fact that 13.24% of households had ran out of money to purchase food within the 12 months prior and 8.39% (or 161 692) of households had skipped a meal over the same period when the 2016 STATS SA Community Survey was undertaken. The reduced ability of households to meet their own basic needs and therefore contribute to the revenue base is a challenge that municipalities face. This reality contributes to the fact that three municipalities (namely Cape Winelands District (62.6%), Overberg District (80.2%) and Prince Albert (62.1%), received more than 60% of their total income from grants and subsidies in 2015 (Statistics SA, 2016:8).

Challenges that municipalities face however have to be located within both National and International socio-economic realities. The International Monetary Fund (IMF) had forecasted that global output would rise by 3.3% in 2015 and by 3.8 % in 2016. The expected growth rate for 2015 was significantly lower than the 4.0 % previously forecasted. Economic activity in South Africa, as with other emerging market economies, slowed in 2013 as a precursor to the more restrained pace of output growth of 1.5 % in 2014. The Western Cape still manages to outperform the rest of the country and this is arguably a result of both the structure and source of its economic activity. Over the forecast horizon (2015 - 2020) economic growth in the Western Cape is expected to average 2.7 % year. The tertiary sector is likely to be the biggest driver of this growth, as has been the case over the past few years (PERO, 2015.10-11).

With regards to labour market dynamics, while output and consumption recovered relatively soon after the global crisis of 2008, the same cannot be said about the South African labour market. The economy shed 1.1 million

jobs in the two years after the local recession of 2008, more than 90 % of which occurred during the first year. It took the economy nearly five years to regain the lost jobs and reach pre-recession employment levels. Despite this growth in employment, unemployment has continued to grow. The number of people unemployed according to the narrow definition increased from just over 4 million people in the fourth quarter of 2008 to 5.2 million people in the second quarter of 2015 (PERO, 2015.10-11). In 2015, around 53 % (2.3 million people) of the Western Cape's working age population were employed. This is substantially higher than the national proportion of 43 %. In South Africa, the narrow unemployment rate was estimated at 25 % in the second quarter of 2015, compared with the Province's 21.7 %. Including the non-searching unemployed raises the national unemployment rate to 32.8 %, while in the Western Cape unemployment rose to only 23 % using the broad definition (PERO, 2015.10-11).

Households require access to government services in order to complement their own livelihood strategies. The 2016 Statistics SA Community Survey found that 2.24% (84 240) of households who migrate to the Western Cape do because they want better municipal services and similarly, 25% (3 754 260) has done so because of a new dwelling. Government services are therefore a determinant in migration patterns and Chapter Five of this report is dedicated to the assessment of improvements with regards to the provision of basic services. The next section will, against this backdrop, assess the performance of municipalities.

## **PART B: ANALYSIS OF MUNICIPAL PERFORMANCE FOR 2014/2015 FINANCIAL YEAR**

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This component of the report will provide an analysis of the following key performance areas:

- i. Governance;
- ii. Corporate Governance;
- iii. Planning and Development;
- iv. Compliance Monitoring;
- v. Service Delivery Performance; and
- vi. Local Economic Development.

### **1. CHAPTER 1: GOVERNANCE**

#### **1.1. POLITICAL GOVERNANCE**

Section 151(2) and (3) of the Constitution stipulates that 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 the community, subject to national and provincial legislation. Section 18 of the **Local Government: Municipal Structures Act (Act 117 of 1998)** (hereafter "the Structures Act"), each municipality must have a Municipal Council consisting of a number of councillors determined by the MEC for Local Government in the province. The political composition of Western Cape municipalities is listed in Table 2 below:

**Table 2: Political Composition of Municipal Councils**

MUNICIPALITY	ANC	ANC ON DC	DA	DA ON DC	IND	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
City of Cape Town	72		136				1 (AMP) 1 (AJ) 1 (CMC) 3 (COPE) 1 (NPSA) 1 (PAC) 1 (UDM) 1 (VP PLUS) 3 (ACDP)		DA	221
West Coast DM	4	5	9	7					DA	25
Matzikama	7		8				1 (TPICO) 1 NGP		ANC+ TPICO+ NGP	17
Cederberg	6	1	3	1			1 (COPE) 1 (PAC)		ANC+ PAC	13
Bergrivier	5	1	7	1			1 (COPE)		DA	13
Saldanha bay	9		15				1 (COPE)		DA	25
Swartland	6	1	14	3		1	1 (COPE) 1 (PI CIVIC)		DA	23
Cape Winelands DM	5	8	9	15			1 (COPE) 1 (NPP)		DA	39
Witzenberg	9		9		1		1 (NPP) 1 (COPE) 1 (DCP) 1 (VIP)		DA+ COPE+ IND+ DCP	23
Drakenstein	19		35				2 (COPE) 2 (NPP) 1 (PDM) 1 (SADCO) 1 (ACDP)		DA	61
Stellenbosch	11		25				1 (SPA) 1 (ACDP) 1 (COPE) 3 (SCA) 1 (NPP)		DA	43
Breede Valley	14		22		1		1 (COPE) 2 (BO) 1 (CI)		DA	41
Langeberg	7		11				1 (CI) 1 (PDM) 1 (COPE) 1 (WCC)		DA + COPE	22

MUNICIPALITY	ANC	ANC ON DC	DA	DA ON DC	IND	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
Overberg DM	4	5	5	7					DA	21
Theewaterskloof	9	2	13	3			1 (NPP) 1 (NICO) 1 (COPE)		DA	30
Overstrand	9	2	15	3			1 (NICO)		DA	30
Cape Agulhas	4	1	4	1	1				ANC + IND	11
Swellendam	4		3	1			1 (ACDP)		DA + ACDP	9
Eden DM	13	7	17	9			1 (ICOPE)	1 (ICOSA) 2 (ACDP) 1 (COPE)	DA	35
Kannaland	2		2				3 (ICOSA)	1 (ICOSA)	ICOSA + ANC	8
Hessequa	6	1	7	1			1 COPE 1 CIVIC IND		DA + COPE + CIVIC IND	15
Mossel Bay	10	1	16	2		1	1 ACDP	1 (ACDP)	DA	32
George	19	2	25	3			1 GIRF 1 ACDP 1 COPE 1 ICOSA 1 PBI	1 (ACDP)	DA + ACDP	55
Oudtshoorn	10	1	11	1		1	1 (COPE) 1 (ICOSA) 1 (NPP)	1 (COPE)	DA	28
Bitou	6	1	6	1			1 (COPE)		DA + COPE	15
Knysna	7	1	9	1	1	1	1 (COPE)		DA	19
Central Karoo DM	3	3	3	3			1 (KGP)	1 (KGP)	ANC+ KGP	13
Laingsburg	3		3	1			1 (COPE)		DA + COPE	8
Prince Albert	2		2				3 (KGP)	1 (KGP)	KGP	8
Beaufort West	7	3	5	2			1 (ICOSA)		ANC	18
<b>Total</b>										<b>934</b>

Source: RMT Reports as at end June 2015

There were a total number of 921 council seats across all municipalities in the Western Cape as at the end of June 2015. Political parties were in control or in coalition government with one of the bigger political parties. The DA became the ruling party in 16 municipalities and governed in coalition with

other parties or independents in a further seven municipalities. It obtained a total number of 449 seats across all municipalities in the province. The ANC had a total of 292 seats and was the ruling party in one municipality. It was governing in coalition with other political parties or independents in a further five municipalities.

With the exception of Oudtshoorn Municipality, political governance in municipalities across the Province was stable during the year under review. The Provincial Executive had to intervene in Oudtshoorn Municipality in terms of Section 139 (4) of the Constitution by approving a temporary annual budget. The intervention commenced in July 2013 and terminated when the new council was inaugurated following the 2016 Local Government Elections. Throughout, Provincial oversight was rendered in the form of, amongst other, attendance at council meetings and recommendations made to the Provincial Executive.

## **1.2. ADMINISTRATIVE GOVERNANCE**

Municipalities must, within their administrative and finance capacities establish and organise their administration so that it would be responsive to the needs of local communities. To this end Section 51 of the Systems Act identifies the various institutional objectives applicable to municipalities. The objectives are linked to the particular needs of the municipality and necessitate the implementation of appropriate organisational structures. Municipalities need to ensure that posts are filled by competent staff and that procedures are adopted to guide institutional transformation and ensure capacity development.

The Municipal Manager as head of administration is primarily responsible for the adoption of staff establishment policies, including the approval, review and evaluations of job descriptions and other conditions of service for each staff member. As prescribed in Section 56 of the Systems Act, after

consultation with the Municipal Manager the Municipal Council appoints managers directly accountable to the Municipal Manager.

The table below depicts the status of Municipal Manager and Senior Manager appointments, the appointment of women in senior positions as well as the conclusion of performance agreements as prescribed in Section 57 (2)(b) of the Systems Act.

**Table 3: Filling of Senior Manager Posts**

MUNICIPALITY	MUNICIPAL MANAGER POST FILLED	SECTION 56 POST FILLED	SECTION 56 POST VACANT	PERFORM. AGREEMENTS CONCLUDED (INCL. MM)	PERFORM. AGREEMENTS ON WEBSITE	FEMALE SENIOR MANAGERS (INCL. MM)
City of Cape Town	1	11	1	11	11	4
West Coast DM	1	4	0	4	4	0
Matzikama	0	5	0	4	4	0
Cederberg	1	4	0	5	0	1
Bergrivier	1	3	0	4	4	1
Saldanha bay	1	4	0	5	5	0
Swartland	1	6	0	7	7	1
Cape Winelands DM	1	3	0	4	4	1
Witzenberg	1	4	0	5	5	1
Drakenstein	1	5	0	6	6	1
Stellenbosch	0	5	1	5	5	0
Breede Valley	1	4	0	5	5	0
Langeberg	1	4	0	5	5	1
Overberg DM	1	1	1	2	2	0
Theewatersk - loof	1	5	0	6	6	0
Overstrand	1	6	0	7	7	2

MUNICIPALITY	MUNICIPAL MANAGER POST FILLED	SECTION 56 POST FILLED	SECTION 56 POST VACANT	PERFORM. AGREEMENTS CONCLUDED (INCL. MM)	PERFORM. AGREEMENTS ON WEBSITE	FEMALE SENIOR MANAGERS (INCL. MM)
Cape Agulhas	1	4	0	5	5	0
Swellendam	1	4	0	5	5	0
Eden DM	1	4	0	5	5	2
Kannaland	1	2	0	3	3	0
Hessequa	1	5	0	6	6	2
Mossel Bay	1	5	0	6	6	1
George	1	5	1	7	7	0
Oudtshoorn	0	1	4	1	1	0
Bitou	1	5	0	6	6	1
Knysna	1	4	1	0	0	0
Central Karoo DM	1	2	0	3	3	0
Laingsburg	1	1	0	2	2	1
Prince Albert	1	4	1	4	0	1
Beaufort West	1	4	1	5	5	0
Total	27	124	11	143	134	21

Source: 2014/15 Municipal Annual Reports

### Senior Manager Appointments

A total of 151 Senior Manager were appointed at municipalities across the Province. The total is constituted of 27 Municipal Manager Posts and 124 Senior Manager (reporting directly to the Municipal Manager in terms of Section 56 of the Systems Act) posts. During the same period 11 posts were vacant. All municipalities with vacant posts had made arrangements to temporarily appoint an official in an acting capacity to perform all the responsibilities assigned to the post. The 7.2% vacancy rate indicates that with the exception of Oudtshoorn Municipality, municipalities in the Province

were fairly stable administratively and able to perform their delegated responsibilities.

### **Performance Agreements**

Section 57(2) of the Systems Act requires performance agreements for Senior Managers (including the Municipal Manager) to be concluded within 60 days after appointment to the post. Thereafter agreements must be concluded within one month after the beginning of each of the municipality's financial years. During the year under review, 143 performance agreements were signed and submitted to the MEC for Local Government. It should also be noted that the number of performance agreements indicated above also include those of officials who were appointed temporarily as acting senior managers.

### **Appointment of Women in Senior Positions**

A municipality should ensure that its recruitment, employment and career development practices are aligned to the objectives of the Employment Equity Act (Act 55 of 1998). These obligations include that they must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration. In keeping with these obligations, National Government has set targets for improving representativity senior management levels. This includes representation of women and people with disabilities. Senior management appointments at municipalities however continue to be largely constituted of male appointees. During 2014/15 21 women were appointed at the senior management level across municipalities, a slight increase from the previous financial year.

### **1.3. PERFORMANCE MANAGEMENT**

A number of regulations, policies and guidelines (including the MFMA and Systems Act) require municipalities to establish and implement processes to ensure that services are delivered in an effective and efficient manner. This can be accomplished through benchmarking and the development of service norms and standards which will enhance responsiveness and foster a performance culture. The Systems Act places the responsibility of adopting a PMS on the Municipal Council which holds the Executive Mayor responsible for the development and management of the system. The Executive Mayor delegates this responsibility to the Municipal Manager, in keeping with the core functions as assigned to Municipal Managers as per Section 55(1) of the Systems Act.

The objectives of a Performance Management System are to:

- i. Facilitate increased accountability;
- ii. Facilitate learning and improvement;
- iii. Provide early warning signals; and
- iv. Facilitate decision-making.

A municipality's PMS provides a framework for how the municipality's processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed.

#### **Individual Performance Management System**

With the exception of Oudtshoorn Municipality, PMS has been implemented at, at least the Section 56<sup>1</sup> level, by all municipalities. Twenty nine (29) municipalities have reported that their PMS frameworks are in place and

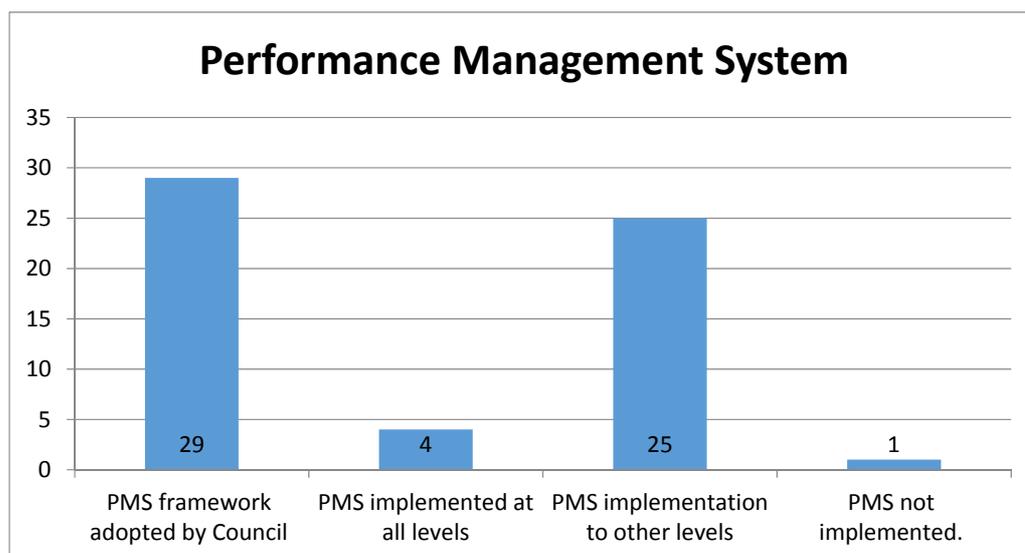
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<sup>1</sup> Section 56 of the Systems Act.

have been adopted by council. Municipalities have established PMS units with dedicated managers responsible for the PMS function. In some municipalities, this function has been located with the Human Resource Management department.

Four municipalities (Mossel Bay, Overstrand, Cape Agulhas and Overberg District Municipality) have cascaded their PMS to the entire organizational structure, including general workers. Twenty Five (25) municipalities have cascaded their PMS to either Section 56 managers only or to their middle management and supervisory level. Individual performance reviews are conducted on a quarterly basis. The graph below depicts a summary of the status of individual PMS implementation in the Province.

**Graph 2: Individual PMS Implementation**



Source: MGRO report 2016

#### **1.4. SKILLS DEVELOPMENT AND TRAINING**

Section 68(1) of the Systems Act recognises that capacity building at municipalities is crucial in achieving effective service delivery. The section stipulates that "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 81 of 1998), and the Skills Development Levies Act, 20 of 1999 (Act 28 of 1999)".

### **Workplace Skills Plan**

Municipalities are required to annually assess the skills of their personnel and develop a workplace skills plan, whereafter the plan must be submitted to the Local Government Sector Education Training Authority (LGSETA). All municipalities have submitted workplace skills plans and have allocated budget towards the implementations of these plans. All municipalities across the Province have submitted workplace skills plans for the past three years. Various capacity and skills development initiatives were provided by municipalities, which include, amongst others, Minimum Competency Training, Admin and Bookkeeping learnership, Telematic Water learnership and an Local Government Accounting Certificate. The graph below illustrates municipal compliance with regards to the submission of workplace skills plans to the LGSETA.

### **Budget Expenditure on Skills Development**

Western Cape municipalities continued to experience challenges with regard to attracting and retaining skilled staff during 2014/15. This was as a result of, amongst other, budget constraints and a shortage of the required skills. Within this context, municipal capacity building and skills development initiatives were of central importance. Most municipalities have spent their personnel budget in enhancing and capacitating their employees with the necessary skills to perform their duties. 18 596 Employees were trained and 39 869 learnerships were offered across municipalities. During the 2014/15 financial year, municipalities have spent an average of 84.63 % of their personnel skills budget. The table below indicates the number of personnel

trained, learnerships provided and the percentage spent on skills from personnel budget for individual municipalities.

**Table 4: Number of Capacity Initiatives and Percentage of Budget Spent**

<b>MUNICIPALITY</b>	<b>NO OF EMPLOYEES PROVIDED TRAINING</b>	<b>NO OF TRAININGS/LEARNERSHIPS PROVIDED</b>	<b>% SPENT ON SKILLS DEVELOPMENT OF PERSONNEL BUDGET</b>
City of Cape Town	14500	35790	92,82%
Matzikama	96	40	81%
Cederberg	136	NI	59%
Bergrivier	184	25	95,1%
Saldanha Bay	373	364	96%
Swartland	274	250	100%
West Coast DM	82	NI	100%
Witzenberg	194	261	100%
Drakenstein	94	94	88%
Stellenbosch	364	1563	99%
Breede Valley	224	441	94,7%
Langeberg	307	26	99,3%
Cape Winelands DM	211	29	0.9%
Theewaterskloof	NI	NI	NI
Overstrand	326	299	99,6
Cape Agulhas	92	NI	100%
Swellendam	90	NI	39,7%
Overberg DM	172	NI	72,9%
Kannaland	NI	NI	NI
Hessequa	NI	190	93,8%
Mossel Bay	404	NI	NI
George	311	397	86,2%
Oudtshoorn	NI	NI	NI
Bitou	NI	NI	NI
Knysna	NI	NI	81%
Eden DM	NI	NI	NI
Laingsburg	49	42	118.6%
Prince Albert	NI	NI	NI

MUNICIPALITY	NO OF EMPLOYEES PROVIDED TRAINING	NO OF TRAININGS/LEARNERSHIPS PROVIDED	% SPENT ON SKILLS DEVELOPMENT OF PERSONNEL BUDGET
Beaufort West	113	58	48,89%
Central Karoo DM	NI	NI	100%
<b>Total</b>	<b>18 596</b>	<b>39 869</b>	<b>64.9%</b>

Source: Municipal Annual Report 2014/15

### 1.5. PERFORMANCE AWARDS

According to the Systems Act Regulation 32 (Notice 805 of 2006), a performance bonus, based on affordability, may be paid to an employee, after –

- a) the annual report for the financial year under review has been tabled and adopted by the municipal council;
- b) an evaluation of performance in accordance with the provisions of regulation 23; and
- c) approval of such evaluation by the municipal council as a reward for outstanding performance.

The evaluation of the performance of senior managers forms the basis for rewarding outstanding performance. During the year under review 10 municipalities paid performance rewards/bonuses to senior managers. Some municipalities have adopted a no performance reward/bonus policy. An amount of R3 940 698 was paid to 58 senior managers during the 2014/2015 financial year. Table 5 below indicates the amounts awarded for performance bonuses.

**Table 5: Performance Rewards/Bonus for 2014/15**

Senior Managers Performance Rewards/Bonus		
Municipality	No of beneficiaries	Amount
City of Cape Town	0	-
Matzikama	3	R110 467
Cederberg	0	-
Bergrivier	0	-
Saldanha Bay	0	-

<b>Senior Managers Performance Rewards/Bonus</b>		
<b>Municipality</b>	<b>No of beneficiaries</b>	<b>Amount</b>
Swartland	0	-
West Coast DM	0	-
Witzenberg	5	NI
Drakenstein	6	NI
Stellenbosch	0	-
Breede Valley	1	R167 510
Langeberg	5	R294 781
Cape Winelands DM	0	-
Theewaterskloof	6	R755 141
Overstrand	0	-
Cape Agulhas	5	-
Swellendam	5	R384 317
Overberg DM	0	-
Kannaland	0	-
Hessequa	6	R706 251
Mossel Bay	6	R600 589
George	0	-
Oudtshoorn	0	-
Bitou	0	-
Knysna	6	R824 000
Eden DM	0	-
Laingsburg	0	-
Prince Albert	0	R257 039
Beaufort West	4	R392 430
Central Karoo DM	0	-
<b>Total</b>	<b>58</b>	<b>R3 940 698</b>

Source: Municipal Annual Report and AFSs 2014/15

#### 1.6. FUNCTIONALITY OF INTERGOVERNMENTAL STRUCTURES

Sound intergovernmental relations (IGR) between all three spheres of Government are a key determinant in effective service delivery and is important to the developmental role of municipalities. This role can only be fulfilled through the active involvement of all spheres of government in the setting of priorities, resource allocation and development planning. The strategic objective of IGR is to support good governance and accountability

between the three spheres of government. During the 2014/15 financial year, all five District Municipalities in the Province convened District Coordinating Forums (DCF) and DCF Technical (DCFTech) meetings.

Since the institutionalisation of the Ministerial and Mayoral engagements (MINMAY), the technical committee for the consultation forum of the Minister of Local Government and Executive Mayors (MINMAYTECH), Chief Financial Officer (CFO) Forum, Western Cape Municipal Managers Forum and Premier's Coordinating Forum (PCF). All municipalities have shown their commitment in participating in these forums during the 2014/15 financial year. The DLG supported 6 IGR forum meetings during the year under review. To support co-operative governance between the three spheres of government, the Department facilitated 40 case referrals through the IDP Indaba engagements. These structures created greater synergy between provincial departments and Local Governments, and thereby in strengthened IGR cooperation.

### **1.7. THUSONG SERVICE CENTRE PROGRAMME**

Local Government is often the sphere of government that citizens interact with on a regular basis. As such, public confidence in government can only be assured if the local sphere is operating according to the requirements and spirit of the South African Constitution. This means that each municipality has an important responsibility to govern its affairs in a manner that is congruent with the principles of Batho Pele.

In ensuring that communities have access to government services, the Thusong Programme continued to extend into municipal spaces where it is needed most. During the 2014/2015 financial year new Thusong Centres were established in Kannaland and Theewaterskloof municipalities. To ensure the functionality of Thusong Centres, 27 Thusong personnel were trained on Gender Equality, Human Rights, African languages and the role of South African Public Protector. In order to ensure the sustainability of Thusong

Centres, centre specific sustainability plans were developed for 12 centres namely: Oudtshoorn, Plettenberg Bay, Hawston, Swellendam, Murraysburg, Ilinge Lethu, Witzernberg, Bredasdorp, George, Prince Albert, Mossel Bay and Unobuntu Thusong Service Centre. The Department continued to hold Thusong Outreach project through 25 Thusong mobiles held in various areas.

### **1.8. PUBLIC PARTICIPATION**

A key requirement for achieving good governance is through effective public participation. Not only does public participation allow constituents to monitor the governance record of their elected officials, it also encourages the public to take an active interest in the performance of their municipality and region. It is only through broad based public participation that citizens can assess if their interests are taken to heart, especially the needs of the most vulnerable members of society. Public participation platforms allow all citizens to form part of decision making platforms that determine development priorities. Ward-based planning and consultative forums are central structures through which public participation and, ultimately, good governance can be achieved.

#### **Ward Committees**

Ward committees are established in terms the Systems Act and Structures Act. The ward committee system was designed to ensure that citizens' inputs are taken into account during planning and decision-making processes at Local Government level. The DLG facilitated this process by supporting municipalities to establish functional ward committee structures throughout the province. This was done through the development of a Provincial Framework for the Implementation of Effective Ward Systems.

With the exception of one ward in Witzenberg Municipality all (386) ward committees established within the province were deemed to be functional during the year under review. The following table outlines the number of wards and functional ward committees in each municipality.

**Table 6: Ward Committee Functionality**

MUNICIPALITY	NO OF WARDS ESTABLISHED	WARD COMMITTEE FUNCTIONALITY		
		2012/13	2013/14	2014/15
City of Cape Town	111	All Ward Committees were functional and have regular scheduled meetings as required in the Rules for the Operation of Ward Committees.	All Ward Committees were functional and have regular scheduled meetings as required in the Rules for the Operation of Ward Committees.	All Ward Committees were functional and have regular scheduled meetings as required in the Rules for the Operation of Ward Committees.
Matzikama	8	All 8 ward committees were functional	All 8 ward committees were functional	All 8 ward committees were functional
Cederberg	6	All 6 ward committees were functional	All 6 ward committees were functional.	All 6 ward committees were functional.
Bergrivier	7	6 ward committees were functional.	All 7 ward committees were functional.	All 7 ward committees were functional.
Saldanha Bay	13	All 13 ward committees were functional.	All 13 ward committees were functional.	All 13 ward committees were functional.
Swartland	12	All 12 ward committees were functional.	All 12 ward committees were functional.	All 12 ward committees were functional.
Witzenberg	12	All 12 ward committees were functional.	All 12 ward committees were functional.	11 ward committees were functional.
Drakenstein	31	All 31 ward committees were	All 31 ward committees	All 31 ward committees were

MUNICIPALITY	NO OF WARDS ESTABLISHED	WARD COMMITTEE FUNCTIONALITY		
		2012/13	2013/14	2014/15
		functional.	were functional.	functional.
Stellenbosch	22	20 ward committees were functional. Two of the ward committees were not established.	21 ward committees were functional. One ward committee was not established.	All 22 ward committees were functional.
Breede Valley	21	13 ward committees were functional while 8 were not functional.	17 ward committees were functional while 4 were not functional.	All 21 ward committees were functional.
Langeberg	12	All 12 ward committees were functional.	All 12 ward committees were functional.	All 12 ward committees were functional.
Theewaterskloof	13	All 13 ward committees were functional.	All 13 ward committees were functional.	All 13 ward committees were functional.
Overstrand	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional
Cape Agulhas	5	All 5 ward committees were functional.	All 5 ward committees were functional.	All 5 ward committees were functional.
Swellendam	5	All 5 ward committees were functional.	All 5 ward committees were functional but sector report back sessions were a challenge.	All 5 ward committees were functional.
Kannaland	4	All 4 ward committees were functional.	All 4 ward committees were functional.	All 4 ward committees were functional.
Hessequa	8	All 8 ward committees were functional.	All 8 ward committees were functional.	All 8 ward committees were functional.
Mossel Bay	14	All 14 ward committees were functional.	All 14 ward committees were functional	All 14 ward committees were functional

MUNICIPALITY	NO OF WARDS ESTABLISHED	WARD COMMITTEE FUNCTIONALITY		
		2012/13	2013/14	2014/15
George	25	All 25 ward committees were functional.	All 25 ward committees were functional.	All 25 ward committees were functional.
Oudtshoorn	13	All 13 ward committees were functional.	All 13 ward committees are functional.	All 13 ward committees are functional.
Bitou	7	6 ward committees were functional.	All 7 ward committees were functional	All 7 ward committees were functional
Knysna	10	All 10 ward committees were functional	All 10 ward committees were functional	All 10 ward committees were functional
Laingsburg	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Prince Albert	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Beaufort West	7	All 7 ward committees were functional.	All 7 ward committees were functional.	All 7 ward committees were functional.

Source: Municipal Annual Reports 2014/15

### 1.9. PUBLIC SATISFACTION SURVEY ON MUNICIPAL SERVICES

This section deals with the level of public satisfaction as determined through satisfaction surveys on the services rendered by the municipalities e.g. refuse removal, road maintenance, electricity, and water. During the year under review, customer satisfaction surveys were conducted in 14 municipalities.

**Table 7: Public Satisfaction Survey**

MUNICIPALITY	CUSTOMER SATISFACTION SURVEYS UNDERTAKEN DURING 2011/2012	WHEN WAS THE SURVEY CONDUCTED
City of Cape Town	Yes	End 14
Matzikama	No	-

MUNICIPALITY	CUSTOMER SATISFACTION SURVEYS UNDERTAKEN DURING 2011/2012	WHEN WAS THE SURVEY CONDUCTED
Cederberg	No	-
Bergrivier	Yes	May 15
Saldanha Bay	No	-
Swartland	Yes	Nov-14
Witzenberg	No	-
Drakenstein	Yes	Jun-15
Stellenbosch	Yes	Dec-14
Breede Valley	Yes	Jun-15
Langeberg	Yes (sms system)	Jun-15
Theewaterskloof	Yes	Jun-15
Overstrand	No	-
Cape Agulhas	Yes	Jun-15
Swellendam	No	-
Kannaland	No	-
Hessequa	Yes	Nov-14
Mossel Bay	No	-
George	Yes	NI
Oudtshoorn	No	-
Bitou	Yes	May-15
Knysna	Yes (Customer service System)	ongoing
Laingsburg	No	-
Prince Albert	Yes	NI
Beaufort West	No	-

Source: Municipal Annual Report 2014/15

#### 1.10. COMMUNITY DEVELOPMENT WORKER PROGRAMME

Community Development Workers (CDWs) play an important role in establishing and maintaining linkages between communities and government services. CDW's have grassroots knowledge about local conditions and serve as a valuable resource through which make service delivery effectiveness could be enhanced. Communities, especially in impoverished areas, are often unaware of their rights to access a range of services (including free service) and the required application process. CDWs

play a crucial role in this regard by mobilising local communities and providing communities with the necessary information.

At the end of the 2014/15 financial year, there were 164 CDWs deployed in 7 regions across the Province. CDWs facilitated 619 information sessions in various communities. These sessions covered a range of topics including, amongst other:

- Social relief for distress and social grants;
- Career guidance;
- Services rendered by the South Africa Social Services Agency (SASSA); and the Department of Home Affairs;
- Child labour awareness;
- Housing consumer education;
- Domestic Violence;
- Know Your CDW;
- Government opportunities;
- Hygiene and Sanitation;
- Conflict Resolution;
- Problem solving;
- Know Your service Rights;
- SARS e-Filing;
- Role of the Consumer Protector; and
- Registration of a Co-operative.

CDWs created partnerships with the following stakeholders with the intent of increasing public awareness and the accessibility of government services:

- South African Council on Alcoholism in Khayelitsha;
- Go Reach in Langebaan;
- Matzikama Alcohol Drug Action (MADA) in Vredendal;
- Department of Justice and Correctional Services in Beaufort West and Worcester;

- Hugenote College in Worcester;
- Skills Development Plan in Cape Town;
- Bonteheuwel Friends of the Library;
- Bonteheuwel Disabled Group;
- Vision Music and Art Projects in Atlantis;
- Department of Agriculture in Khayelitsha;
- Triage trust;
- FASfacts in Worcester;
- Department of Home Affairs;
- West coast HIV/Aids Initiatives;
- Bethesda;
- Andidedwa;
- Eagles' nest Learning; and
- The Development Institute in Grabouw.

#### **1.11. COMMUNITY WORK PROGRAMME**

The Community Work Programme (CWP) is an initiative designed to provide an employment safety net. The programme is targeted at unemployed and/or underemployed people of working age, including those whose livelihood activities are insufficient to lift them out of poverty. It is implemented at the local level at a 'site' (which generally comprises a 'community') and is designed to employ a minimum of 1,000 people per site for two days a week, or eight days a month and a maximum of 100 days a year.

The CWP is currently being implemented in 13 municipalities; namely Beaufort West: 7 wards, Breede Valley: 18 wards, City of Cape Town: 42 wards, Drakenstein: 23 wards, Kannaland: 4 wards, Laingsburg: 4 wards, Langeberg: 6 wards, Oudtshoorn: 13 wards, Prince Albert: 4 wards, Swellendam: 5 wards, Theewaterskloof: 13 wards and Witzenberg: 11 wards. By the end of 2014/15 6 890 work opportunities were created through the CWP across the Province.

The DLG has established reference groups in all new sites and in order to ensure functionality, the Department has ensured that all relevant Sector Departments are represented on the Reference Groups. Partnerships were also established with municipalities, service providers and sector departments.

## **CHAPTER 2: CORPORATE GOVERNANCE**

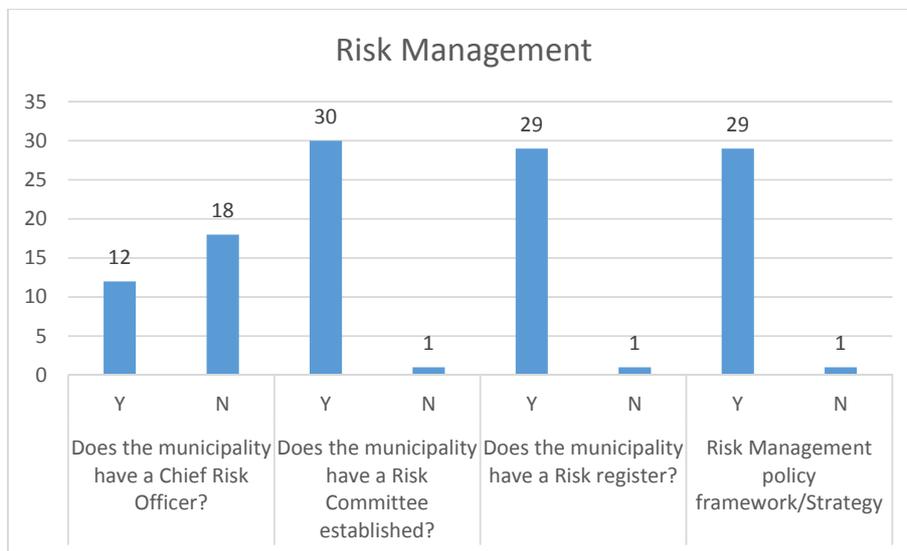
### **2.1. RISK MANAGEMENT**

In terms of Section 62 (1)(c)(i) of the MFMA “the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control”. Western Cape municipalities have committed themselves to the optimal management of risk in during the attainment of their vision and objectives and the execution of their core business. Risk management is a systematic and formalised process through which risks are identified, assessed, managed and monitored before such risks can impact negatively on the service delivery capacity of the municipality.

In ensuring that this function is embedded within the municipality, Western Cape municipalities have appointed twelve Chief Risk Officers (CROs) who are responsible for enabling the efficient and effective governance of significant risks, and related opportunities to a municipality. CROs are tasked with the responsibility of establishing a risk management committee. During the year under review, all municipalities have reported to have risk management committees established and effectively functioning. Due to capacity constraints in municipalities, some municipalities are using the internal audit unit to fulfill the responsibilities of risk management. West Coast, Overberg and Central Karoo Districts have implemented risks management as a shared service and have appointed a service provider that reports to the risk management committee on a quarterly basis. With the exception of Oudtshoorn, all municipalities have developed risk management policy frameworks/strategies which have been adopted by the Municipal Council. Again with the exception of Oudtshoorn, all municipalities have developed risk registers that are monitored and reported against on a quarterly basis.

Graph 3 below illustrates the number of municipalities fulfilling the risk management functions.

**Graph 3: Risk Management**



Source: Municipal Annual Report 2014/15

**2.2. MUNICIPAL WEBSITES**

Section 21(b) of the Systems Act requires municipalities to establish its own official website. The municipal website is an integral part of the municipality's communication infrastructure and strategy by making current information available, it serves as a tool for community participation, improved stakeholder involvement and stakeholder monitoring and evaluation of municipal performance.

Municipalities are required to place all information that must be published in terms of the Systems Act and MFMA on this Website. The Municipal Manager is tasked with the responsibility of maintaining and regularly updating the municipality's website. All municipalities in the Province have functional websites. Section 75 of the MFMA specifies which documents must be published on municipal website, these are tabulated below.

Table 8: Documents published on Municipal Website

MUNICIPALITY	IS THE ANNUAL BUDGET PUBLISHED ON THE WEBSITE?		ARE THE UPDATED BUDGET-RELATED POLICIES PUBLISHED ON WEBSITE?		IS THE ANNUAL REPORT PUBLISHED ON WEBSITE?		ARE THE UPDATED PERFORMANCE AGREEMENTS PUBLISHED ON WEBSITE?		IS THE REVISED SDBIP PUBLISHED ON WEBSITE?		IS THE REVISED IDP PUBLISHED ON WEBSITE?		IS THE LIST OF DISPOSED ASSETS PUBLISHED ON WEBSITE?		ARE THE LONG-TERM BORROWING CONTRACTS PUBLISHED ON WEBSITE?		ARE THE SCM CONTRACTS PUBLISHED ON WEBSITE?		CONTRACTS TO WHICH SECTION 33 APPLY, SUBJECT TO SUBSECTION (3) OF THAT SECTION;		ARE THE PPP AGREEMENTS PUBLISHED ON WEBSITE?		ARE THE S52(D) REPORTS FOR 4TH QUARTER PUBLISHED ON WEBSITE?		
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	
City of Cape Town	✓		✓		✓		✓							X											
West Coast	✓		✓		✓		✓						✓										✓		
Matzikama	✓		✓		✓			X				✓		X									✓		
Cederberg	✓		✓		✓		✓				✓		✓										✓		
Bergrivier	✓		✓		✓		✓				✓		✓										✓		
Saldanha Bay																									
	✓		✓		✓		✓				✓		✓										✓		
Swartland	✓		✓		✓		✓				✓		✓											✓	
Cape Winelands District																									
Witzenberg	✓		✓		✓		✓				✓		✓										✓		
Drakenstein	✓		✓		✓		✓				✓		✓										✓		
Stellenbosch	✓		✓		✓		✓				✓		✓												X

MUNICIPALITY	IS THE ANNUAL BUDGET PUBLISHED ON THE WEBSITE?	ARE THE UPDATED BUDGET-RELATED POLICIES PUBLISHED ON WEBSITE?	IS THE ANNUAL REPORT PUBLISHED ON WEBSITE?	ARE THE UPDATED PERFORMANCE AGREEMENTS PUBLISHED ON WEBSITE?	IS THE REVISED SDBIP PUBLISHED ON WEBSITE?	IS THE REVISED IDP PUBLISHED ON WEBSITE?	IS THE LIST OF DISPOSED ASSETS PUBLISHED ON WEBSITE?	ARE THE LONG-TERM BORROWING CONTRACTS PUBLISHED ON WEBSITE?	ARE THE SCM CONTRACTS PUBLISHED ON WEBSITE?	CONTRACTS TO WHICH SECTION 33 APPLY, SUBJECT TO SUBSECTION (3) OF THAT SECTION;	ARE THE PPP AGREEMENTS PUBLISHED ON WEBSITE?	ARE THE S52(D) REPORTS FOR 4TH QUARTER PUBLISHED ON WEBSITE?
Breede Valley	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓
Langeberg	✓	✓	✓	✓	✓	✓	X	✓	✓	N/A	N/A	✓
Overberg District	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Theewaterskloof	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Overstrand	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	N/A	N/A
Cape Agulhas	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Swellendam	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓
Eden District	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	N/A	✓
Kannaland	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	X	✓
Hessequa	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	X	✓
Mossel Bay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓
George	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓
Oudtshoorn	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	X	X
Bitou	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	X	✓
Knysna	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	N/A	✓

MUNICIPALITY	IS THE ANNUAL BUDGET PUBLISHED ON THE WEBSITE?	ARE THE UPDATED BUDGET-RELATED POLICIES PUBLISHED ON WEBSITE?	IS THE ANNUAL REPORT PUBLISHED ON WEBSITE?	ARE THE UPDATED PERFORMANCE AGREEMENTS PUBLISHED ON WEBSITE?	IS THE REVISED SDBIP PUBLISHED ON WEBSITE?	IS THE REVISED IDP PUBLISHED ON WEBSITE?	IS THE LIST OF DISPOSED ASSETS PUBLISHED ON WEBSITE?	ARE THE LONG-TERM BORROWING CONTRACTS PUBLISHED ON WEBSITE?	ARE THE SCM CONTRACTS PUBLISHED ON WEBSITE?	CONTRACTS TO WHICH SECTION 33 APPLY, SUBJECT TO SUBSECTION (3) OF THAT SECTION;	ARE THE PPP AGREEMENTS PUBLISHED ON WEBSITE?	ARE THE S52(D) REPORTS FOR 4TH QUARTER PUBLISHED ON WEBSITE?
Central Karoo District	√	√	√	√	√	√	X	X	√	X	X	X
Lingsburg	√	X	X	X	X	√	X		X	X	X	X
Prince Albert	√	X	X	X	√	√	X	X	X	X	X	X
Beaufort West	√	√	√	√	√	√	√	√	√	√	N/A	√

Source: Municipal Websites

### **2.3. FUNCTIONING OF INTERNAL AUDIT UNITS AND AUDIT COMMITTEES**

Section 165 of the MFMA requires municipalities to establish an internal audit section. Depending on the municipality's resources and specific requirements the internal audit function can be outsourced. Internal Audit Units in municipalities play an important role in strengthening the financial management control environment. To be effective in their work and add value, Internal Audit Units in municipalities must be adequately staffed with appropriately qualified officials and must have a well-informed risk-based annual audit plan approved by the audit committee and supported by the Municipal Manager and the Municipal Council. In addition, they should be guided by an internal audit charter that is supported by the Audit Committee, Council and Municipal Manager.

#### **INTERNAL AUDIT UNITS**

As at June 2015, all 30 municipalities were reported to have Internal Audit Units in place of which two municipalities (Central Karoo and Prince Albert) had outsourced this function. The remaining 28 municipalities have established Internal Audit Units and appointed dedicated personnel to fulfil the function. It was also reported that all 30 municipalities have prepared their 2014/15 internal audit programme, risk-based plans and are operating in accordance with the internal audit charter.

#### **Audit Committees**

The MFMA and Municipal Planning and Performance Management Regulations require municipalities to establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. It also requires the Municipal Council to appoint a chairperson who is not a municipal employee. During the period under review, all municipalities in the Western Cape had functional audit

committees in place with at least 3 members serving on the committee. It was also reported that all municipalities had at least four meetings during the 2014/15 financial year.

## CHAPTER 3: PLANNING AND DEVELOPMENT

### 3.1. INTEGRATED DEVELOPMENT PLANNING

The assessment of IDPs by Provincial Government is central to efforts to support Municipalities with the development of their IDP's. Each IDP was assessed in terms of the IDP Assessment Framework which analyses whether IDPs are realistic and implementable. The DLG has developed a comprehensive *Provincial IDP Assessment Annual Report 2014/15*, which provides the entire process of IDP assessment as well as key findings.

Through this report the DLG annually comments on municipal IDPs in order to indicate both areas of progress and areas requiring improvement. In former years, the DLG's approach was to issue the MEC comments after an assessment of the final adopted IDPs of municipalities in the Province. However, municipalities raised the concern that they were only able to attend to the recommended areas of improvement in the MEC comments in the following review of their IDP, which is not a desirable situation. To this end, municipalities requested the DLG to consider the assessment of draft IDPs in order to influence and provide guidance during the finalisation of their IDPs. In response to this, for the 2014/ 15 IDP assessments the DLG resolved to issue correspondence to municipalities that contained the findings and recommendations on the IDP review.

**Table 9: Dates of Adoption and Submission of IDP**

MUNICIPALITY	FINAL IDP ADOPTION DATE	COUNCIL RESOLUTION NO.	DATE SUBMITTED
City of Cape Town	28 May 2014	SPC 04/05/14	11 June 2014
West Coast DM	26 May 2014	14/05/26/6.1.1	27 May 2014
Matzikama	29 May 2014	7.2.8	02 June 2014
Cederberg	29 May 2014	RB476/29-05-2013	05 June 2014
Berg River	27 May 2014	RVN011/05/2014	05 June 2014
Saldanha Bay	29 May 2014	R5/5-14	12 June 2014
Swartland	29 May 2014	Item no. 3.1	04 June 2014

<b>MUNICIPALITY</b>	<b>FINAL IDP ADOPTION DATE</b>	<b>COUNCIL RESOLUTION NO.</b>	<b>DATE SUBMITTED</b>
Cape Winelands DM	22 May 2014	C.14.2	27 May 2014
Witzenberg	28 May 2014	Item: 8.1.3(g)	05 June 2014
Drakenstein	21 May 2014	7.3	02 June 2014
Stellenbosch	28 May 2014	Item 3	09 June 2014
Breede Valley	27 May 2014	File No./s:10/3/8	05 June 2014
Langeberg	27 May 2014	A 3001	05 June 2014
Overberg District	26 May 2014	A40.26.05.2014	27 May 2014
Theewaterskloof	27 May 2014	R47/2014	28 May 2014
Overstrand	28 May 2014	5.12	30 May 2014
Cape Agulhas	28 May 2014	109/2014	04 June 2014
Swellendam	26 May 2014	A2597	02 June 2014
Eden DM	26 May 2014	DC661/05/14	06 June 2014
Kannaland	28 May 2014	15.1.8	30 May 2014
Hessequa M	28 May 2014	CR2014/06/02	11 June 2014
Mossel Bay	29 May 2014	E60-05/2014	05 June 2014
George	NI	NI	NI
Oudtshoorn	28 May 2014	63.7/05/14	02 June 2014
Bitou	28 May 2014	C/2/174/05/14	20 June 2014
Knysna	29 May 2014	M04/05/14	05 June 2014
Central Karoo DM	22 May 2014	13.3	17 June 2014
Laingsburg	28 May 2014	G 8/1 - C/R5.5/28/05/2014	06 June 2014
Prince Albert	30 May 2014	CR28/2014	02 June 2014
Beaufort West	30 May 2014	10/3/3/5/11	19 June 2014

Source: Annual IDP Assessment Process 2014/15

All municipalities in the Province adopted their final IDPs before 31 May 2014.

### **3.2. IDP ANALYSIS KEY FINDINGS**

A number of encouraging emerging trends, in particular with regard to improved intergovernmental planning and budget alignment, were identified during the IDP assessment process. The trends are discussed in detail below.

#### **3.2.1. Compliance in terms of Section 26 of the Structures Act and its Regulations**

Most IDPs generally conform to the minimum requirements stipulated in Section 26 of the MSA and its regulations and therefore contained:

- a) Vision statements emphasising the critical development and internal transformational needs;
- b) An assessment of the existing level of development, including the identification of communities which do not have access to basic municipal services;
- c) Development priorities and objectives, including economic development aims and internal transformation needs;
- d) Development strategies aligned to national and provincial sectoral plans and planning requirements binding on municipalities in terms of legislation;
- e) Spatial Development Frameworks which include the provision of basic guidelines for a land use management system for a municipality;
- f) Operational strategies
- g) Applicable disaster management plans
- h) Financial plans which include a budget projection for at least the next three years; and
- i) Key performance indicators and performance targets determined in terms of Section 41 of the MSA.

### **3.2.2. Inclusion of District, Provincial and National Policy Imperatives in IDPs**

IDPs have demonstrated adequate alignment with the National Development Plan 2013, national outcomes, Provincial Strategic Objectives and the Millennium Development Goals and municipal performance is benchmarked in line with these strategic documents.

Another noteworthy trend is the inclusion of IDP indaba facilitated projects and agreements in municipal IDPs that provide the provincial spending and project implementation footprint in the municipal space. This initiative ensures that IDPs are becoming a reflection of government's investment as a whole in a particular municipality or geographical area.

### **3.2.3. Aligning Budgets with Priorities**

IDPs adequately reflect planning-led-budgeting in that the municipalities are aligning their budgets with the priorities articulated in IDPs. Further analysis revealed that municipal IDPs are increasingly becoming more responsive to the needs expressed by communities and that the strategic priorities identified in IDPs are aligned to community needs.

### **3.2.4. Linkages to the Performance Management Systems in municipalities**

Municipalities have responded to the Auditor General's (AG) stance on Pre-Determined Objectives (PDO's) by creating stronger linkages between their IDPs and their Performance Management Systems. An emphasis on the linkages between the Strategic Objectives as contained in IDPs, Key Performance Indicators, Service Delivery Budget Implementation Plans (SDBIPs), PMS and Quarterly and Annual Reporting is evident in IDPs in the Province.

## CHAPTER 4: COMPLIANCE MONITORING

Section 155(6) of the Constitution requires provincial government to provide for the monitoring and support of Local Government. In order for provincial departments such as the DLG to execute this monitoring and support mandate, they have to be able to access credible information related to various aspects of municipal performance. As a result, a number of provisions have been included in legislation related to Local Government that requires municipalities to submit performance information. Compliance to the submission of reports is therefore not just a tick box exercise, it is in fact the first link in a monitoring process that allows departments to design and implement support that meets the specific needs of municipalities.

### 4.1. BUDGET SUBMISSION

Section 24 of the MFMA stipulates that "the Municipal Council must at least 30 days before the start of the budget year consider approval of the annual budget". Section 24(3) specifically requires the accounting officer of a municipality to submit the approved annual budget to National Treasury and the relevant provincial treasury. The table below shows the three year trend in submitting the annual budget in compliance with section 24 of the MFMA.

**Table 10: Submission of Annual Budget**

Municipality	Submission Dates		
	2012/13	2013/14	2014/15
City of Cape Town	28-Mar-12	27-Mar-13	26-Feb-14
Matzikama	20-Mar-12	27-Mar-13	01-Apr-14
Cederberg	30-Mar-12	28-Mar-13	01-Apr-14
Bergrivier	30-Mar-12	27-Mar-13	26-Mar-14
Saldanha Bay	30-Mar-12	28-Mar-13	28-Mar-14
Swartland	30-Mar-12	28-Mar-13	28-Mar-14
West Coast DM	20-Mar-12	28-Feb-13	28-May-14
Witzenberg	03-Apr-12	02-Apr-13	28-Mar-14
Drakenstein	27-Mar-12	28-Mar-13	01-Apr-14

Municipality	Submission Dates		
	2012/13	2013/14	2014/15
Stellenbosch	30-Mar-12	28-Mar-13	09-Jun-14
Breede Valley	30-Mar-12	27-Mar-13	26-Mar-14
Langeberg	30-Mar-12	27-Mar-13	05-Jun-14
Cape Winelands DM	26-Mar-11	27-Mar-13	28-Mar-14
Theewaterskloof	30-Mar-12	28-Mar-13	28-Mar-14
Overstrand	28-Mar-12	28-Mar-13	24-Mar-14
Cape Agulhas	29-Mar-12	27-Mar-13	02-Apr-14
Swellendam	04-May-12	29-Mar-13	01-Apr-14
Overberg DM	27-Mar-12	27-Mar-13	01-Apr-14
Kannaland	30-Mar-12	28-Mar-13	01-Apr-14
Hessequa	30-Mar-12	28-Mar-13	01-Apr-14
Mossel Bay	29-Mar-12	28-Mar-13	28-Mar-14
George	29-Mar-12	28-Mar-13	01-Apr-14
Oudtshoorn	30-Mar-12	28-Mar-13	25-Apr-14
Bitou	30-Mar-12	27-Mar-13	31-Mar-14
Knysna	29-Mar-12	28-Mar-13	28-Mar-14
Eden DM	29-Mar-12	28-Mar-13	01-Apr-14
Laingsburg	29-Mar-12	28-Mar-13	28-Mar-14
Prince Albert	22-May-12	28-Mar-13	NI
Beaufort West	30-Mar-12	28-Mar-13	13-Jun-14
Central Karoo DM	17-Apr-12	02-Apr-13	31-Mar-14

Source: PT Submission Schedule

#### 4.2. SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS

The MFMA defines the SDBIP as a detailed plan, approved by the Mayor of a municipality, for implementing the municipality's delivery of municipal services and its Annual Budget. The SDIP must indicate the following:

- a) Projections for each month of:
  - i) Revenue to be collected by source; and
  - ii) Operational and capital expenditure, by vote;
- b) Service delivery targets and performance indicators for each quarter; and
- c) Any other matters that may be described. This includes any revision of such a plan by the mayor in terms of Section 54(1)

Section 53(1)(c)(11) mandates the Mayor of a municipality to approve the SDBIP within 28 days after the approval of the Annual Budget by the municipal Council on 31 May of each year. To ensure practicality of the provision in Section 53(1)(c)(11), Section 69(3)(a) requires that the Accounting Officer of a municipality submit a draft SDBIP to the Mayor within 14 days.

In accordance with section 21(a) of the Systems Act and Section 19 of the Municipal Budget and Reporting Regulations, the Accounting Officer must make public the approved SDBIP within 10 days after the Mayor of a municipality has approved it. Subsequent to the above, in accordance with Section 20(2) of the Regulations, the Accounting Officer must submit to the National Treasury and the relevant provisional treasury copies of the approved SDBIP in printed and electronic form within ten working days after the mayor has approved the plan.

All Western Cape municipalities have submitted their SDBIPs as required by Section 20(2) of the MFMA Regulations. It should be noted that although Oudtshoorn Municipality submitted its draft SDBIP it did not submit its final SDBIP. Following the receipt of submissions, PT and the Department of Local Government undertook assessments of the SDBIP submissions, with a specific focus on the following:

- Compliance with section 53(1)(c)(ii) of the MFMA;
- The credibility/realism of revenue and expenditure projections;
- Alignment between performance information in the IDP, budget and SDBIP; and
- Usefulness, reliability and meaningfulness of key performance indicators and targets.

The analysis<sup>2</sup> of the SDBIPs revealed that the majority (25) of municipalities submitted their SDBIPs to PT within the legislative required time. Five municipalities namely Cederberg, Cape Aghulas, George and Prince Albert, did not comply with the submission date. Fourteen municipalities did not base their revenue projections on the actual cash collected and rather based it on billed revenue. These municipalities consequently run the risk of actual income exceeding expenditure. Given concerns about the continued sustainability of municipalities it should be noted that the overwhelming majority of municipalities have identified urgent remedial steps to insure that it improves on revenue collection capacity in the event of an overall cash flow shortage. A comparison of selected indicators contained in the SDBIP assessment outcomes is provided in Table 11 below.

**Table 11: SDBIP Assessment Outcomes**

	SDBIP submitted to Provincial Treasure within legislative required date.	Revenue projections based on actual cash to be collected and not billed revenue.	Municipality has an effective revenue collection systems consistent with section 95 of the Systems Act	Municipality has identified urgent remedial steps to ensure that the municipality improves on its revenue collection capacity in the event of an overall cash flow shortage.
City of Cape Town	YES	YES	YES	YES
West Coast District	YES	YES	YES	YES
Matzikama	YES	NO	YES	YES
Cederberg	NO	NO	NO	YES
Bergrivier	YES	NO	YES	YES
Saldanha Bay	YES	YES	YES	YES
Swartland	YES	YES	YES	YES

<sup>2</sup> The analysis excludes Oudtshoorn municipality.

	SDBIP submitted to Provincial Treasury within legislative required date.	Revenue projections based on actual cash to be collected and not billed revenue.	Municipality has an effective revenue collection systems consistent with section 95 of the Systems Act	Municipality has identified urgent remedial steps to ensure that the municipality improves on its revenue collection capacity in the event of an overall cash flow shortage.
Cape Winelands District	YES	YES	YES	YES
Witzenberg	YES	NO	NO	NO
Drakenstein	YES	YES	YES	YES
Stellenbosch	YES	YES	YES	YES
Breede Valley	YES	YES	YES	NO
Langeberg	YES	YES	YES	NO
Overberg District	YES	YES	YES	YES
Theewaterskloof	YES	YES	YES	YES
Overstrand	YES	NO	YES	YES
Cape Agulhas	NO	NO	YES	YES
Swellendam	YES	NO	YES	YES
Eden District	YES	YES	YES	YES
Kannaland	YES	YES	NO	YES
Hessequa	YES	YES	YES	YES
Mossel Bay	YES	NO	YES	YES
George	NO	NO	YES	YES
Bitou	YES	NO	YES	YES
Knysna	YES	NO	YES	YES
Central Karoo District	YES	NA	NA	YES
Laingsburg	YES	NO	NO	YES
Prince Albert	NO	NO	YES	YES
Beaufort West	YES	NO	YES	YES

Source: PT. SDBIP Assessments.

### 4.3. SUBMISSION OF MID-YEAR ASSESSMENT REPORT

Section 72 (a) of the MFMA requires municipal Accounting Officers to assess the performance of the municipality during the first half of the financial year, taking into account-

- (i) the monthly statements referred to in section 71 for the first half of the financial year
- (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the SDBIP;
- (iii) the past year's annual report and progress on resolving problems identified in the annual report: and
- (iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities;

All Western Cape municipalities have complied in submitting their Mid-Year assessment reports for the 2014/15 financial year to the PT. Submission dates of these reports are shown in Table 12 below.

**Table 12: Date of Submission of Mid-Year Assessment Reports**

MUNICIPALITY	Submission of Mid-Year Assessment Report
City of Cape Town	26-Jan-15
West Coast District	22-Jan-15
Matzikama	26-Jan-15
Cederberg	16-Jan-15
Bergrivier	26-Jan-15
Saldanha Bay	23-Jan-15
Swartland	22-Jan-15
Cape Winelands District	15-Jan-15
Witzenberg	27-Jan-15
Drakenstein	23-Jan-15
Stellenbosch	27-Jan-15

MUNICIPALITY	Submission of Mid-Year Assessment Report
Breede Valley	16-Jan-15
Langeberg	22-Jan-15
Overberg District	26-Jan-15
Theewaterskloof	26-Jan-15
Overstrand	23-Jan-15
Cape Agulhas	26-Jan-15
Swellendam	27-Jan-15
Eden District	22-Jan-15
Kannaland	27-Jan-15
Hessequa	26-Jan-15
Mossel Bay	26-Jan-15
George	22-Jan-15
Oudtshoorn	05-Feb-15
Bitou	26-Jan-15
Knysna	26-Jan-15
Central Karoo District	26-Jan-15
Laingsburg	26-Jan-15
Prince Albert	26-Jan-15
Beaufort West	26-Jan-15

Source: PT Submission Schedule

#### 4.4. SUBMISSION OF ANNUAL FINANCIAL STATEMENTS

AFS in relation to a municipality or municipal entity are defined in the MFMA as statements consisting of at least:

- A statement of financial position;
- A statement of financial performance;
- A Cash-flow statement;
- Any other statements that may be prescribed; and
- Any notes to the statements.

Section 122(1) of the MFMA requires that every municipality and every municipal entity must for each year, prepare AFSs which:

- a) Fairly present the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results and its financial position as at the end of the financial year;
- b) Disclose the information required in terms of Section 123, 124 and 125.

Section 126(1)(a) of the MFMA, requires the Accounting Officer to comply with Section 122(1) within two months after the end of the financial year and to submit such statements to the AG for auditing. All 30 municipalities in the Province have complied with Section 122(1) and Section 126(1). Western Cape municipalities are commended for complying with the provisions regarding the preparation of the AFS and submission thereof to the AG. Table 13 below reflects the legislative compliance of municipalities in submitting their AFS to AG. The deadline for submission of the AFSs was 31 August 2015.

**Table 13. Submission of AFS to AG**

MUNICIPALITY	SUBMISSION DATES
City of Cape Town	28-Aug-15
West Coast District	31-Aug-15
Matzikama	26-Aug-15
Cederberg	31-Aug-15
Bergrivier	31-Aug-15
Saldanha Bay	31-Aug-15
Swartland	31-Aug-15
Cape Winelands District	31-Aug-15
Witzenberg	31-Aug-15
Drakenstein	31-Aug-15
Stellenbosch	31-Aug-15
Breede Valley	31-Aug-15
Langeberg	31-Aug-15
Overberg District	31-Aug-15
Theewaterskloof	31-Aug-15
Overstrand	31-Aug-15
Cape Agulhas	31-Aug-15

MUNICIPALITY	SUBMISSION DATES
Swellendam	31-Aug-15
Eden District	31-Aug-15
Kannaland	31-Aug-15
Hessequa	31-Aug-15
Mossel Bay	31-Aug-15
George	31-Aug-15
Oudtshoorn	29-Sep-15
Bitou	31-Aug-15
Knysna	31-Aug-15
Central Karoo District	31-Aug-15
Laingsburg	31-Aug-15
Prince Albert	31-Aug-15
Beaufort West	31-Aug-15

Source: PT Submission Schedule

#### 4.5. TABLING OF ANNUAL REPORTS

Section 121 of the MFMA requires municipalities or municipal entities for each financial year to prepare an Annual Report. The purpose of the report is to:

- Provide a record of activities of a municipality or municipal entity during the financial period to which the report relates;
- Provide a report on performance against budget of a municipality or Municipal entity for that financial year; and
- Promote accountability to the local community for the decisions made Throughout the year by the municipality or municipal entity.

In terms of Section 127(2) of the MFMA, the Mayor of the municipality must, within seven months after the end of the financial year, table in the Municipal Council the Annual Report of the municipality and of any municipal entity under the municipality's sole or shared control. It also requires of Municipalities to submit a copy of its budget to the relevant PT. Table 4 below

reflects the legislative compliance of municipalities in tabling their Annual Reports in Council.

**Table 14. Tabling of Annual Report in Council**

MUNICIPALITY	SUBMISSION DATES
City of Cape Town	29-01-2016
West Coast District	27-01-2016
Matzikama	10-12-2015
Cederberg	NI
Bergrivier	NI
Saldanha Bay	NI
Swartland	NI
Cape Winelands District	28-01-2016
Witzenberg	25-01-2016
Drakenstein	11-12-2015
Stellenbosch	NI
Breede Valley	16-11-2015
Langeberg	NI
Overberg District	25-01-2016
Theewaterskloof	25-01-2016
Overstrand	NI
Cape Agulhas	NI
Swellendam	28-01-2016
Eden District	NI
Kannaland	18-12-2015
Hessequa	29-01-2015
Mossel Bay	25-01-2016
George	NI
Oudtshoorn	NI
Bitou	NI
Knysna	28-01-2016

MUNICIPALITY	SUBMISSION DATES
Central Karoo District	NI
Laingsburg	NI
Prince Albert	NI
Beaufort West	NI

Source: PT Submission Schedule

#### 4.6. OVERSIGHT REPORTS

An Oversight Report on the Annual Report is adopted in terms of Section 129(1) of the MFMA. The latter section requires that the Council of a municipality or municipal entity considers the Annual Report by no later than two months from the date on which the Annual Report was tabled to council in terms of Section 127(2).

The Council must adopt an Oversight Report containing the council's comments on the Annual Report, which must include a statement whether the Council has:

- a) Approved the Annual Report with or without reservations;
- b) Rejected the Annual Report; or
- c) Referred the Annual Report back for revision of those components that can be revised.

Section 129(2)(a) further requires that copies of the minutes of the meeting where the Oversight Report is adopted must be submitted by the Accounting Officer to the AG, relevant Provincial Treasury and the DLG. Table 14 and Graph 4 illustrate municipal compliance with Section 129(1).

**Table 15: Resolutions on Annual Report Tables in Council**

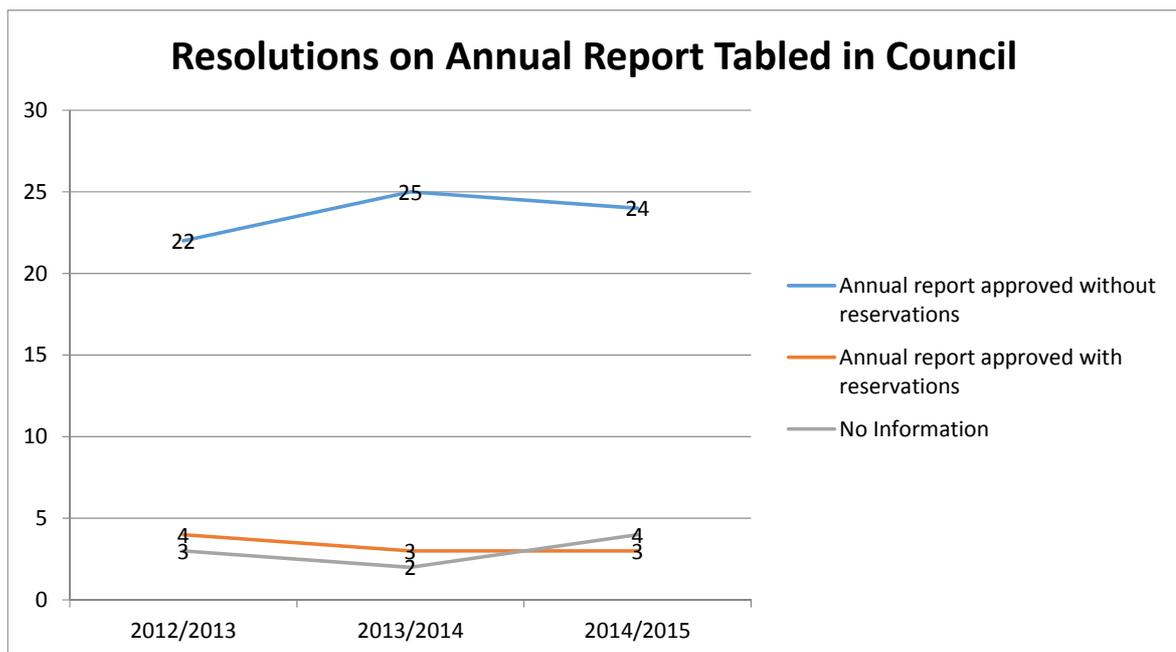
MUNICIPALITY	FINANCIAL YEAR	ACTUAL ADOPTION DATE	ANNUAL REPORT APPROVED WITHOUT RESERVATIONS	ANNUAL REPORT APPROVED WITH RESERVATIONS	ANNUAL REPORT REJECTED	ANNUAL REPORT REFERRED BACK FOR REVISION
City of Cape Town	2012/2013	26-Mar-14				
	2013/2014	25-Mar-15				
	2014/2015	08-Mar-16				
West Coast District	2012/2013	26-Feb-14				
	2013/2014	12-Jan-15				
	2014/2015	27-Jan-16				
Matzikama	2012/2013	31-Mar-14				
	2013/2014	03-Feb-15				
	2014/2015	02-Feb-16				
Cederberg	2012/2013	31-Mar-14				
	2013/2014	27-Mar-15				
	2014/2015	31-Mar-16				
Bergrivier	2012/2013	25-Mar-14				
	2013/2014	26-Mar-15				
	2014/2015	29-Mar-16				
Saldanha Bay	2012/2013	10-Mar-14				
	2013/2014	11-Mar-15				
	2014/2015	09-Mar-16				
Swartland	2012/2013	25-Mar-15				
	2013/2014	26-Mar-15				
	2014/2015	31-Mar-16				
Cape Winelands District	2012/2013	27-Feb-14				
	2013/2014	26-Feb-15				
	2014/2015	12-Feb-16				
Witzenberg	2012/2013	26-Mar-14				
	2013/2014	25-Jan-15				
	2014/2015	01-Feb-16				
Drakenstein	2012/2013	31-Mar-14				
	2013/2014	13-Mar-15				
	2014/2015	01-Feb-16				
Stellenbosch	2012/2013	26-Mar-14				
	2013/2014	25-Mar-15				
	2014/2015	05-Feb-16				
Breede Valley	2012/2013	25-Feb-14				
	2013/2014	09-Feb-15				
	2014/2015	13-Jan-16				
Langeberg	2012/2013	25-Feb-14				
	2013/2014	24-Feb-15				
	2014/2015	26-Jan-16				

MUNICIPALITY	FINANCIAL YEAR	ACTUAL ADOPTION DATE	ANNUAL REPORT APPROVED WITHOUT RESERVATIONS	ANNUAL REPORT APPROVED WITH RESERVATIONS	ANNUAL REPORT REJECTED	ANNUAL REPORT REFERRED BACK FOR REVISION
Overberg District	2012/2013	31-Mar-14				
	2013/2014	23-Mar-15				
	2014/2015	04-Mar-16				
Theewaterskloof	2012/2013	20-Mar-14				
	2013/2014	19-Mar-15				
	2014/2015	24-Mar-16				
Overstrand	2012/2013	20-Mar-14				
	2013/2014	11-Mar-15				
	2014/2015	30-Mar-16				
Cape Agulhas	2012/2013	10-Mar-14				
	2013/2014	02-Feb-15				
	2014/2015	02-Feb-16				
Swellendam	2012/2013	31-Mar-14				
	2013/2014	10-Mar-15				
	2014/2015	023-Mar-16				
Eden District	2012/2013	26-Mar-14				
	2013/2014	04-Mar-15				
	2014/2015	17-Mar-16				
Kannaland	2012/2013	31-Mar-14	NI			
	2013/2014	31-Mar-2015	NI			
	2014/2015	30-Mar-16				
Hessequa	2012/2013	26-Feb-14				
	2013/2014	23-Mar-15				
	2014/2015	08-Mar-16				
Mossel Bay	2012/2013	19-Mar-14				
	2013/2014	23-Mar-15				
	2014/2015	10-Mar-16				
George	2012/2013	26-Mar-14				
	2013/2014	16-Mar-15				
	2014/2015	10-Mar-16				
Oudtshoorn	2012/2013	NI				
	2013/2014	NI				
	2014/2015	NI				
Bitou	2012/2013	27-Mar-14				
	2013/2014	24-Mar-15				
	2014/2015	NI				
Knysna	2012/2013	03-Mar-14				
	2013/2014	26-Mar-15				
	2014/2015	30-Mar-16				
Central Karoo District	2012/2013	27-Mar-14				
	2013/2014	27-Mar-15				

MUNICIPALITY	FINANCIAL YEAR	ACTUAL ADOPTION DATE	ANNUAL REPORT APPROVED WITHOUT RESERVATIONS	ANNUAL REPORT APPROVED WITH RESERVATIONS	ANNUAL REPORT REJECTED	ANNUAL REPORT REFERRED BACK FOR REVISION
	2014/2015	NI				
Laingsburg	2012/2013	27-Mar-14				
	2013/2014	31-Mar-15				
	2014/2015	30-Mar-16				
Prince Albert	2012/2013	NI				
	2013/2014	23-Mar-15				
	2014/2015	18-Mar-16				
Beaufort West	2012/2013	31-Mar-14				
	2013/2014	31-Mar-15				
	2014/2015	22-Mar-16				

Source: Municipal Oversight Report 2014/15

**Graph 4: Resolutions on Annual Report Tabled in Council**



Source: Municipal Oversight Reports 2014/15

Municipal Councils in 24 municipalities approved the municipality's Annual Report without reservations. In three municipalities, namely Saldanha Bay, Knysna and Eden District, Annual Reports were approved by the Municipal Council with reservations. Witzenberg, Oudtshoorn, Bitou and Central Karoo

District Municipality did not provide information on the adoption of their 2014/15 Oversight Report.

## **CHAPTER 5: SERVICE DELIVERY PERFORMANCE**

The Constitution stipulates that municipalities have the responsibility to ensure that all citizens are provided with basic services such as water, electricity, sanitation and solid waste removal. Municipalities, as a sphere of government, are closest to communities and are primarily tasked with developing and implementing sustainable ways to meet the service delivery needs of communities. Service delivery has assumed centre stage across the country, due to highly publicised protests within various communities. This has put greater pressure on municipalities to deliver on their mandates and to ensure effective service delivery.

Historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a balance between delivering and improving current services, maintaining existing infrastructure and extending infrastructure to eradicate service delivery backlogs. The DLG provides support to municipalities to ensure that they are able to deliver services to improve the lives of citizens. This service delivery chapter attempts to give an indication of the service delivery performance of municipalities in the Western Cape during the 2014/2015 financial year. The primary source of information used was the 2014/2015 municipal Annual Reports, IDPs and Quarterly Reports submitted by municipalities.

### **5.1 PROVISION OF BASIC SERVICES**

While much has been achieved in the rollout of municipal infrastructure over the last decade, significant work remains to be done. This is both in regard to eradicating service delivery backlogs and ensuring that services are properly managed and maintained over the long-term. The eradication of service

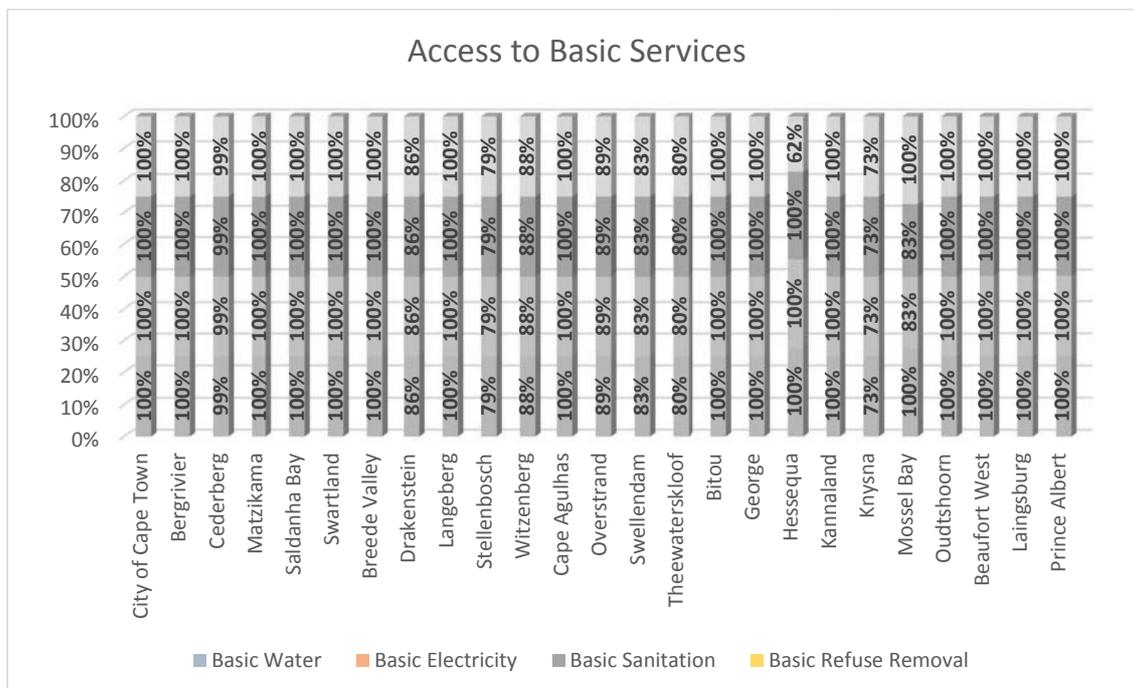
delivery backlogs is a continuous struggle for municipalities. This is exacerbated by the migration patterns and the influx of people into major towns seeking a better life. This has direct impact on the delivery of services and the escalating costs of service provision, infrastructure development and maintenance.

Based on the information provided by municipalities in their questionnaires as at June 2015, the average access to basic services in the Province is as follows:

- 95% of households have access to basic water;
- 94% of households have access to basic electricity;
- 94% of households have access to basic sanitation; and
- 94% of households are have access to refuse removal.

The percentage of household access to basic services is provided per municipality in the graph below:

**Graph 5: Provision of Basic Services**



Source: Municipal Questionnaire, June 2015

## 5.2 PROVISION OF FREE BASIC SERVICES

In an attempt by National Government to address the plight of the poor and ensure that all citizens have access to basic services, the Free Basic Services (FBS) Programme was created. The National Indigent Policy was adopted in 2000, after government announced its intention to provide free access to basic services to the indigent households in the fight against poverty. The term 'indigent' means 'lacking the necessities of life'. In interpreting this for the purpose of policy development a position has to be taken on the 'necessities of life' in a South African context. The Constitution provides guidance in this regard, leading to the view that basic services are services considered necessary for an individual to survive. To translate the constitutional provision into a reality, Municipalities are required to adopt indigent policies and draw up registers of indigent households within their jurisdiction. For those citizens who are unable to afford basic services, government has put in place a social package which provides indigent households with free basic services, which includes 6KL of water, 50 kWh of electricity, free sanitation and a weekly refuse removal.

Western Cape municipalities continued to provide nationally mandated free basic services to registered indigent households within their areas during the 2014/15 financial year. Out of 1 570 397 households in the Province, 653 015 households are registered as indigent, which translates to 42% of the total households.

During the year under review, there were 650 526 households with access to free basic water, 650 735 households with access to free basic electricity, 650 140 households with access to free basic sanitation and 650 735 households with access to free basic refuse removal. Over and above the national standards stipulated in the national indigent policy, municipalities in their policies have put procedures in place that allow their residents to receive more than what is required in terms of the national policy. Generally,

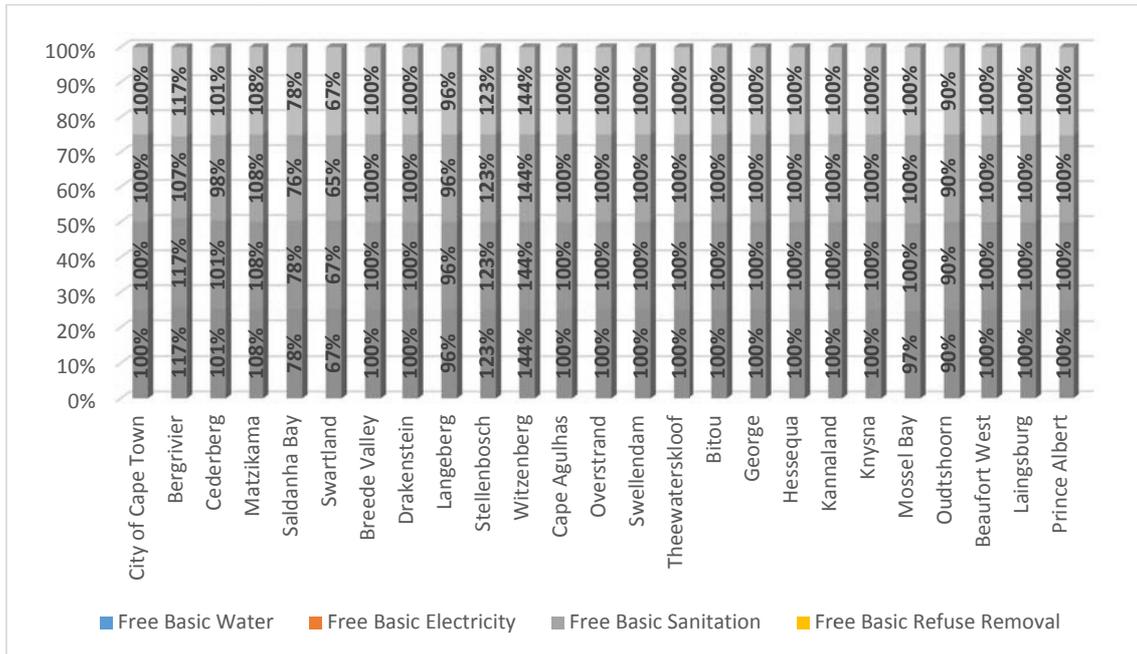
municipalities provided between 6kl up to 10kl of free basic water, 50kWh to 100kWh of free basic electricity, free basic sanitation and weekly refuse removal.

The City of Cape Town provides the following social package to assist poor households with the following:

- 6 kl of water per month per household free of charge (as per provision to all Cape Town households);
- 4,2 kl sanitation per month per household free of charge (as per provision to all Cape Town households);
- An additional 4,5 kl of water consumption and 3,15 kl of sewerage disposal at no charge to qualifying indigent households;
- 60 kWh electricity per month per household free of charge for users who use less than 250 kWh per month;
- 25 kWh electricity per month per household free of charge for users who use more than 250 kWh, but less than 450 kWh per month;
- Waste removal rebates between 0% and 100% for consumers whose properties are valued at R400 000 or less; and
- A total of R1, 25 billion in rates rebates on various properties, depending on ownership and usage.

The graph below illustrates provision of free basic services by individual municipalities.

**Graph 6: Provision of Free Basic Services**



Source: Municipal Questionnaire, June 2015

**5.3 MUNICIPAL INFRASTRUCTURE GRANT**

The increasing number of backyard dwellers is one of the challenges with which municipalities are faced. An analysis of AFSs indicates that most municipalities are reliant on capital grants to fund their capital expenditure and their revenue base is insufficient to generate enough funding for provision and maintenance of basic infrastructure. Aging service delivery infrastructure and utilities exert pressure on resources.

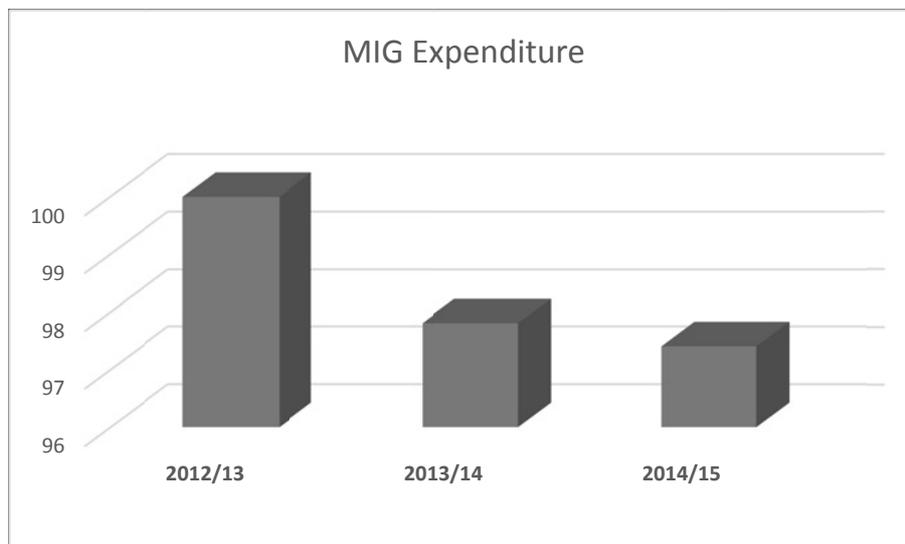
The Municipal Infrastructure Grant (MIG) is a national grant that enables municipalities to undertake capital projects. It is part of the major reforms implemented by South African Government to improve service delivery in a coordinated manner. The key objectives of the MIG are to:

- Fully subsidise capital costs of providing basic services to poor households through prioritised basic infrastructure, such as appropriate bulk connection, and internal infrastructure for essential services;

- Ensure the distribution of such funding in an equitable, transparent and efficient manner;
- Assist in enhancing the developmental capacity of municipalities through supporting multi-year planning and budgeting systems in government; and
- Provide a mechanism for coordinated pursuit of national policy priorities with regard to basic municipal infrastructure programmes while avoiding the challenges typically associated with sectorally fragmented grants, thus attempting to institute a streamlined approach to financing and delivery of basic infrastructure across the country.

During the year under review, MIG expenditure at the end of June 2015 was at 97,4% as compared to 97,8% in the previous financial year. Municipalities who could not spend their allocation by the end of the financial year have applied to National Treasury to have the funds rolled over to the next financial year.

**Graph 7: Municipal Infrastructure Grant**



Source: DLG MIG Report as at June 2015

#### 5.4 MUNICIPAL BLUE DROP STATUS

The Western Cape Provincial Blue Drop Score significantly decreased to 88.5% in 2014 compared to the score of 94.2% in 2012. More than 80% of the Water Services Authority's in the Province (21 out of 25) had reduced scores with declines ranging from 2% to a considerable decline of 45% in the case of Laingsburg Local Municipality. In addition, the number of Blue Drop certified scores ( $\geq 95\%$ ) decreased with about a quarter, from 33 to eight. Thirty four systems received scores below 50%, while 19 systems were in the High Risk Category.

The City of Cape Town Metropolitan Municipality received the highest Blue Drop score in the Province (95.86%) for its water supply system. The City has maintained this excellent performance since the inception of the Department of Water Affairs and Sanitation's (DWS) Blue Drop incentive based system in 2009. They are congratulated with this outstanding and persistent achievement. Excellence performance was also attained by Witzenberg Municipality that achieved a Blue Drop score of 95.77%. All five their water supply systems achieved Blue Drop certification (a score of  $\geq 95\%$ ). The pronounced deterioration in Blue Drop scores in the WC Province is of serious concern to the DWS and these downward trends must be corrected to ensure that the required quality of water services is provided within the Province. The Province has historically maintained a very proud record of water service provision and should ensure that this effort is not further lost (DWS, 2014).

**Table 16: Blue Drop Scores**

<b>WATER SERVICES AUTHORITY</b>	<b>BLUE DROP 2011</b>	<b>BLUE DROP 2012</b>	<b>BLUE DROP 2014</b>
City of Cape Town	97,61	98,14	95,86
Bitou	96,12	97,74	90,44
Witzenberg	97,56	97,63	95,77

<b>WATER SERVICES AUTHORITY</b>	<b>BLUE DROP 2011</b>	<b>BLUE DROP 2012</b>	<b>BLUE DROP 2014</b>
George	96,32	97,41	82,77
Overstrand	90,56	96,82	90,79
Drakenstein	95,72	96,29	72,14
Mossel Bay	95,27	95,68	78,76
Stellenbosch	95,74	95,56	80,12
Saldanha Bay	87,69	95,40	69,38
Swartland	92,89	95,24	74,26
Beaufort West	92,01	94,91	89,52
Bergrivier	85,2	92,15	63,79
Knysna	89,76	92,00	61,62
Breede Valley	85,93	89,02	89,16
Cape Agulhas	73,01	86,64	69,48
Swellendam	80,5	85,16	57,25
Cederberg	51,05	80,39	39,96
Theewaterskloof	75,41	71,50	64,18
Laingsburg	80,54	71,16	26,06
Matzikama	32,98	70,29	48,64
Prince Albert	70,72	70,09	34,18
Oudtshoorn	36,88	64,58	51,29
Langeberg	32,39	51,62	72,30
Hessequa	14,1	35,59	55,18
Kannaland	55,05	28,47	31,66

Source: Blue Drop Report 2014, DWS

## **5.5 PROVISION OF HUMAN SETTLEMENTS (HOUSING)**

In terms of Part A of Schedule 4 of the Constitution, housing is a concurrent National and Provincial competency. Section 10 of the Housing Act, 1997 (Act 107 of 1997) sets out the responsibilities of municipalities in relation to the

provision of housing. There is a direct correlation between the provision of basic services and housing, which makes it a complex function that relies on high levels of cooperation between municipalities and Provincial and National Departments responsible for Housing.

The Western Cape has continued with the positive trend of 100% expenditure on the Human Settlement Development Grant. The Department of Human Settlements reported that 10 749 houses were completed during 2014/15, missing the target of 10 357. 7 014 serviced sites were completed against a target of 6 211 while other housing opportunities provided were 1 046 against a target of 1 015.

To instil the sense of ownerships amongst the housing beneficiaries in the Western Cape, the Department of Human Settlements issued 2 457 title deeds against the target of 4 136 which then reduced the backlog of title deeds from 86 350 to 55 000. Table 17 shows the delivery per housing programme in 2014/15.

**Table 17: Housing Delivery**

MUNICIPALITY	PROGRAMME	DELIVERY		
		SERVICED SITES	HOUSING UNITS	OTHER
City of Cape Town	Integrated Residential Development Programme	-	2 245	-
	Peoples Housing Process	-	2 168	-
	Social Housing Programme	-	310	-
	Institutional Housing Programme	-	572	-
	Integrated Development Areas (IDA)	-	517	-

MUNICIPALITY	PROGRAMME	DELIVERY		
		SERVICED SITES	HOUSING UNITS	OTHER
	Community Residential Units Programme (new units)	-	8	-
	Community Residential Units Programme (upgrades)	-	-	1 046
	Upgrading of Informal Settlements Programme	1 761	-	-
Breede Valley	Upgrading of Informal Settlements Programme	104	-	-
	Integrated Residential Development Programme	74	852	-
Drakenstein	Integrated Residential Development Programme	-	74	-
	Peoples Housing Process	-	400	-
Langeberg	Integrated Residential Development Programme	-	110	-
Stellenbosch	Integrated Residential Development Programme	-	71	-
Witzenberg	Upgrading of Informal Settlements Programme	158	41	-
	Integrated Residential Development Programme	205	-	-
Cape Agulhas	Upgrading of Informal Settlements Programme	-	49	-
	Integrated Residential Development Programme	68	51	-

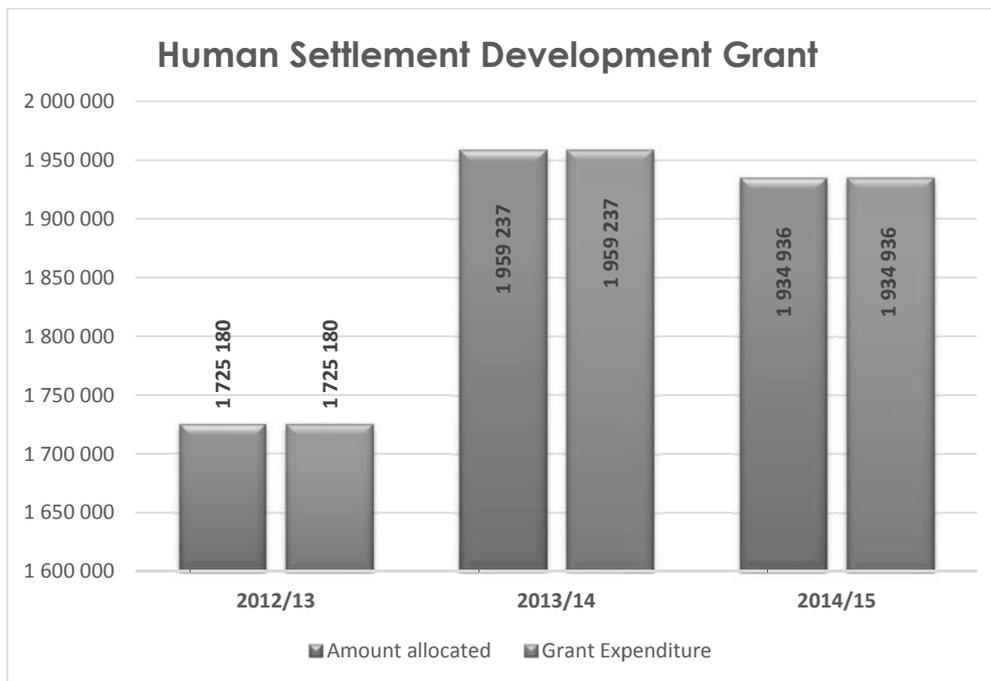
MUNICIPALITY	PROGRAMME	DELIVERY		
		SERVICED SITES	HOUSING UNITS	OTHER
Overstrand	Integrated Residential Development Programme	178	-	-
Swellendam	Integrated Residential Development Programme	195	115	-
	Upgrading of Informal Settlements Programme	140	-	-
Theewaterskloof	Integrated Residential Development Programme	382	290	-
	Peoples Housing Process	-	190	-
Laingsburg	Integrated Residential Development Programme	171	-	-
Prince Albert	Integrated Residential Development Programme	-	201	-
Bitou	Integrated Residential Development Programme	-	223	-
	Upgrading of Informal Settlements Programme	431	-	-
George	Upgrading of Informal Settlements Programme	981	-	-
	Peoples Housing Process	-	60	-
Hessequa	Integrated Residential Development Programme	42	-	-
	Upgrading of Informal Settlements Programme	170	-	-
Knysna	Upgrading of Informal Settlements Programme	173	-	-
	Peoples Housing Process	-	37	-

MUNICIPALITY	PROGRAMME	DELIVERY		
		SERVICED SITES	HOUSING UNITS	OTHER
Mossel Bay	Upgrading of Informal Settlements Programme	333	247	-
	Peoples Housing Process	-	117	-
Oudtshoorn	Upgrading of Informal Settlements Programme	298	15	-
Bergrivier	Integrated Residential Development Programme	116	-	-
	Upgrading of Informal Settlements Programme	89	-	-
Cederberg	Upgrading of Informal Settlements Programme	382	-	-
Saldanha Bay	Integrated Residential Development Programme	563	-	-
Swartland	Integrated Residential Development Programme	-	182	-
Other housing programmes (Individual Housing Subsidy Programme, and Enhanced Extended Discount Benefit Scheme (EEDBS))		-	1 604	-
<b>Total</b>		<b>7 014</b>	<b>10 749</b>	<b>1 046</b>

Source: Department of Human Settlements Annual Report 2014/15

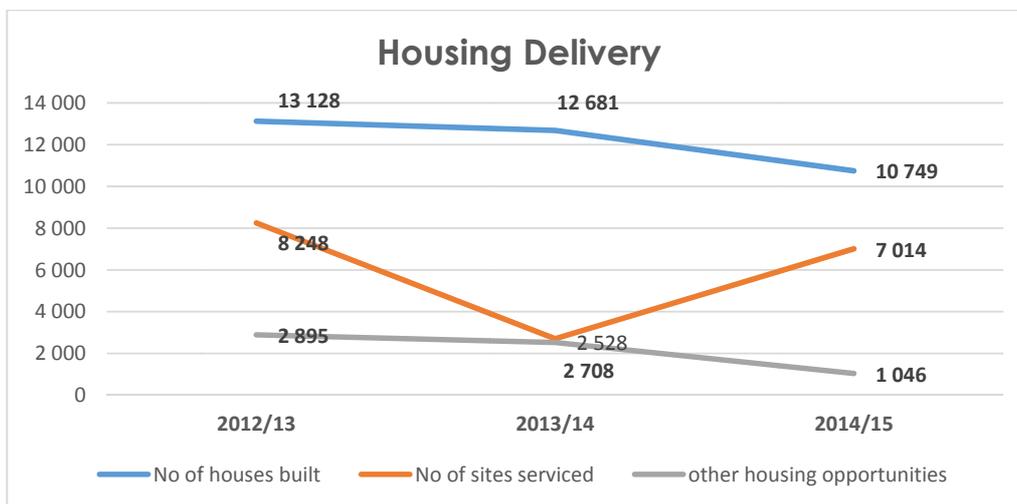
Graphs 8 and 9 illustrate the expenditure on the Human Settlement Development Grant and delivery on housing during the past three financial years.

**Graph 8: Human Settlement Grant Expenditure**



Source: Department of Human Settlement Annual Reports; 2012/13, 2013/14 & 2014/15

**Graph 9: Housing Delivery**



Source: Department of Human Settlement Annual Reports; 2012/13, 2013/14 & 2014/15

**5.6 DISASTER MANAGEMENT**

The Disaster Management Act, 2002 (Act 57 of 2002) was promulgated on 15 January 2003 and became effective on 01 April 2004 for national and

provincial governments and 1 July 2004 for municipalities. The introduction of the Act meant an increased and holistic responsibility for government and its partners and role players to begin to incorporate disaster risk reduction measures (prevention, mitigation and preparedness) as opposed to the Civil Defence or Civil Protection approach, which had a limited focus on disaster response and recovery.

#### **5.6.1 STATUS OF INSTITUTIONAL CAPACITY**

The Western Cape Disaster Management Centre (WCDMC) has held four advisory steering committee meetings in June, September and November 2014 and February 2015. These meetings were well represented by disaster management stakeholders and other relevant institutions, and there was enthusiastic and active participation from most members.

The WCDMC is continually improving its communication to district advisory forums in an effort to improve effective and efficient coordination and will continually forge closer relationships with inter-governmental partners and Parastatals as expressed in the TOR. These partners include, amongst other, for example, the South African Police Services, the Department of Agriculture, South Africa Local Government (SALGA), the Department of Social Development, South African Weather Services, DWA and Local Municipalities.

#### **5.6.2 DISTRICT MUNICIPAL ADVISORY FORUMS**

All District Municipalities in the Province and the City of Cape Town Metropolitan Municipality have established Disaster Management Advisory Forums.

The district municipalities have requested assistance from the WCDMC with the following matters:

- Financial and human resources capacity where and when required;
- ICT support with regards to disaster systems, etc., even looking at internships;
- Disaster Management in the Municipal IDP process;
- Establishing Local Municipality Disaster Management Forums in the Eden District; and
- Compilation of TOR for the Central Karoo District and George Municipality.

There is now a closer working relationship with the IDP section in the Department and municipalities and the sections dealing with disaster management.

### **5.6.3 STATUS OF DISASTER MANAGEMENT PLANS**

Disaster management / preparedness plans are working documents and it was not the intention of the WCDMC to have the municipalities re-invent what they may already have but rather to review and update existing plans. Those municipalities that had not developed a plan were provided with hands on support by the WCDMC.

The following plans were updated/reviewed or developed

- Provincial Drought Plan;
- Provincial Pandemic Plan;
- Mossel Bay Municipality Disaster Management Plan;
- Swartland Municipality Disaster Management Plan;
- Saldanha Bay Disaster Management Plan;
- Knysna Zone Oil Spill Plan; and
- Electricity major disruption Plan.

Western Cape Disaster Management Directorate provided input to the International Atomic Emergency Agency Emergency Preparedness Review and forms part of the team. The Western Cape Disaster Management has been financially supporting the National Sea Rescue Institute and Lifesaving SA on an annual basis. For the year 2014/15, an amount of R375 000 was donated to each organisation.

## **CHAPTER 6: FINANCIAL PERFORMANCE**

Financial viability is crucial in determining a municipality's ability to ensure effective service delivery to its citizens. There are two factors that play determining roles in the financial viability of all municipalities. I.e. the availability of adequate funding combined with sound financial management.

The MFMA and the Municipal Property Rates Act of 2004 were introduced to provide municipalities with guidelines for the effective management of their revenue, expenditure, assets and liabilities and the handling of their financial processes. The aim is to resolve financial problems of municipalities and to maximise their revenue potential. In following these guidelines, municipalities will become more accountable, financially sustainable and will ultimately drive the agenda of effective service delivery.

### **6.1 FINANCIAL PERFORMANCE**

The total actual operating revenue for the 2014/2015 financial year amounted to R41 468 265 000 while the total actual operating expenditure amounted to R38 207 945 000, resulting in a surplus of R3 260 320 000. The majority of municipalities were able to increase their operating revenue as compared to the 2013/2014 financial year. Cederberg Local and West Coast District municipalities increased their operating revenues by 25.8% and 29.2%, respectively. Two municipalities namely Kannaland (-3.5%) and George Municipality (-0.7%) and Beaufort West Municipality (-1.4%) however reduced their actual operating revenue.

The following table shows the operating revenue and expenditure for the financial year 2012/13, 2013/14 and 2014/15.

Table 18: Performance against Budget

Municipality	Financial Year	Operating Revenue			Operating Expenditure		
		Budget	Actual	%	Budget	Actual	%
		R'000	R'000		R'000	R'000	
City of Cape Town	12/13	27 635 435	27 363 454	99.0	24 436 317	23 919 728	97.9
	13/14	25 774 438	25 193 881	97.7	25 786 892	25 271 974	98.0
	14/15	29 120 625	28 863 201	99.1	29 112 690	25 927 027	89.1
Matzikama	12/13	208 354	241 074	115.7	207 576	200 435	96.6
	13/14	198 493	188 947	95.2	208 795	177 404	85.0
	14/15	233 320	212 381	91.0	234 313	190 859	81.5
Cederberg	12/13	248 337	169 429	68.2	168 354	171 388	101.8
	13/14	175 397	167 929	95.7	176 483	172 372	97.7
	14/15	224 849	211 303	94.0	230 361	199 464	86.6
Bergriver	12/13	195 540	192 415	98.4	193 784	182 169	94.0
	13/14	205 528	208 602	101.5	211 776	202 356	95.6
	14/15	232 020	231 747	99.9	236 869	222 473	93.9
Saldanha Bay	12/13	726 881	609 126	83.8	723 456	671 981	92.9
	13/14	677 532	654 334	96.6	752 149	668 750	88.9

Municipality	Financial Year	Operating Revenue				Operating Expenditure		
		Budget	Actual	%	2013/2014 2014/2015 % Change in Actual Operating Revenue	Budget	Actual	
		R'000	R'000	%		R'000	R'000	
	14/15	740 128	705 189	95.3	7.8	819 520	697 493	85.1
	12/13	414 214	374 354	90.4		427 629	376 307	88.0
Swartland	13/14	429 715	399 125	92.9		484 411	429 358	88.6
	14/15	480 874	442 776	92.1	10.9	546 436	446 555	81.7
	12/13	259 437	290 250	111.9		261 637	253 347	96.8
West Coast DM	13/14	269 908	265 092	98.2		269 288	238 885	88.7
	14/15	314 037	342 371	109.0	29.2	312 856	290 622	92.9
	12/13	351 612	348 351	99.1		346 848	330 551	95.3
Witzenberg	13/14	400 250	374 759	93.6		403 311	351 925	87.3
	14/15	421 195	400 088	95.0	6.8	413 757	345 865	83.6
	12/13	1 422 256	1 391 166	97.8		1 440 220	1 387 655	96.4
Drakenstein	13/14	1 405 404	1 444 903	102.8		1 489 296	1 327 993	89.2
	14/15	1 567 203	1 459 725	93.1	1.0	1 744 183	1 379 599	79.1
	12/13	969 124	993 829	102.5		931 081	923 943	99.2
Stellenbosch	13/14	1 033 726	1 022 857	98.9		1 054 769	924 883	87.7
	14/15	1 111 606	1 054 327	94.8	3.1	1 159 839	942 841	81.3
	12/13	695 123	700 901	100.8		685 613	656 464	95.7
Breede Valley	13/14	690 750	656 270	95.0		712 517	662 322	93.0

Municipality	Financial Year	Operating Revenue				Operating Expenditure		
		Budget	Actual	%	2013/2014	Budget	Actual	
		R'000	R'000	%	2014/2015 % Change in Actual Operating Revenue	R'000	R'000	
	14/15	765 080	698 070	91.2	6.4	791 534	714 869	90.3
	12/13	486 740	447 908	92.0		462 625	423 925	91.6
Langeberg	13/14	455 593	413 791	90.8		455 327	415 543	91.3
	14/15	489 635	462 955	94.6	11.9	511 441	475 727	93.0
	12/13	327 888	308 168	94.0		326 705	284 593	87.1
Cape Winelands DM	13/14	346 353	334 574	96.6		356 130	310 234	87.1
	14/15	359 446	353 147	98.2	5.6	351 483	299 193	85.1
	12/13	413 630	380 229	91.9		340 123	280 746	82.5
Theewaterskloof	13/14	355 124	339 332	95.6		471 375	303 608	64.4
	14/15	392 712	378 313	96.3	11.5	410 694	350 529	85.4
	12/13	695 427	693 471	99.7		791 055	745 158	94.2
Overstrand	13/14	744 735	741 488	99.6		827 491	807 894	97.6
	14/15	812 402	814 702	100.3	9.9	933 322	903 163	96.8
	12/13	234 831	226 165	96.3		223 732	213 725	95.5
Cape Agulhas	13/14	231 808	210 357	90.7		234 286	201 511	86.0
	14/15	230104	226012	98.2	7.4	245 689	235 786	96.0
	12/13	135 524	127 602	94.2		155 180	142 266	91.7
Swellendam	13/14	183 266	192 147	104.8		191 367	197 419	103.2

Municipality	Financial Year	Operating Revenue				Operating Expenditure		
		Budget	Actual	%	2013/2014 2014/2015 % Change in Actual Operating Revenue	Budget	Actual	
		R'000	R'000	%		R'000	R'000	
	14/15	207 713	202 707	97.6	5.5	221 190	212 690	96.2
	12/13	113 397	109 576	96.6		114 144	107 616	94.3
Overberg DM	13/14	123 727	120 795	97.6		127 170	122 548	96.4
	14/15	125 180	128 278	102.5	6.2	127 921	130 028	101.6
	12/13	124 925	76 426	61.2		124 915	85 476	68.4
Kannaland	13/14	112 080	81 158	72.4		155 746	81 687	52.4
	14/15	114 096	78 343	68.7	-3.5	114 156	92 041	80.6
	12/13	288 328	278 942	96.7		282 123	276 918	98.2
Hessequa	13/14	280 257	275 237	98.2		290 145	269 202	92.8
	14/15	339 102	317 685	93.7	15.4	338 725	288 652	85.2
	12/13	755 747	703 700	93.1		713 196	589 709	82.7
Mossel Bay	13/14	736 664	705 165	95.7		754 155	622 877	82.6
	14/15	823 058	807 454	98.1	14.5	763 794	723 782	94.8
	12/13	1 084 006	1 036 378	95.6		1 019 256	1 005 269	98.6
George	13/14	1 187 831	1 097 395	92.4		1 267 655	1 078 436	85.1
	14/15	1 217 777	1 090 102	89.5	-0.7	1 278 991	1 127 332	88.1
	12/13	452 770	369 926	81.7		424 604	385 006	90.7
Oudtshoorn	13/14	422 014	391 137	92.7		421 659	416 660	98.8

Municipality	Financial Year	Operating Revenue				Operating Expenditure		
		Budget	Actual	%	2013/2014	Budget	Actual	
		R'000	R'000	%	2014/2015 % Change in Actual Operating Revenue	R'000	R'000	
	14/15	461 277	409 131	88.7	4.6	474 745	497 680	104.8
	12/13	380 896	376 845	98.9		340 469	322 533	94.7
Bitou	13/14	423 614	411 274	97.1		406 009	380 479	93.7
	14/15	501 266	445 923	89.0	8.4	504 200	414 240	82.2
	12/13	607 245	601 465	99.0		562 569	547 150	97.3
Knysna	13/14	521 593	517 455	99.2		521 240	526 452	101.0
	14/15	616 513	559 020	90.7	8.0	613 352	543 043	88.5
	12/13	176 273	168 312	95.5		175 337	136 074	77.6
Eden DM	13/14	274 692	184 059	67.0		273 462	150 321	55.0
	14/15	212 894	203 912	95.8	10.8	209 276	169 957	81.2
	12/13	60 232	41 658	69.2		63 693	33 923	53.3
Laingsburg	13/14	39 697	34 513	86.9		49 741	46 043	92.6
	14/15	39 697	42 651	107.4	23.6	49 741	50 143	100.8
	12/13	48 848	41 511	85.0		39 320	39 335	100.0
Prince Albert	13/14	45 879	35 502	77.4		45 875	42 776	93.2
	14/15	55 301	49 131	88.8	38.4	71 028	48 250	67.9
	12/13	253 752	241 288	95.1		193 370	195 175	100.9
Beaufort West	13/14	209 686	208 818	99.6		223 878	217 780	97.3

Municipality	Financial Year	Operating Revenue			Operating Expenditure		
		Budget	Actual	%	Budget	Actual	%
		R'000	R'000		R'000	R'000	
	14/15	255 166	205 873	80.7	264 481	220 767	83.5
Central Karoo DM	12/13	57 271	51 693	90.3	57 949	51 949	89.6
	13/14	57 896	57 431	99.2	56 889	57 037	100.3
	14/15	82 809	71 748	86.6	82 802	67 275	81.2
<b>TOTAL</b>	<b>12/13</b>	<b>39 824 043</b>	<b>38 955 612</b>	<b>97.8</b>	<b>36 232 880</b>	<b>34 940 514</b>	<b>96.4</b>
	<b>13/14</b>	<b>38 013 650</b>	<b>36 928 327</b>	<b>97.1</b>	<b>38 679 287</b>	<b>36 676 729</b>	<b>94.8</b>
	<b>14/15</b>	<b>42 547 085</b>	<b>41 468 265</b>	<b>97.5</b>	<b>43 169 389</b>	<b>38 207 945</b>	<b>88.5</b>

Source: PT. Local Government: Municipal Finance Management Act Quarterly Consolidated Statement. Quarters ending June 2013, 2014 and 2015.

## 6.2 CAPITAL EXPENDITURE

The following table shows the capital expenditure for the financial year 2014/2015.

**Table 19: Capital Expenditure**

Municipality	Adjusted Budget	Actual expenditure	YTD Expenditure
	R'000	R'000	%
City of Cape Town	6 128 220	4 969 521	81.1
Matzikama	40 649	36 220	89.1
Cederberg	52 086	29 552	56.7
Bergriver	32 043	29 391	91.7
Saldanha Bay	236 337	175 317	74.2
Swartland	107 496	89 657	83.4
West Coast DM	16 164	16 325	101.0
Witzenberg	67 232	63 957	95.1
Drakenstein	348 689	214 363	61.5
Stellenbosch	251 031	171 528	68.3
Breede Valley	97 646	73 556	75.3
Langeberg	58 818	52 333	89.0
Cape Winelands DM	6 496	4 955	76.3
Theewaterskloof	85 177	63 871	75.0
Overstrand	122 785	108 306	88.2
Cape Agulhas	56 967	54 073	94.9
Swellendam	34 973	21 922	62.7
Overberg DM	1 639	1 744	106.4
Kannaland	25 477	16 077	63.1
Hessequa	78 237	19 757	25.3
Mossel Bay	147 548	121 510	82.4
George	235 167	200 346	85.2
Oudtshoorn	48 786	26 840	55.0
Bitou	62 645	55 461	88.5
Knysna	89 134	70 905	79.5
Eden DM	9 414	8165	86.7
Laingsburg	45 271	18 479	40.8
Prince Albert	35 287	57 537	163.1
Beaufort West	43 899	38 508	87.7
Central Karoo DM	500	305	61.0
<b>Total</b>	<b>8 565 813</b>	<b>6 810 481</b>	<b>79.5</b>

Source: PT. Local Government: Municipal Finance Management Act Quarterly Consolidated Statement. Quarters ending Jun 2013, 2014 and 2015.

Actual capital expenditure for the period ending June 2015 amounted to R6 billion or 79.5 % of the adjusted budgeted amount of R8billion.

### 6.3 FINANCIAL POSITION

The table below shows the current assets and liabilities of municipalities against the adjusted budget for the financial 2014 /2015 financial year.

**Table 20: Financial Position**

Municipality	2014/2015				Current Ratio
	Adjusted Budget	Total Current assets	Adjusted Budget	Total Current liabilities	
	R'000	R'000	R'000	R'000	
City of Cape Town	10 422 517	13 538 704	6 844 608	7 286 194	1.86
Matzikama	28 248	46 636	35 488	65 581	0.71
Cederberg	38 061	52 072	63 932	19 387	2.69
Bergriver	79 982	-20 892	26 768	-2 533	8.25
Saldanha Bay	484 500	469 744	130 812	147 152	3.19
Swartland	250 943	1848	82 116	21 392	0.09
West Coast DM	186 515	213 208	37 649	16 223	13.14
Witzenberg	119313	124370	78565	47801	2.60
Drakenstein	386 732	637 994	353 582	451 582	1.41
Stellenbosch	818 936	788 350	200 932	180 028	4.38
Breede Valley	252 790	246 417	128 916	132 082	1.87
Langeberg	114 487	124 335	82 681	81 774	1.52
Cape Winelands DM	396 300	522 505	33 000	22 979	22.74
Theewaterskloof	64 013	109 181	63 156	66 383	1.64
Overstrand	208 517	202 970	153 113	160 068	1.27
Cape Agulhas	30 792	37 040	23 342	22 237	1.67
Swellendam	47 730	66 480	27 568	51 199	1.30
Overberg DM	13 916	17 790	12 937	16 195	1.10
Kannaland	33014	62614	63281	129562	0.48
Hessequa	110 109	152 278	51 858	63 693	2.39
Mossel Bay	352 173	421 712	144 812	181 842	2.32
George	734 912	804 894	306 235	370 345	2.17
Oudtshoorn	NI	85 769	NI	165 036	0.52
Bitou	133 322	142 452	94 754	63 651	2.24

Municipality	2014/2015				
	Adjusted Budget	Total Current assets	Adjusted Budget	Total Current liabilities	Current Ratio
	R'000	R'000	R'000	R'000	
Knysna	103 850	-42 335	108 026	19 930	-2.12
Eden DM	105078	173	52 701	61	2.84
Laingsburg	17 529	18 790	8 219	19 540	0.96
Prince Albert	5 276	15 151	5 908	10 956	1.38
Beaufort West	43 762	116 092	35 610	128 263	0.91
Central Karoo DM*	12 413	12 465	13 924	8 357	1.49
<b>Total</b>	<b>15 595 730</b>	<b>18 968 807</b>	<b>9 264 493</b>	<b>9 946 960</b>	

Source: PT. Local Government: Municipal Finance Management Act Quarterly Consolidated Statement. Quarters ending Jun 2013, 2014 and 2015.

The current ratio is a liquidity and efficiency ratio that measures a municipality's ability to pay off its short-term liabilities with its current assets. The current ratio is an important measure of liquidity because short-term liabilities are due within the next year. Only one municipality (Knysna Municipality) was found to have a negative current ratio whilst West Coast District Municipality (13.14%) and Cape Winelands Municipality (Cape Winelands DM) had the highest ratios.

#### 6.4. DEBT MANAGEMENT

The following table indicates that the total debtors for the 2013/14 financial year amounted to R8.42 billion. Outstanding debtors in respect of water services are the highest at R2.45 billion. In this regard, PT requested all municipalities to explore the viability of water management devices. Task teams were established to facilitate the payment of outstanding government debt owed by the provincial departments.

**Table 21: Debtors by Customer Profile**

MUNICIPALITY	ORGANS OF STATE	COMMERCIAL	HOUSEHOLDS	OTHER	TOTAL
City of Cape Town	128 956	1 349 942	4 793 324	-216 675	6 055 547
Matzikama	186	1 334	41 701	8 265	51 486
Cederberg	1 362	27 926	35 674	1 799	66 761
Bergrivier	1 160	0	67 227	0	68 387
Saldanha Bay	4 400	27 320	122 002	309	154 031
Swartland	938	13 895	25 536	1 813	42 182
West Coast DM	8 143	467	1251	0	9 861
Witzenberg	4 742	23 788	130 422	6 651	165 603
Drakenstein	5 567	42 929	178 770	46 065	273 331
Stellenbosch	2 833	13 545	127 791	20 698	164 867
Breede Valley	3 551	11 549	72 328	16 072	103 500
Langeberg	686	6 998	27 344	12 564	47 592
Cape Winelands DM	0	0	0	191	191
Theewaterskloof	3 151	7 970	94 465	11 320	116 906
Overstrand	1 101	7 079	61 597	44	69 821
Cape Agulhas	541	2 983	17 746	73	21 343
Swellendam	2 296	4 801	25 578	1 647	34 322
Overberg DM	0	76	1422	214	1 712
Kannaland	853	2 671	36 102	30 534	70 160
Hessequa	1 753	5 526	30 234	0	37 513
Mossel Bay	2 705	20 408	46 885	0	69 998
George	2 960	35 862	123 887	1 276	163 985
Oudtshoorn	4 790	9 116	91 592	0	105 498
Bitou	397	5 280	78 941	0	84 618
Knysna	5 023	25 298	74 910	5 161	110 392
Eden DM	0	0	2422	7174	9 596
Laingsburg	1214	375	4 829	118	6 536
Prince Albert	390	962	9875	0	11 227
Beaufort West	1 727	3 035	48 544	5 901	59 207
Central Karoo DM	0	0	0	481	481
<b>Total</b>	191 425	1 651 135	6 372 399	-38 305	8 176 654

Source: PT. Local Government: Municipal Finance Management Act Quarterly Consolidated Statement. Quarters ending Jun 2013, 2014 and 2015.

Household debt to municipalities continue to grow and constitute the greatest (77.57% or R6 372 399) proportion of debt owed to municipalities.

## 6.5. AUDITOR GENERAL REPORT

Municipalities are audited by the AG on an annual basis, and the findings are published in a “General Report on Local Government audit outcomes of the Western Cape”. The MFMA states that “the AG must audit and report on the accounts, financial statements and financial management of each municipal entity”. In addition, the MSA requires that the results of performance measures also be audited as part of a municipality’s internal auditing processes. The following table shows the audit outcomes of the Western Cape municipalities for the past five years.

**Table 22: Audit Outcomes**

MUNICIPALITY	2010/2011	2011/2012	2012/2013	2013/14	2014/15
City of Cape Town	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
West Coast District	Unqualified with no findings				
Matzikama	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings
Cederberg	Unqualified with findings	Qualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Bergrivier	Unqualified with findings	Qualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Saldanha Bay	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings
Swartland	Unqualified with no findings				
Cape Winelands District	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings

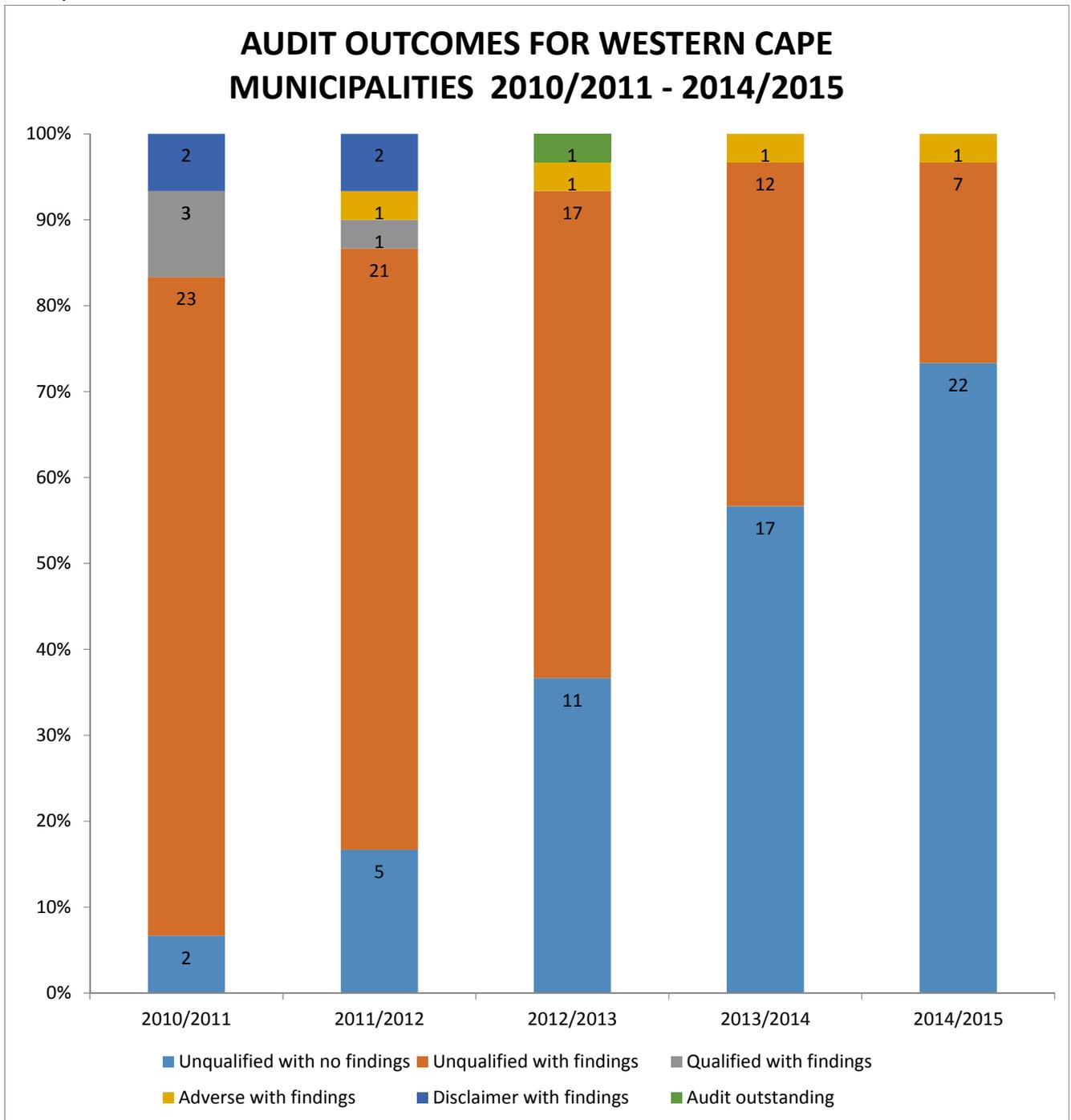
MUNICIPALITY	2010/2011	2011/2012	2012/2013	2013/14	2014/15
Witzenberg	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
Drakenstein	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings
Stellenbosch	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings
Breede Valley	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
Langeberg	Unqualified with findings	Unqualified with no findings			
Overberg District	Qualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings
Theewaterskloof	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
Overstrand	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
Cape Agulhas	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings
Swellendam	Disclaimer with findings	Audit outstanding	Unqualified with findings	Unqualified with findings	Unqualified with no findings
Eden District	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings
Kannaland	Disclaimer with findings	Audit outstanding	Adverse with findings	Unqualified with findings	Unqualified with findings
Hessequa	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings
Mossel Bay	Unqualified with findings	Unqualified with no findings			

MUNICIPALITY	2010/2011	2011/2012	2012/2013	2013/14	2014/15
George	Unqualified with findings	Unqualified with no findings			
Oudtshoorn	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Adverse with findings
Bitou	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings
Knysna	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
Central Karoo District	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Laingsburg	Qualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Prince Albert	Qualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings
Beaufort West	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings

AG: General Report on 2014/2015 Audit Outcomes on in the Western Cape.

Graph 10 presents these findings for past five years and illustrates that there has been a steady increase in the number of municipalities receiving unqualified with no findings outcomes, increasing from 2 municipalities in the 2010/2011 financial year to 22 in the 2014/2015 financial year. Five municipalities (Matzikama, Saldanha Bay, Stellenbosch, Overberg District and Swellendam) improved from obtaining unqualified with findings audit outcomes to obtaining unqualified with no findings outcomes. 22 Municipalities in total received unqualified with no findings audit outcomes (clean audits).

**Graph 10: Audit Outcomes for Western Cape Municipalities 2010/2011 – 2014/2015**



Source: Auditor-General of South Africa. Municipal Finance Management Act Auditor General Report 2010/2011 – 2014/2015

## **CHAPTER 7: LOCAL ECONOMIC DEVELOPMENT**

### **7.1 DEVELOPMENT OF LOCAL ECONOMIC DEVELOPMENT STRATEGIES**

Local Economic Development (LED) strategies are at the centre of efforts by municipalities to create economic growth and development. It is an absolutely vital tool at the disposal of all municipalities and has the potential to improve the lives of all citizens by enabling growth and reducing poverty. However, the strategies associated with LED are not to be viewed as a quick-fix solution to these problems. There are potential challenges and obstacles (ranging from local political conditions to the impact of globalisation) that need to be overcome in implementing such a comprehensive strategy.

In essence, the aim of an effective LED strategy is to reduce the impact of factors that adversely affect the local economic growth – such as the rapid increase in urbanisation (which affects all municipalities in some way), as well as global economic ruptures, such as the financial crisis. In order to mitigate these risks, LED requires absolute commitment from the various stakeholders involved in its development and implementation.

An LED strategy forms part of the IDP for each municipality. It plays a determining role in the effectiveness of the overall IDP approach. As such, an LED strategy needs to ensure the following:

- Assimilation of socio-economic conditions and needs;
- Establishment of the economic profile of the region;
- Selection of priorities;
- Development of policy thrusts;
- Formulation of strategic interventions;
- Formation of implementation plans;
- Programme and project development that addresses strategic objectives;

- Key performance areas for projects and programmes, including timeframes, targets and reporting mechanisms; and
- Indication of budget prioritisation and allocation to deliver on economic priorities.

The table below shows municipalities that reviewed and implemented their LED strategies or Regional Economic Development (RED) Strategies for the districts.

**Table 23: Local Economic Development Strategies**

Municipality	LED strategy reviewed/developed and implemented
City of Cape Town	The City has an Economic Growth Strategy (EGS) which is structured around five strategic areas namely: Building a globally competitive City through institutional regulatory changes; Providing the right to basic services, transport, and information and communications technology infrastructure; Utilising work and skills programmes to promote inclusive growth; Leveraging trade and sector development functions to maximise advantage; and Ensuring that growth is environmentally sustainable in the long term. The City's EGS is updated and being implemented as part of their IDP.
West Coast DM	The district developed a RED strategy in 2007 and reviewed it in the beginning of 2011
Matzikama	The Local Economic Development (LED) strategy has been reviewed. The Municipality's LED strategy is built around commitment to develop a climate in which economic development and economic growth can prosper.

Municipality	LED strategy reviewed/developed and implemented
Cederberg	The Municipality's LED strategy was developed in 2010 but not effectively implemented due to insufficient resources. The LED manager was appointed in 2013 and the Municipality will appoint a service provider to develop a new LED strategy.
Bergrivier	The LED strategy was drafted and adopted in May 2015. The main objective of the LED strategy are: To provide a situational analysis of the economy in Bergrivier Municipal Area to serve as baseline information for the LED strategy; To define and describe the institutional mechanism for implementation of the LED strategy; To identify and describe potential short term projects to commence with a process towards achieving the strategic objective of LED; and To enhance the local economy of the municipal area.
Saldanha Bay	The LED strategy was developed in April 2013 and being implemented.
Swartland	The Municipality completed a Medium-Term Economic Development Strategy in February 2014, which is being implemented.
Cape Winelands DM	The Cape Winelands Regional LED Strategy (CW-RLEDS) was adopted in October 2012 after an extensive consultative and strategy formulation process with relevant stakeholders and role-players. An action plan was developed to drive various programmes during 2014/15 in respect of the CW-RLEDS.
Witzenberg	LED strategy along with the LED process plan was

Municipality	LED strategy reviewed/developed and implemented
	reviewed and is being implemented.
Drakenstein	The Municipality's LED strategy was reviewed and tabled to council in December 2014.
Stellenbosch	The LED strategy was completed and is being implemented.
Breede Valley	The LED strategy and process plan was completed and is being implemented.
Langeberg	The LED Strategy was developed and the draft was delivered by the Service Provider on 14 June 2013
Overberg DM	The District's LED strategy was adopted by council in 2009. The Department of Economic Development and Tourism has committed to assist the District. The District's LED Maturity assessment conducted in 2014 revealed that the District's political and administrative leadership is committed to support and promote economic development and tourism.
Theewaterskloof	The LED strategy was reviewed and is being implemented.
Overstrand	The LED strategy along with the LED process Plan is reviewed annually and being implemented.
Cape Agulhas	The LED strategy and process plan was completed and is being implemented.
Swellendam	The reviewed LED strategy was reviewed and adopted by council on 24 June 2014.
Eden DM	The Eden District Economic Development Strategy (DEDS) was reviewed during the 2015/16 financial year, and a mid-term economic development strategy was developed and adopted by council in May 2016. The strategy is relevant until June 2019. The

Municipality	LED strategy reviewed/developed and implemented
	Eden District Economic Development Forum is fully functional, and an additional forum was established i.e. the South Cape Economic Partnership which is representative of municipal LED practitioners, business chambers and key economic sector specialist organizations/agencies. The main purpose of this vehicle is to assist municipalities and the private sector with the implementation of inter-regional economic development projects in the Eden District.
Kannaland	Kannaland Municipality reviewed its LED strategy in 2012/13 and in 2013/14 a PACA process was initiated by involving local sector role-players identifying and agreeing on key initiatives that would stimulate local growth, job opportunities and employment. However the municipality has identified the need of reviewing the LED and SDF in order to be aligned with its IDP.
Hessequa	The LED Strategy was reviewed and updated through a PACA process, involving local sector role-players identifying and agreeing on key initiatives that would stimulate local growth, job opportunities and employment.
Mossel Bay	The LED strategy was reviewed and is being implemented.
George	The LED strategy was developed and is being implemented.
Oudtshoorn	The LED strategy was reviewed by June 2012
Bitou	The LED strategy implementation plan was adopted

Municipality	LED strategy reviewed/developed and implemented
	by council on 28 May 2014
Knysna	The municipality is in the process of reviewing its Economic Development Strategy as part of the ISDF process and will re-evaluate its approach towards facilitating economic growth in the area.
Central Karoo DM	The revised LED strategy submitted to council for approval by June 2014
Laingsburg	NI
Prince Albert	The strategy was reviewed with the help of the Department of Economic Affairs and Tourism. The document is to be work-shopped with Council in 2013/14.
Beaufort West	Beaufort West Municipality has an approved LED strategy that was compiled during a comprehensive and transparent formulation process. However this plan has not been reviewed in three years.

Source: Municipal Annual Reports 2014/15

All municipalities (with the exception of Overberg and Central Karoo District Municipalities) in the Western Cape have reviewed their LED strategies. The Western Cape Department of Economic Development and Tourism is continuing to support municipalities to develop and review their LED strategy and LED Maturity assessments have also been conducted in some municipalities. Municipalities have indicated that their LED strategies include all activities associated with economic development and that they are working closely with all relevant stakeholders on key regional economic issues. Municipalities outside the metro are mainly agricultural, manufacturing, business and financial services, and tourism-based economies. Their LED interventions effect transformation and shared growth by introducing new entrants to established industries. This is done with a view

to effect empowerment and ownership. Municipal LEDs need continuous revision, with comprehensive reviews intended for at least once every five years.

LED Fora were established in four of the five district municipalities. The LED forum in Central Karoo has not been established. Despite the establishment of forums in some districts, some of these have been non-functional. However, they are in the process of being revived. Their main reason for establishing such a forum is to expand the scale and scope of LED initiatives by systematically leveraging support from local partners and strengthening the oversight role in respect of LED. This would then lead to interactions between local communities, the private sector, organised businesses, sector development organisations, educational institutions and other support institutions that are rich in expertise, resources, relational capital and networks. LED Fora provided the opportunity for regions to achieve enhanced cooperation through the participation of various institutions and contribute towards the economic development of the region in such a way that all parties will benefit. With all the LED initiatives being implemented, Western Cape municipalities have managed to provide work or job opportunities to their local communities through their LED Strategies and Implementation Plans.

## **7.2 JOB OPPORTUNITIES**

The LED programme in municipalities is responsible for the creation of job opportunities. There are basically two programmes introduced by government that provide short term work opportunities for the unemployed:

- (1) The Expanded Public Works Programme (EPWP); and
- (2) The Community Works Programme (CWP).

The table below shows the combined number of EPWP and CWP job opportunities created by municipalities during the 2014/15 financial year.

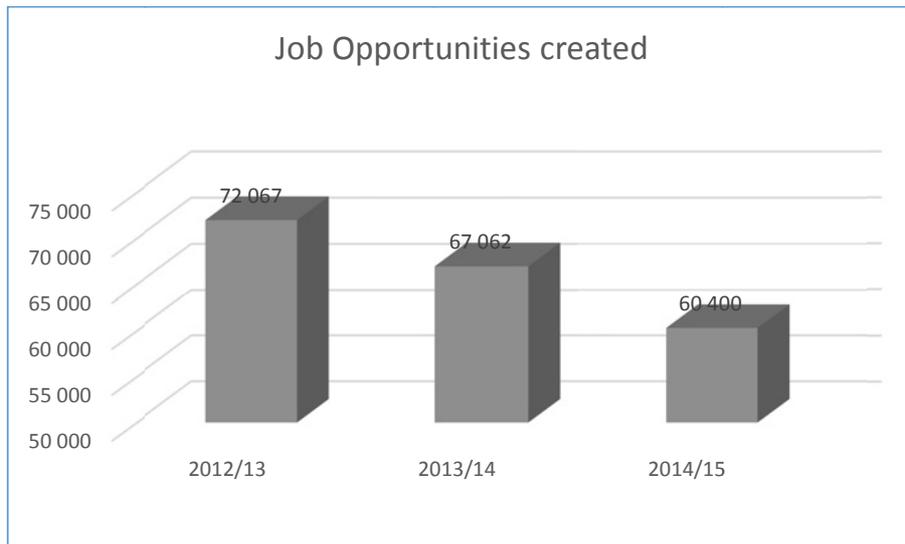
**Table 24: Job Opportunities Created Per Municipality**

<b>MUNICIPALITY</b>	<b>2014/15</b>
City of Cape Town	40 060
Matzikama	348
Cederberg	1226
Bergrivier	457
Saldanha Bay	80
Swartland	128
West Coast DM	1
Witzenberg	873
Drakenstein	1 205
Stellenbosch	466
Breede Valley	1520
Langeberg	528
Cape Winelands DM	873
Theewaterskloof	189
Overstrand	779
Cape Agulhas	982
Swellendam	68
Overberg DM	95
Kannaland	119
Hessequa	49
Mossel Bay	465
George	1 798
Oudtshoorn	3 177
Bitou	312
Knysna	2 466
Eden DM	135
Laingsburg	429
Prince Albert	319
Beaufort West	1 253
Central Karoo DM	0
<b>TOTAL</b>	<b>60 400</b>

Source: Municipal Annual Reports 2014/15

The graph below shows the number of EPWP and CWP job opportunities created by municipalities between 2012 - 2015 financial years.

**Graph 11: Job Opportunities (Incl. EPWP)**



Source: Municipal Annual Reports 2014/15

## **PART C: PROVINCIAL INITIATIVES IN SUPPORTING MUNICIPALITIES**

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### **CHAPTER 8: MUNICIPAL GOVERNANCE REVIEW AND OUTLOOK**

The Western Cape Government initiated the Municipal Governance Review and Outlook (MGRO) process to monitor, support and capacitate municipalities in the province. The MGRO process facilitates a single-minded focus on good governance and the improvement of audit outcomes within Local Government. This process supports the Provincial Strategic Objective 12 – “Being the best run regional government in the world”.

During September 2016, provincial top management team met with senior officials of municipalities. This initiative was aligned to the National Development Plan (NDP), Provincial Strategic Goal 5 (PSG 5) and Provincial Strategic Plan (PSP).

MGRO is the vehicle utilised to drive the Back to Basics Strategy as echoed by the Minister of Co-operative Governance and Traditional Affairs (CoGTA) in a media release in July 2014 in response to the AG Report for 2012/13 audits. The following are some of the elements of the Back to Basics strategy:

- Strengthening monitoring and reporting;
- Addressing governance failures;
- Strengthening planning instruments and intergovernmental coordination;  
and
- Addressing financial management and service delivery failures.

The purpose of MGRO engagement was centred on the principle of accountability, effectiveness, efficiency, partnerships, innovation and integrity.

**8.1 TRANSVERSAL FINDINGS IDENTIFIED AND SUPPORT**

Findings identified	Support by WCG
<p>Governance Sustainability</p> <ul style="list-style-type: none"> <li>• Audit Committee                             <ul style="list-style-type: none"> <li>○ Audit committee not fully functional due to competency of members to fulfill their role;</li> <li>○ Attraction and recruitment of audit committee members was a challenge.</li> </ul> </li> <li>• Risk Management                             <ul style="list-style-type: none"> <li>○ PT must become involved in the evaluation of the risk management shared services to improve effectiveness;</li> <li>○ Municipalities lack the necessary knowledge and skills to perform the risk management function.</li> </ul> </li> <li>• BTO management                             <ul style="list-style-type: none"> <li>○ Challenges its implementation of the regulations on minimum competency and consequences of non-compliance;</li> </ul> </li> </ul>	<p>Governance Sustainability</p> <ul style="list-style-type: none"> <li>• Assist selected municipalities to review their organisational structures;</li> <li>• Conduct a best practices research project on cascading of performance management;</li> <li>• Assistance with the development of a set of generic SOPs;</li> <li>• Assistance with the implementation of the Middle Management Mentoring and Coaching Programme;</li> <li>• The rolling out two accredited training programmes (Junior Management Development Programme and Middle Management Development Programme)</li> <li>• Councilor Training will be provided to all councilors past the elections;</li> <li>• Assistance with the rationalization of redundant by-laws;</li> <li>• Supporting municipalities by attending municipal council</li> </ul>

Findings identified	Support by WCG
<ul style="list-style-type: none"> <li>○ Lack of capacity within BTO to implement the MFMA and financial reforms.</li> <li>● MSCOA implementation                             <ul style="list-style-type: none"> <li>○ Funding;</li> <li>○ Lack of technical knowledge.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>meeting in order to improve decision making;</li> <li>● Capacitation of newly appointed financial officials within and across the organisation in terms of the MFMA and its related Regulations;</li> <li>● Audit committee training;</li> <li>● Assistance and support to internal audit units to execute mandate;</li> <li>● Support the strategic value add of the risk management process through increased guidance and technical reviews of risk registers and processes; and</li> <li>● Provision of guidance and technical reviews of audit strategic plans;</li> <li>● Support the Chief Risk Officer of the risk management shared services unit in respect of revised SLA and implementation of risk management plans;</li> <li>● Support and capacitation in the implementation of financial misconduct regulations; assist to</li> </ul>

Findings identified	Support by WCG
	<p>improve the investigative ability by municipalities;</p> <ul style="list-style-type: none"> <li>• Ensuring alignment of planning and budgeting processes;</li> <li>• Providing support grant to mSCOA pilot sites and non-pilot sites for attending training and capacitation;</li> <li>• Supporting with mSCOA implementation through various for a; and</li> <li>• Assisting municipalities to refresh websites.</li> </ul>
<p>Financial Sustainability</p> <ul style="list-style-type: none"> <li>• Fiscal Model and funding                             <ul style="list-style-type: none"> <li>○ Unaffordability of employee costs</li> <li>○ Unaffordability of basic municipal services; and</li> <li>○ Uncertainty regarding electricity supply and consumer who will go off grid.</li> </ul> </li> <li>• Revenue Management – Sustainable revenue Generation                             <ul style="list-style-type: none"> <li>○ High indigent customers within the region make</li> </ul> </li> </ul>	<p>Financial Sustainability</p> <ul style="list-style-type: none"> <li>• Continued development and refinement of the framework for the development of a long term financial plans</li> <li>• Monitor, support and guide implementation of outcomes and assist with strategies to address challenges identified in the long term financial plans for municipalities where a plan has been approved;</li> <li>• Assisting with revenue enhancement/management initiatives;</li> <li>• Continued implementation of</li> </ul>

Findings identified	Support by WCG
<p>sustainable revenue generation difficult; and</p> <ul style="list-style-type: none"> <li>o Debt recovery in Eskom distribution areas is becoming a challenge.</li> </ul>	<p>comprehensive municipal financial management cash flow accredited training;</p> <ul style="list-style-type: none"> <li>• Supporting with implementation of credit control policies and revenue management initiatives;</li> <li>• Continued support to non-metro municipalities in relation to section 44 of the MFMA on government debt;</li> <li>• Providing a revenue management master class to share experience amongst municipalities with are grappling with challenges relating to revenue raising capabilities and management strategies;</li> <li>• Participating in IGR processes and forums to assist with improved planning relating to capital budget performance and implementation;</li> <li>• Continued implementation of accredited training in comprehensive budget preparation, budget implementation including in-year analysis;</li> </ul>

Findings identified	Support by WCG
	<ul style="list-style-type: none"> <li>• Ongoing support to all local municipalities with the MPRA implementation;</li> <li>• Compilation and provision of socio-economic intelligence at district and local municipal level – Municipal Economic Review Outlook (MERO) provides economic intelligence in a district report while the Socio-Economic Profiles are done at local municipal level to provide socio-economic intelligence;</li> <li>• Assisting with the improving the responsiveness of budgets;</li> <li>• Support on Pre-determined Objectives (PDP) to improve target setting through capacity building interventions such as USB-Ed training and PDO forum;</li> <li>• Providing mSCOA training, sharing of lessons learnt from mSCOA pilots and funding;</li> <li>• Facilitating meetings between relevant system providers and municipalities.</li> </ul>

Findings identified	Support by WCG
<p>Economic Sustainability</p> <ul style="list-style-type: none"> <li>• Planning                             <ul style="list-style-type: none"> <li>○ Planning in respect of strategic processes aligned to the ID, LTF, BEPP and Budgeting; and</li> <li>○ Red-tape limits municipalities' ability to take advantage of investment opportunities and the accessibility of government initiatives.</li> </ul> </li> <li>• Sustainable procurement plans                             <ul style="list-style-type: none"> <li>○ Lack of expertise within municipalities regarding demand management and the development of long term procurement plans to enable strategic procurement.</li> </ul> </li> </ul>	<p>Economic Sustainability</p> <ul style="list-style-type: none"> <li>• Assisting with MERO, SEP-LG to broaden the scope of economic intelligence</li> <li>• Assisting municipalities with the implementation of Procurement plans in terms of:                             <ul style="list-style-type: none"> <li>○ Institutional and execution of procurement plans</li> <li>○ Performance reporting on implementation of procurement planning at Executing Management level; and</li> <li>○ Improve capital spending.</li> </ul> </li> <li>• Assisting municipalities through the data analytics processes with identification of similar commodities which can be entering unto in form of transversal contracts i.e. whenever it is beneficial cost saving, efficient and reduces unnecessary risks of non-compliance;</li> <li>• Assisting municipalities with conducting baseline assessment to determine readiness in terms of</li> </ul>

Findings identified	Support by WCG
	<p>construction procurement system, contained in the NT infrastructure delivery management system</p> <ul style="list-style-type: none"> <li>• Providing USB-Ed training on procurement implementation institutionalization and performance monitoring</li> <li>• Providing assistance in terms of data analytics on IDP, SDBIP and past expenditure trends; and</li> <li>• Assist with planning and budgeting.</li> </ul>
<p>Public Value creation</p> <ul style="list-style-type: none"> <li>• Municipal infrastructure                             <ul style="list-style-type: none"> <li>○ Electricity master plans;</li> <li>○ Water losses;</li> <li>○ Maintenance of bulk infrastructure;</li> <li>○ Insufficient funds for housing projects;</li> <li>○ Technical institutional capacity; and</li> <li>○ Aging infrastructure.</li> </ul> </li> </ul>	<p>Public Value Creation</p> <ul style="list-style-type: none"> <li>• Rolling out of induction training to all newly elected ward committees;</li> <li>• Supporting municipalities with infrastructure grant planning and project registration</li> <li>• Providing support with the development of a toolkit to support municipalities with ward committee establishment, capacity building and functionality; and</li> </ul>

Findings identified	Support by WCG
<ul style="list-style-type: none"> <li>• Public Participation               <ul style="list-style-type: none"> <li>○ Functionality of ward committees; and</li> <li>○ Capacity of councilors.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Providing MIG support.</li> </ul>

Source: 2014/2015 MGRO Submission

## CHAPTER 9: BACK TO BASICS

Back to Basics encompasses a paradigm shift towards a focus on serving the people and not political elites and organisations. At the most basic level, municipalities are expected to:

- a) Put people and their concerns first and ensure constant contact with communities through effective public participation platforms.
- b) Create conditions for decent living by consistently delivering municipal services to the right quality and standard. This includes planning for and delivery of infrastructure and amenities, maintenance and upkeep, including the budgeting to do this. Ensure no failures in services and where there are that these are restored with urgency.
- c) Be well-governed and demonstrate good governance and administration by cutting wastage, spending public funds prudently, hiring competent staff and ensuring transparency and accountability.
- d) Ensure sound financial management and accounting, and prudently manage resources so as to sustainably deliver services and bring development to communities.
- e) Build and maintain sound institutional and administrative capabilities administered and managed by dedicated and skilled personnel at all levels.

All three spheres of government have an important role to play in ensuring well-functioning municipalities. In the Back to Basics programme, COGTA acts as a catalyst, leading the coordination and enforcement of good practice across all municipalities. Provinces are intended to intensify monitoring and support municipalities where there is evidence of dysfunctionality, as well as assisting municipalities in developing community engagement plans. Municipalities will work to ensure that there is transparency and accountability, and there were regular engagements with communities. Both political and administrative structures must be functional. Existing intergovernmental platforms like MinMec will also be used to monitor and review progress.

#### **9.1 BACK TO BASICS GIVING PRACTICAL EFFECT**

In order to give practical effect to the implementation of the Back to Basics Programme in the Province, the following initial steps were taken:

- A Task Team consisting of key role-players was established, including COGTA, Municipal Infrastructure Support Agent (MISA), SALGA, and DLG (as well as other sector Departments on an ad-hoc basis).
- A TOR for the Task Team was developed and work-shopped with all relevant stakeholders.
- Ten Municipalities in the Western Cape were identified as Back to Basics municipalities.
- A decision was taken that diagnostics would be completed at each Back to Basics municipality to determine their needs/gaps in terms of the five pillars of the programme.
- The buy-in of each Municipal Manager was obtained before any diagnostic visits were conducted at each of these municipalities.

Through current monitoring initiatives, Municipalities in the Western Cape were categorised in terms of a predetermined set of criteria of:

- Audit outcomes;
- Blue and Green drop status;
- Stability at top management level; and
- Financial sustainability.

Through these criteria, ten Municipalities were identified, which would be assisted through the Back to Basics Programme, namely:

1. Beaufort West;
2. Cape Agulhas;
3. Cederberg;
4. Central Karoo DM;
5. Kannaland;
6. Laingsburg;
7. Matzikama;
8. Oudtshoorn;
9. Prince Albert; and
10. Swellendam.

## **9.2. BACK TO BASICS IMPLEMENTATION PROGRESS**

The Official Launch of the Back to Basics Programme in the Western Cape took place in March 2015 at the PCF. Diagnostic assessments were completed at nine back to basics municipalities with the exception of Oudtshoorn Municipality. The DLG took a decision that the approach for Oudtshoorn Municipality would be to undertake a municipal assessment which looked at the current functioning of the Municipality in terms of systems and processes. This municipal assessment was conducted during May 2015, whereby the Department assessed the functionality of each Directorate within the Municipality, in terms of their key functional areas.

Following the diagnostic exercise at the other nine (9) Municipalities, the following key themes were identified per the five (5) Back to Basics Pillars in the Province, namely:

- Putting People First;
- Basic Services;
- Good Governance;
- Capacity Building, and
- Sound Financial Management

Progress with regards to the implementation of the Back to Basics Support Plans can be registered (per pillar) has been as follows:

**Cederberg Municipality**

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
<b>Putting People First</b>	<b>Communication (Ward Committees)</b>	<ul style="list-style-type: none"> <li>• The DLG made an amount of R25 000 available to the Municipality during February 2016 for a bulk SMS system to improve communication between the Municipality and the community.</li> </ul>
	<b>ICT Management</b>	<ul style="list-style-type: none"> <li>• Design and Implementation of standardised Website Project and content management system was completed during September 2015.</li> <li>• Training on the maintenance of the content management system and the municipal website was completed during September 2015.</li> <li>• Media training was conducted during October 2015.</li> <li>•</li> </ul>

<b>PILLAR</b>	<b>PROJECT NAME</b>	<b>NARRATIVE ON COMPLETED PROJECTS</b>
<b>Basic Services</b>	<b>Infrastructure (Master Planning)</b>	<ul style="list-style-type: none"> <li>• The storm water master plan for Clanwilliam has been completed through the assistance from SALGA</li> <li>• MISA is currently busy with a Technical Support Plan, which will address all outdated master planning.</li> </ul>
<b>Capacity Building</b>	<b>Organisational Re-design R500 000</b>	<ul style="list-style-type: none"> <li>• The Municipality is currently implementing an organisational redesign project, which is co-funded by the DLG. Draft organogram has been presented to Council.</li> </ul>
<b>Sound Financial Management</b>	<b>Tariff Modelling</b>	<ul style="list-style-type: none"> <li>• Provincial Treasury made R250 000 available for the restructuring of electricity tariffs and tariff modelling during the 2015/16 financial year.</li> <li>• Tariff modelling regarding the electricity and water functions were completed and implemented.</li> </ul>

Source: 2014/2015 Back-to-Basics Submission

### **Matzikama Municipality**

<b>PILLAR</b>	<b>PROJECT NAME</b>	<b>NARRATIVE ON COMPLETED PROJECTS</b>
<b>Putting People First</b>	<b>Public Participation</b>	<ul style="list-style-type: none"> <li>• The Department assisted the Municipality with the roll out of the Community Based Planning training programme.</li> </ul>
	<b>ICT management</b>	<ul style="list-style-type: none"> <li>• Design and Implementation of standardised Website Project and content management system was</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
		<p>completed during September 2015.</p> <ul style="list-style-type: none"> <li>• Training on the maintenance of the content management system and the municipal website was completed during September 2015.</li> <li>• Media training was conducted during October 2015.</li> </ul>
<b>Basic Services</b>	<b>Infrastructure (Master Planning)</b>	<ul style="list-style-type: none"> <li>• MISA is currently busy with a Technical Support Plan, which will address all outdated master planning.</li> </ul>
<b>Capacity Building</b>	<b>Organisational Re-design R500 000</b>	<ul style="list-style-type: none"> <li>• The Municipality is currently reviewing the organisational structure, which is co-funded by the DLG. Draft organogram has been presented to Council.</li> </ul>

Source: 2014/2015 Back-to-Basics Submission

### Cape Agulhas Municipality

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
<b>Putting People First</b>	<b>ICT Management</b>	<ul style="list-style-type: none"> <li>• Design and Implementation of standardised Website Project and content management system was completed during September 2015.</li> <li>• Training on the maintenance of the content management system and the municipal website was completed during September 2015.</li> <li>• Media training was conducted during October 2015.</li> </ul>
	<b>Public</b>	<ul style="list-style-type: none"> <li>• The Department assisted the</li> </ul>

	<b>Participation</b>	<p>Municipality with Ward Committee training.</p> <ul style="list-style-type: none"> <li>• SALGA assisted the Municipality with the development of the Consumer Service Charter.</li> </ul>
<b>Basic Services</b>	<b>Waste Management</b>	<ul style="list-style-type: none"> <li>• The Department of Environmental Affairs and Development Planning (DEADP) conducted a waste characterization study in Elim from 10 to 12 February 2016.</li> <li>• The Department provided funding to the Municipality to replace water meters.</li> </ul>
<b>Good Governance</b>	<b>Oversight Committees</b>	<ul style="list-style-type: none"> <li>• Training on the Municipal Public Account Committee (MPAC) was completed.</li> <li>• The MPAC is functional.</li> </ul>
<b>Capacity Building</b>	<b>Organisational Redesign</b>	<ul style="list-style-type: none"> <li>• The Department assisted with the reviews of the organisational structure. The project is completed.</li> <li>• The Department supported the municipality with the development of a Human Resource Strategy. The project is completed</li> </ul>
<b>Sound Financial Management</b>	<b>Long-term Financial Plan development</b>	<ul style="list-style-type: none"> <li>• Provincial Treasury provided funding for the development of a long term financial plan. The project is completed.</li> </ul>

Source: 2014/2015 Back-to-Basics Submission

**Swellendam Municipality**

<b>PILLAR</b>	<b>PROJECT NAME</b>	<b>NARRATIVE ON COMPLETED PROJECTS</b>
<b>Putting People First</b>	<b>ICT Management</b>	<ul style="list-style-type: none"> <li>• Design and Implementation of standardised Website Project and content management system was completed during September 2015.</li> <li>• Training on the maintenance of the content management system and the municipal website were completed during September 2015.</li> <li>• Media training were conducted during October 2015.</li> <li>• The DLG also conducted an ICT assessment, to determine capacity constraints at the Municipality. Assessment was conducted during August 2015.</li> </ul>
	<b>SPLUMA Training</b>	<ul style="list-style-type: none"> <li>• DEADP provided SPLUMA training.</li> <li>• DEADP assisted with the draft Manual for Municipal Tribunals.</li> </ul>
<b>Basic Services</b>	<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>• MISA assisting the Municipality with water losses project and providing technical support.</li> <li>• MISA and DEADP assisted with the drafting of a waste management plan.</li> </ul>
	<b>Integrated Waste Management Plan</b>	<ul style="list-style-type: none"> <li>• MISA appointed a service provider to develop an Integrated Waste Management Plan.</li> <li>• The Plan is currently with the DEA&amp;DP for</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
		assessment.
<b>Good Governance</b>	<b>Cost of Gazetting B-Laws</b>	<ul style="list-style-type: none"> <li>The DLG provided assistance with the publishing of By-Laws.</li> </ul>
<b>Capacity Building</b>	<b>ICT Management</b>	<ul style="list-style-type: none"> <li>The Department conducted an ICT assessment at the municipality and the assessment report was made available to the municipality.</li> </ul>

Source: 2014/2015 Back-to-Basics Submission

### Beaufort West Municipality

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
<b>Putting People First</b>	<b>ICT Management</b>	<ul style="list-style-type: none"> <li>Design and Implementation of standardised Website Project and content management system was completed during September 2015.</li> <li>Statistics South Africa is in the process of conducting communication satisfaction survey and the results are expected at the end of June 2016.</li> <li>The Department assisted the Municipality with the drafting of a Public Participation and Ward Committee Policies.</li> </ul>
<b>Basic Services</b>	<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>MISA is currently busy with a Technical Support Plan, which will address all outdated master planning.</li> <li>The DLG provided funding for the identification of faulty water meters.</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
		<ul style="list-style-type: none"> <li>• Department of Environmental Affairs and Development Planning assisted with the compilation of an integrated Waste Management plan.</li> <li>• Peer-Learner exchange programme was established between Beaufort West and Saldanha Bay Municipalities, which will be extended to include Knysna and Breede Valley Municipalities for Internal Audit and Fire Fighting Services, respectively.</li> </ul>
<b>Capacity Building</b>	<b>Organisational Re-design</b>	<ul style="list-style-type: none"> <li>• The Department provided co-funding for the organisational redesign project at the municipality. Project completed.</li> </ul>
<b>Sound Financial Management</b>	<b>Revenue Enhancement</b>	<ul style="list-style-type: none"> <li>• Provincial Treasury assisted the Municipality with the development of a Revenue Enhancement Strategy.</li> </ul>

Source: 2014/2015 Back-to-Basics Submission

### Laingsburg Municipality

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
<b>Putting People First</b>	<b>Communication</b>	<ul style="list-style-type: none"> <li>• Project is on-going – Nedbank is partnering with the Municipality to raise awareness on how to budget properly.</li> </ul>
	<b>ICT Management</b>	<ul style="list-style-type: none"> <li>• Design and Implementation of standardised Website Project and content management system was</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
		<p>completed during September 2015.</p> <ul style="list-style-type: none"> <li>• Training on the maintenance of the content management system and the municipal website were completed during September 2015.</li> </ul>
	<b>Public Participation</b>	<ul style="list-style-type: none"> <li>• The Department provided Community Based training and ward committee operational plans training</li> <li>• Statistics South Africa is in the process of conducting communication satisfaction survey – results will be released end of June 2016.</li> </ul>
<b>Basic Services</b>	<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>• The Municipal Infrastructure Support Agency deployed a technical advisor to the Municipality.</li> </ul>
	<b>Agriculture</b>	<ul style="list-style-type: none"> <li>• Department of Agriculture is assisting the Municipality with Agricultural projects.</li> </ul>
<b>Sound Financial Management</b>	<b>Revenue Enhancement Strategy</b>	<ul style="list-style-type: none"> <li>• Provincial Treasury made funding available for the development of a Revenue Enhancement Strategy.</li> </ul>

Source: 2014/2015 Back-to-Basics Submission

### Prince Albert Municipality

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
<b>Putting People First</b>	<b>ICT Management</b>	<ul style="list-style-type: none"> <li>• Design and Implementation of standardised Website Project and content management system was</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
		<p>completed during September 2015.</p> <ul style="list-style-type: none"> <li>• The Department assisted the Municipality with “Know Your Ward” Campaign.</li> <li>• Communication strategy has been completed, through the assistance of the DLG.</li> <li>• SALGA assisted the Municipality with the drafting of a formal Service Charter.</li> </ul>
<b>Basic Services</b>	<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>• MISA deployed a technical advisor to the Municipality.</li> <li>• MISA assisting the Municipality with the drafting of Electricity Master Plan.</li> <li>• The Department provided funding for the upgrade of the electricity network.</li> </ul>
<b>Capacity Building</b>	<b>Organisational Re-design</b>	<ul style="list-style-type: none"> <li>• The Municipality is currently reviewing their organisational structure, which is cofounded by the DLG.</li> </ul>
<b>Sound Financial Management</b>	<b>Financial management</b>	<ul style="list-style-type: none"> <li>• Provincial Treasury provided funding for an electronic correspondence system (Collaborator).</li> <li>• Provincial Treasury provided funding for the development of a long term financial plan.</li> </ul>

Source: 2014/2015 Back-to-Basics Submission

**Central Karoo District Municipality**

<b>PILLAR</b>	<b>PROJECT NAME</b>	<b>NARRATIVE ON COMPLETED PROJECTS</b>
<b>Putting People First</b>	<b>ICT Management</b>	<ul style="list-style-type: none"> <li>• Design and Implementation of standardised Website Project and content management system was during September 2015.</li> <li>• Training on the maintenance of the content management system and the municipal website were completed during September 2015</li> <li>• The DLG provided assistance with the development of a Communication Strategy.</li> </ul>
<b>Basic Services</b>	<b>Infrastructure (Master Planning)</b>	<ul style="list-style-type: none"> <li>• MISA deployed a technical advisor to the Municipality.</li> <li>• Department of Transport and Public Works assisted with the completion of an Integrated Transport Plan.</li> <li>• Department of Environmental Affairs and Development Planning assisted the Municipality with an Integrated Waste Management Plan.</li> </ul>
<b>Good Governance</b>	<b>Oversight</b>	<ul style="list-style-type: none"> <li>• SALGA conducted MPAC training.</li> <li>• SALGA assisting with the review of the Anti-Corruption Strategy.</li> </ul>
<b>Capacity Building</b>	<b>Organisational Re-design - R500 000</b>	<ul style="list-style-type: none"> <li>• The Municipality is currently implementing an organisational redesign project, which is co-funded by the DLG.</li> </ul>
	<b>PMS - R200 000</b>	<ul style="list-style-type: none"> <li>• The Department provided co-funding</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
		to the Municipality for the cascading of the Performance Management System to the lower levels.
	<b>Shared Services</b>	<ul style="list-style-type: none"> <li>• The DLG provided co-funding to the District for the development of a shared service model and business operations strategy for ICT.</li> <li>• The DLG is currently in the process of appointing a service provider to develop a Fire Services Shared Service Model.</li> </ul>
	<b>Planning capacity</b>	<ul style="list-style-type: none"> <li>• DEADP assigned an official to the District to assist the Municipality with its environmental management function.</li> </ul>

Source: 2014/2015 Back-to-Basics Submission

### Kannaland Municipality

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
<b>Putting People First</b>	<b>ICT Management</b>	<ul style="list-style-type: none"> <li>• Design and implementation of standardised Website Project and content management system was completed during September 2015.</li> <li>• Training on the maintenance of the content management system and the municipal website were completed during September 2015.</li> </ul>
<b>Basic Services</b>	<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>• MISA is currently busy with a Technical Support Plan, which will address all outdated master plans.</li> </ul>

<b>PILLAR</b>	<b>PROJECT NAME</b>	<b>NARRATIVE ON COMPLETED PROJECTS</b>
		<ul style="list-style-type: none"> <li>• MISA is busy developing a Revenue Enhancement Strategy for the Municipality.</li> <li>• The Department made funding available to the Municipality for the drafting of an electricity master plan.</li> <li>• DEADP assisted with the drafting of the Integrated Waste Management Plan.</li> </ul>
<b>Good Governance</b>	<b>Oversight</b>	<ul style="list-style-type: none"> <li>• SALGA assisted with the Anti-Corruption and Fraud Prevention Plans.</li> <li>• Training on MPAC and Code of Conduct for Councillors is completed. MPAC is functional.</li> </ul>
<b>Capacity Building</b>	<b>HR Management</b>	<ul style="list-style-type: none"> <li>• The Department made funding available for the development of an HR strategy.</li> </ul>
<b>Sound Financial Management</b>	<b>Municipal Support</b>	<ul style="list-style-type: none"> <li>• Provincial Treasury assisting Municipality through: <ul style="list-style-type: none"> <li>○ MGRO process</li> <li>○ In-year monitoring reporting</li> <li>○ Through support of a Credible Audit Action Plan</li> </ul> </li> </ul>

Source: 2014/2015 Back-to-Basics Submission

### **Oudtshoorn Municipality**

<b>PILLAR</b>	<b>PROJECT NAME</b>	<b>NARRATIVE ON COMPLETED PROJECTS</b>
<b>Putting People First</b>	<b>Public Participation and Communication</b>	<ul style="list-style-type: none"> <li>• All Ward Committees were re-established and strengthened with training to facilitate public</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
		<p>participation.</p> <ul style="list-style-type: none"> <li>• Stakeholder meetings were held with all major stakeholders: business, NGOs, CBOs and religious organisations.</li> <li>• A newsletter reporting on progress of interventions was circulated in December 2015 to the public.</li> <li>• A manual complaints and enquiries management system has been developed and implemented.</li> <li>• Municipal Ward Forum meetings were held in February 2016.</li> </ul>
<b>Basic Services</b>	<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>• The municipality is monitoring the provision of services to households on a monthly basis.</li> <li>• The municipality increased the capacity and upgrading the Waste Water Treatment Plant.</li> <li>• The municipality developed Infrastructure and service delivery maintenance plans which will be included in the current and future budgets.</li> </ul>
<b>Good Governance</b>	<b>Oversight</b>	<ul style="list-style-type: none"> <li>• MPAC committee established.</li> <li>• All other council committees functional and TOR developed.</li> <li>• Ward committees are being revitalised.</li> <li>• Required legislative measures are being put in place e.g. by-laws in</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
		<p>terms of LUPA, liquor, special rating area for CBD, disciplinary procedures, rules committee, review of SCM policy, indigent, delegations of powers, performance management, IDP, report back to council, roles and responsibilities (section 53), development of a policy framework towards a revised staff establishment.</p> <ul style="list-style-type: none"> <li>• A Financial Investigation Unit (FIU) investigation has been completed.</li> </ul>
<p><b>Capacity Building</b></p>	<p><b>Section 56 vacancies</b></p>	<ul style="list-style-type: none"> <li>• Mr A Paulse (MM of Bitou) is Acting MM since 25 January 2016 (3 days per week).</li> <li>• Mr F Lotter (CFO of Bitou Municipality) is Acting CFO since 25 January 2016.</li> <li>• Mr C Koch seconded from DLG is the Acting Director: Technical Services 26 August 2015.</li> <li>• Other staff deployed to the Municipality include: Housing Manager (DHS-January 2016), MISA Engineer (November 2015) and a part-time MISA Planner (January 2016).</li> <li>• Drafted adverts for CFO post and 4 Finance management posts being developed with inputs from SALGA, CoGTA, PT/NT and DLG.</li> <li>• All Acting Managers returned to their original posts.</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
	<b>Organisational Re-design</b>	<ul style="list-style-type: none"> <li>• The current Macro and Micro Structure is being re-designed and benchmarked with similar sized municipalities.</li> <li>• New structure is now to be considered by Council/Administrator.</li> <li>• Organisational redesign process in progress and temporary staff has been reduced from 310 to 198.</li> </ul>
<b>Sound Financial Management</b>	<b>Financial Management</b>	<ul style="list-style-type: none"> <li>• Forensic Report was submitted to the Provincial Director-General and the Minister for Local Government on 2 March 2016.</li> <li>• A draft 5 year financial recovery plan is being finalised.</li> <li>• New Tariff structures are being developed for the 2016/17 financial year.</li> <li>• The adjustment budget and an adjusted SDBIP are in place.</li> <li>• Adopted a revised SCM Policy.</li> <li>• Cash Flow Committee has been established to manage monthly priority payments.</li> <li>• Agreement reached with Eskom for a two year repayment of outstanding debt (R53 million).</li> <li>• R14 million debt settled with ASLA.</li> </ul>

PILLAR	PROJECT NAME	NARRATIVE ON COMPLETED PROJECTS
		<ul style="list-style-type: none"> <li>An OPCA plan has been developed and presented to the Audit Committee.</li> </ul>

Source: 2014/2015 Back-to-Basics Submission

## CHAPTER 10: LOCAL GOVERNMENT MEDIUM TERM EXPENDITURE COMMITTEE

The relevance of the annual Local Government Medium Term Expenditure Committee (LGMTEC) process is contained in Chapter 5 of the Systems Act and Chapter 4 of the MFMA.

The LGMTEC process provides municipalities with the opportunity to incorporate the Provincial Government's comments and recommendations before tabling the final Budgets and IDPs for adoption their Councils at the end of May each year.

### Key Findings

- All IDPs mostly comply with Section 26 of the Systems Act and the necessary recommendation were made for municipalities to become fully compliant;
- The IDPs reflect adequate alignment with national and provincial policies and plans;
- While municipalities utilise different platforms to engage the public, the level of participation by the communities in the IDP process still remains a challenge;
- Municipal sector plan review and integration into IDPs, as required by legislation, such as the SDF, Financial Plan and the Disaster Management Plan requires refinement;

- Some IDPs did not clearly distinguish between the content of the 5 year IDP, review and amendment;
- Inadequate cost recovery in terms of waste management services is provided by many municipalities. The lack of timeous build-up of capital resources for new waste management infrastructure also presents a serious risk for many municipalities in terms of financial sustainability as well as in terms of service provision and environmental health;
- In comparison with the 2015/16 adjusted budgets, the MTREF 2016/17 deficit budgets increased by 6.6 % (from 76.7 %) which indicates that the current reality of the extent that municipal disbursements exceed disposable income in taxes, fees and other charges are escalating;
- There is also evidence of growing numbers of indigent households in many municipalities in the Province, which poses a risk to the financial sustainability of municipalities; and
- Affordability of tariffs is becoming a growing concern across all municipalities. Residential and commercial customers are likely to continue to feel the increase in tariff prices.

### **Planned Support to Municipalities**

The different Departments will provide support in the following areas:

- The DLG provides ongoing support to all municipalities during IDP indaba processes to improve the quality of IDPs. Further support is provided through the Provincial IDP, District and Local IDP Managers;
- Collaboration with STATS SA and PT to assist municipalities on the understanding of the various statistical sources with a further view to engage the AG in terms of which datasets may be used for credible planning and reporting in municipalities;

- A framework guide on IDPs will be provided for standardisation of IDPs for all municipalities and this will be linked to the guidelines to be issued to municipalities on the content of 5 year IDP review and amendment;
- Assessment of IDP process plans/ time schedules to ensure the planning alignment between local and district municipalities;
- Provision of ongoing support to municipalities in terms of the implementation and compliance with SPLUMA/LUPA including with the drafting and approval of district and local MSDFs;
- Support to municipalities for Waste Management related issues. DEADP will continue to provide comments on the Integrated Waste Management Plans and will assist licensing of landfill sites, monitoring through Integrated Pollutant and Waste Information System, finding regional solutions as well as other waste related queries;
- Provision of ongoing technical support to municipalities with regards to mainstreaming Biodiversity and Climate Change into municipal plans and policies;
- The PT supports municipalities on an ongoing basis in terms of revenue management which includes facilitating the reduction of government debt owed to municipalities, on-site support with tariff modelling and Revenue Management Master Class, to empower municipalities with practical and operational information on how to best manage Local Government revenues; and
- Monitoring and Evaluation of municipal top 10 capital projects. To this end PT will provide guidance to municipalities on possible best practice, in alignment to the principles of the infrastructure Delivery Improvement Program. Greater attention will be given to:
  - Effective planning process;
  - Established SCM units with required committees in place;
  - Realistic project plans;
  - Cash flow projections; and
  - Monitoring system and timeous reporting.

## CHAPTER 11: IDP INDABA AND JOINT PLANNING INITIATIVE

Upon its establishment in 2010, the DLG was assigned with the implementation of the Provincial Strategic Objective (PSO) 10. The main purpose of Strategic Objective 10 was to provide provincial mechanisms and processes that will coordinate the planning, budgeting, and implementation of the three spheres of government and municipal support programmes of national and provincial government. Outcome 1 of the PSO 10 sought to ensure coordinated planning and budgeting in municipalities, therefore, the quality and implementation of IDPs are vital to ensure the successful realisation of this outcome. On the 4th of July 2014, the Western Cape provincial cabinet approved the 5 Provincial Strategic Coals, which would replace the previous 11 Provincial Strategic Objectives. Later during that month, at the Cabinet Bosberaad, the Provincial Strategic Goals and a draft list of game changers was drawn up for the Western Cape Government. Refined versions of the aforementioned products were subsequently presented by the Premier at the Provincial Coordinators Forum held in August 2014. The 2014-2019 PSP sought to build on the work done through the PSP 2009-2014 by incorporating the lessons learnt, rationalizing and reprioritizing the eleven former Provincial Strategic Objectives (PSOs) into five overarching Provincial Strategic Goals.

The IDP Indaba was hence introduced to advance sustainable and integrated service delivery, and as such, it seeks to achieve two objectives;

- i. Firstly, the national imperative of making the municipal IDP a “single window of coordination” and
- ii. Integrated service delivery for maximizing impact through the IDP.

## 11.1 OBJECTIVES OF IDP INDABA

The DLG formulated a Framework that would function as a policy to guide how the Indaba concept will be realized. The Framework is known as the Intergovernmental Budgeting and Planning Framework (IGBPF). The overarching goal is to ensure that Government's investment is effectively coordinated in order to maximize its impact and avoid duplication and fragmentation of service delivery through the process of municipal integrated development planning. The IGBPF aims to achieve this through the following four objectives:

- Ensuring that municipalities and provincial sector departments participate in a coherent/rational provincial planning and budgetary process that will assist in fast tracking and promoting sustainable and integrated service delivery;
- Introduction and implementation of a holistic, effective, predictable, integrated and transparent planning and budgetary framework that will improve coordination and collaboration within the province and in municipalities on an annual basis;
- Guarding against the implementation of isolated and disconnected intergovernmental planning and budgetary processes within the province in order to promote efficacy and value add to municipal service delivery; and
- Provision of an all-inclusive content and process that the province will use to engage municipalities on the planning and budgetary processes in each financial year.

## **11.2. AGREEMENTS REACHED AT THE 2015 IDP INDABA 2**

In total 364 agreements were reached at the IDP Indaba 2014/15. This is 137 (above 23%) more than the agreements reached at the IDP Indaba 2015. Only 248 (68%) agreements were fully addressed, while 61 (17%) were partially addressed, 10 (3%) and 31 (8%) were referred to other sector departments and to municipalities respectively and 14 (4%) received no response.

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