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PROVINCIAL NOTICE

The following Provincial Notice is published for general information.

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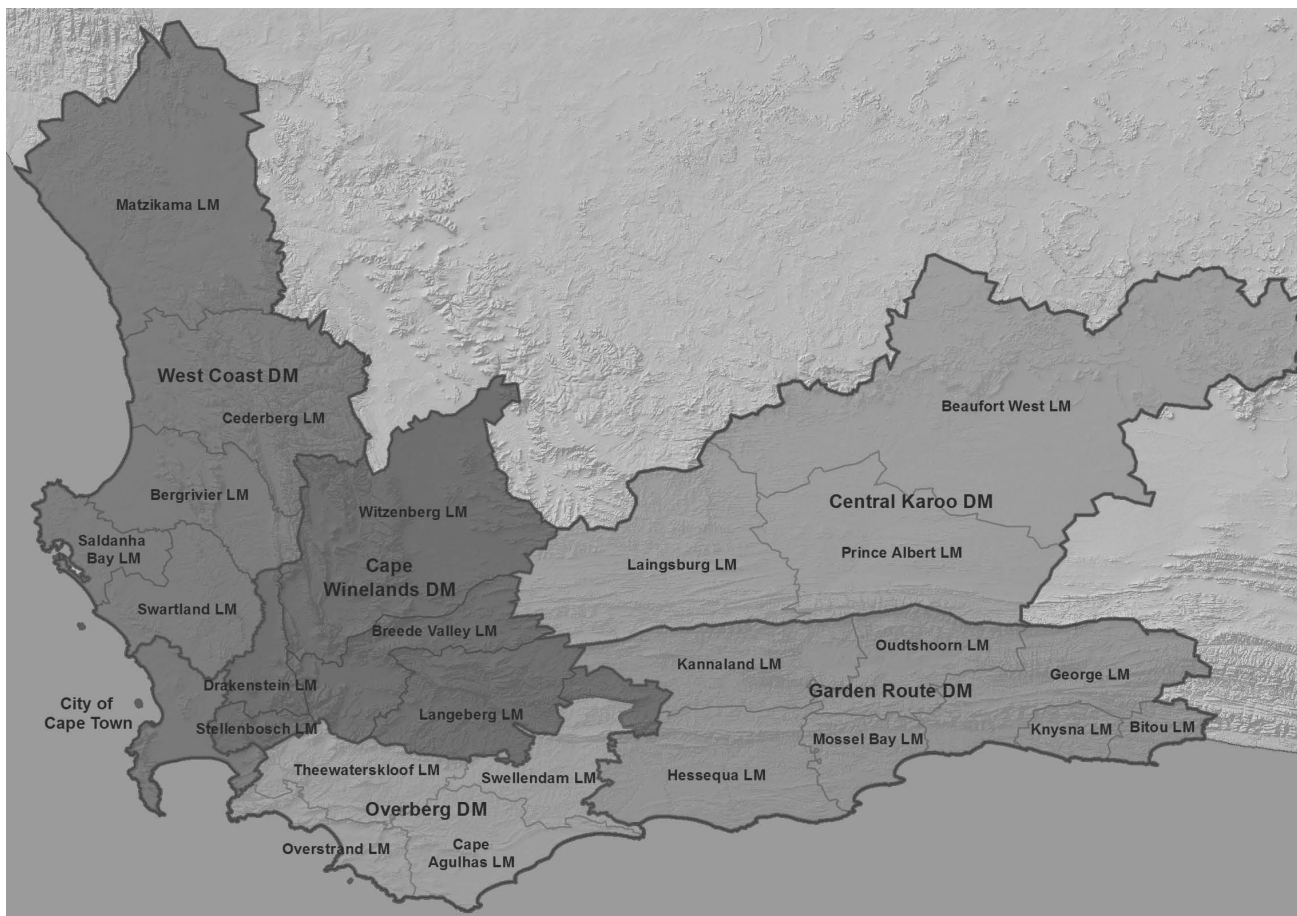


**Western Cape
Government**



DEPARTMENT OF LOCAL GOVERNMENT
**Consolidated Annual Municipal
Performance Report**
2019/2020

WESTERN CAPE MUNICIPALITIES



CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE REPORT 2019/2020

DEPARTMENT OF
LOCAL GOVERNMENT



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LIST OF ACRONYMS

AFS	Annual Financial Statements
AG	Auditor General
CDW	Community Development Worker
DEADP	Department of Environmental Affairs and Development Planning
DWS	Department of Water 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
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDBIP	Service Delivery & Budget Implementation Plan
TOR	Terms of Reference

MINISTER'S FOREWORD



I hereby submit the Consolidated Performance Report of the Municipalities in the Western Cape for the 2019/20 financial year in compliance with the legislative obligation placed on the MEC for Local Government in Section 47 of the Local Government: Municipal Systems Act 32 of 2000.

During the 2019/20 financial year, we have seen a series of events unfold that severely impacted all residents. As the year came to a close, the country and the world as we knew it were brought to a complete shutdown with the emergence of the Covid-19 pandemic and subsequent lockdown having severe effects on the municipal sector, health sector, the economy and society as a whole. These events have forced us to change the way we work and to adapt the way in which we interact with each other.

Municipalities had to institutionalise technological infrastructure changes to enable different working arrangements that will ensure the continued delivery of services to communities.

Municipalities in the Western Cape reported that the effect of COVID-19 could even be seen in the level of revenue collected when compared to previous years. These effects were aggravated by the number of vacant positions not filled, the under expenditure on travel and subsistence as well as the delay in numerous capital projects due to the extended lockdown.

All spheres of government were called upon to actively respond and work collaboratively to minimise the impact of this devastating disaster through a collective recovery plan that focus on jobs, safety and wellbeing to ultimately improve the dignity of all citizens of this Province through collaborative efforts.

This report highlights some of the key successes of our municipalities as well as institutional and resource challenges that exist. It further points out the various interventions that government had put in place to support municipalities.

Most municipalities have complied with their legislative obligations and I applaud their efforts, especially in the light of the challenges they faced.

ANTON BREDELL

Minister for Local Government, Environmental Affairs and Development Planning

EXECUTIVE SUMMARY

Municipalities are mandated in terms of the South African Constitution to ensure the provision of services to communities in a sustainable manner while at the same time, promoting a safe and healthy environment for the citizens it serves. For municipalities to achieve this, national and provincial government must monitor, support and capacitate municipalities to perform their functions and manage their own affairs.

The 2019/20 financial year was a particularly life changing period with Covid-19 and the lockdown having an immense effect on the economy, the level of employment and households' income. It further had a massive impact on the number of indigents and demand for free basic services amongst others. The provision of basic services has a direct impact on the quality of citizens' lives and the Western Cape municipalities has prioritised the delivery of services to its citizens despite the looming challenges experienced in 2019/20. Service levels in the province were maintained at an average of 90% with regards to access to water, sanitation, refuse removal and electricity.

During the period under review the construction industry was negatively impacted as a result of the ensuing lockdown and associated restrictive measures. This had a ripple effect on the MIG expenditure performance as at the end June 2020.

Skills remain a challenge at municipal level. Municipalities are required to annually assess the skills of their personnel and develop workplace skills plans. The successful implementation of these plans is however hampered by the ever-increasing budgetary constraints as barely 1% of municipal budgets are extended to develop the skills of employees, and the number of

employees trained has dropped significantly year on year.

The lockdown has forced municipalities to create innovative ways to meet and communicate with its community. Due to the leveraging of ICT functionalities, municipalities were able to maintain 99,5% of ward committee functionality despite the pandemic.

Anti-corruption measures are an integral part of ensuring good governance at municipalities and promotes whistleblowing for corrupt activities. All municipalities have adopted anti-corruption and fraud prevention plans which are being effectively implemented. Council functionality has further remained stable for the most part with all Councils constituted as required by law.

The Audit Outcomes for the 2019/20 financial year has seen a significant improvement when compared to the last three years, with 18 municipalities achieving a clean audit opinion. A further nine municipalities received unqualified opinions. The lapses in controls in certain municipalities, non-adherence to statutory submission dates as well as supply chain management irregularities were some of the findings identified by the Auditor General.

It should be noted that the availability of data remained a challenge in the compilation of this report. This was largely due to the extension of the due dates for submission of Annual Financial Statements due to the lockdown, which ultimately resulted in the late finalisation and submission of most municipal audits and annual reports by most municipalities (excluding the metro).

INTRODUCTION

BACKGROUND AND PURPOSE OF THE REPORT

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

The Constitution further guides intergovernmental relations together with the Intergovernmental Relations Act that sets out the principles for co-operative governance between the three spheres namely national, provincial and local government. All three spheres of government as well as the private sector and communities have a role to play in service delivery. The objectives of Local Government according to the Constitution are:

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

The Local Government Municipal Systems Act, 2000 (Act 32 of 2000) established a framework for planning, performance management systems, effective use of resources and organisational change in a business context. The Act requires that all municipalities prepare an Integrated Development Plan (IDP) which sets a five-year strategic plan that enables municipalities to achieve service delivery and development goals for their municipal areas in an effective and sustainable way. Further to that, the Act established a system for municipalities to report on their performance and provides residents the opportunity to compare this to the past

performances of municipalities in comparison to that of other municipalities.

Each municipality is then expected to prepare an Annual Performance Report that reflects on the performance of the municipality and of each service provider during that financial year, which forms part of the municipality's Annual Report compiled in terms of Chapter 12 of the Municipal Finance Management Act (MFMA).

Section 47 (1-3) of the Municipal Systems Act, places an obligation on the MEC for Local Government to annually compile and submit to the Provincial Legislature and the National Minister a consolidated report on the performance of municipalities in the Province. The Section further states that the report must identify municipalities that underperformed during the year, propose remedial action to be taken and be published in the Provincial Gazette. A copy of the Section 47 report must then be submitted to the National Council of Provinces.

The purpose of this Report is to assess the performance of municipalities and the state of service delivery in the Western Cape Province for the 2019/20 financial year. The Report was compiled with information collected from municipalities by means of annual reports, audit reports, IDPs and additional information obtained from provincial sector departments.

The annual reporting process of municipalities is presented in the table below:

Table 1: Statutory Annual Report Process

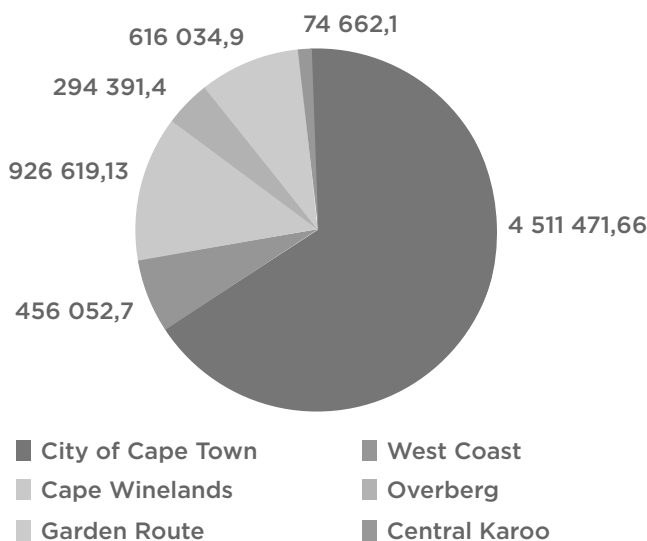
REPORT	APPLICABLE LEGISLATION	RESPONSIBLE ENTITY/ PERSON	BY WHEN
Submission of financial statements	MFMA Section 126(1)	Municipalities	31 August (2 months after the end of a financial year)
Auditor-General to audit financial statements and submit report	MFMA Section 126 (4)	Auditor-General	30 November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

WESTERN CAPE POPULATION AND SOCIO-ECONOMIC OVERVIEW

The Western Cape Province is bordered to the north and east by the Northern Cape and Eastern Cape province, respectively, the Atlantic Ocean in the west and the Indian Ocean in the south. The Province is geographically diverse, encompassing areas as vastly differentiated as the Metropolitan area, Boland, West Coast, Southern Cape and the Karoo. The Province is divided into five district councils, which are made up of 24 local municipalities and one metropolitan municipality.

For 2019, the Western Cape Province had a total population estimated at 6 879 229.

Graph 1: Population per district



Source: 2020 Municipal Review and Outlook

WESTERN CAPE ECONOMIC PERFORMANCE

The average growth rate for the Western Cape economy has gradually slowed down since 2011 to an average annual growth of 1.9 per cent between 2010 and 2019, notwithstanding the continued growth over the last decade. The Western Cape's growth rate for 2019 was estimated at 0.3 per cent compared to the 0.2 per cent growth rate for the rest of South Africa

(Municipal Economic Review and Outlook, 2020).

According to the Municipal Economic Review and Outlook (MERO), the average growth in the Western Cape is expected to be marginally lower over the medium term (2019 to 2025) than it was between 2014 and 2018. In line with global and national developments, the Province's economic outlook has significantly deteriorated. As a prime global tourism destination and centre of wine production in South Africa, the Western Cape economy was particularly vulnerable to lockdown restrictions related to tourism and the sale of alcohol. The restrictions on travel and the prohibition of the distribution and sale of alcohol during the "hard" lockdown period impacted the Province's tourism and wine industries, and further deteriorated its economic outlook.

According to the MERO 2020, the Cape Metro area contributed the largest share (R423.2 billion; 71.8 per cent) to the total GDP in the Western Cape in 2018. The Cape Winelands District (CWD) and the Garden Route District (GRD) also contributed considerably to the provincial GDP, accounting for 11.4 per cent (R67.5 billion) and 7.6 per cent (R44.7 billion), respectively. The Central Karoo District (CKD) was the smallest contributor to the provincial economy – it was valued at R3.1 billion and accounted for 0.5 per cent of the total GDP in the Western Cape in 2018.

The leading contributor to GDP in the Western Cape is the finance, insurance, real estate and business services sector, which contributed 25.2 per cent in 2018. The wholesale and retail trade, catering and accommodation sector and manufacturing sector also contributed substantially to the provincial GDP, accounting for 17.4 per cent and 15.2 per cent, respectively.

The Cape Metro area was the leading contributor to the provincial GDP in all the economic sectors, except for the agriculture, forestry and fishing sector, in 2018. Furthermore, the CWD and GRD were also key contributors to the

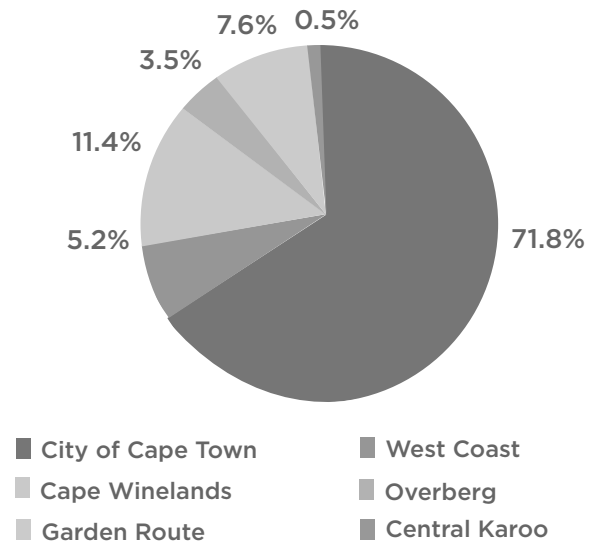
provincial GDPR in the same year. Conversely, the CKD made the smallest contribution to the provincial GDPR. In the finance, insurance, real estate and business services sector, the Cape Metro area contributed 19.7 per cent, while the CWD and GRD contributed 2.3 per cent and 1.9 per cent, respectively. In terms of the wholesale and retail trade, catering and accommodation sector, the Cape Metro area contributed 12.3 per cent, the CWD contributed 2.2 per cent and the GRD contributed 1.4 per cent. The Cape Metro area contributed

10.7 per cent, while the CWD and GRD contributed 1.8 per cent and 1.1 per cent, respectively to the manufacturing sector of the Western Cape.

Graph 2:

District contribution to Provincial GDPR

Source: 2020 Municipal Economic Review and Outlook



CHAPTER 1: GOVERNANCE

MUNICIPAL PERFORMANCE FOR 2018/2019 FINANCIAL YEAR

1.1. INSTITUTIONAL ARRANGEMENT AND CAPACITY BUILDING

1.1.1. Political Governance

Section 151(3) of the Constitution states that the council of a municipality has the right to govern, on its own initiative, the local government affairs of the local community. Political governance is the process of decision-making to formulate policy, whereas administrative governance is the system of policy implementation and is vested in the municipal Council and its committees that perform both legislative and executive functions.

A municipality is established by the MEC for local government by means of a Section 12 notice, referring to Section 12 of the Municipal Structures Act. Among other things, this notice determines the choice between having an Executive Mayor, Executive Committee or no separate Executive at all. The Western Cape municipalities have opted for the option of a Mayoral Committee system. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, Councilors are also actively involved in the community as public representatives with consultative responsibilities between the municipality and the citizens.

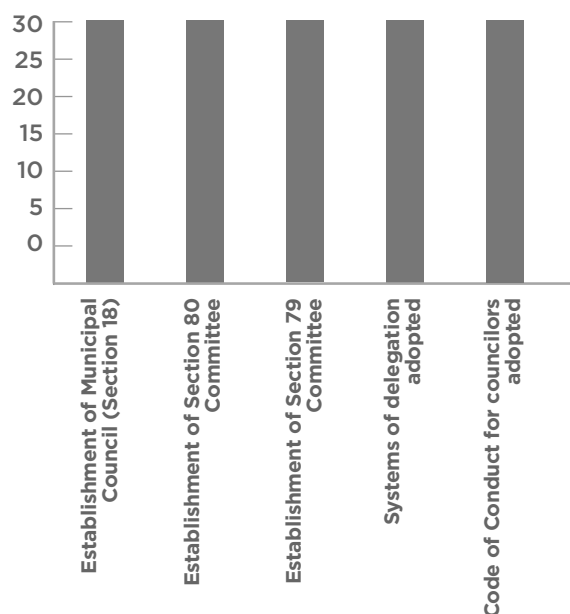
Following the Local Government By-elections in the 2019/20 financial year, Western Cape municipalities had a total number of 909 council seats across the Province. The Democratic

Alliance remained a leading party and obtained a total number of 491 seats across all municipalities in the Province, while the African National Congress had a total of 247 seats and the remaining 171 seats were obtained by other Political Parties/or Independents. The Democratic Alliance controlled 19 municipalities unlike the previous year where it had control over 21 municipalities and governed in coalition with other parties or independents in seven (7) municipalities.

During the period under review, Councils conducted their meetings as per statutory requirements leading up to the impending lockdowns. These meetings were however negatively impacted by the lockdown and municipalities had to seek out innovative methods to communicate and conduct their meetings.

Kannaland Municipality was the only municipality whereupon a Section 139 (5) Interventions was instituted. This intervention was imposed due to serious governance and administrative challenges experienced by the municipality.

Graph 3: Political Governance



Source: Municipal Annual Reports 2019/2020

All municipalities managed to establish their Councils as required by Section 18 of the Municipal Structures Act. Municipal Councils have the power to change and improve their delegations on an ongoing basis. Based on the information obtained from the annual reports, all 30 municipalities have adopted their system of delegations in line with Section 59 of the Municipal Systems Act, ensuring the maximisation of administrative and operational efficiency. The respective Codes of Conduct were adopted in accordance with the Municipal Systems Act.

1.1.2. Administrative Governance

Municipalities must, within their administrative and finance capacities establish and organise their administration to 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 specific needs of the municipalities and requires the implementation of appropriate organisational structures.

Section 54A of the Municipal Systems Act requires that the Municipal Council appoint a Municipal Manager who is the head of administration of the Municipal Council. During the period under review, none of the municipalities had reported to have vacant Municipal Manager positions.

Section 56 of the same Act states that a Municipal Council after consultation with the Municipal Manager must appoint a Manager directly accountable to the Municipal Manager. In terms of the Organograms of the Western Cape municipalities, there were 134 managers directly accountable to Municipal Manager positions during the period under review. Only 116 Section 56 posts were filled across the Province. All municipalities with vacant posts had decided to temporarily appoint an official in an acting capacity to perform all the responsibilities assigned to the post. Despite these vacant

positions, municipalities were administratively stable and able to perform their delegated responsibilities.

Section 57 of the Municipal Systems Act requires that a person appointed as a Municipal Manager and a person appointed as manager directly accountable to the Municipal Manager, may be appointed to that position only in terms of a written contract for which a performance agreement should be concluded annually. All Municipal Managers and managers directly accountable to the Municipal Managers have signed and submitted performance agreements to the MEC for Local Government. Municipalities ensured that all performance agreements of both Section 54 as well as Section 56 appointments were aligned to the strategic objectives of the IDP.

A municipality should ensure that its recruitment, employment and career development practices are aligned to the objectives of the Employment Equity Act, 1998 (Act 55 of 1998). These obligations include the development and adoption of 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 representation of women and people with disabilities at senior management level. Senior management appointments at municipalities however continue to be largely comprised of male appointees. During 2019/2020, 23 women were appointed at senior management level out of 145 senior management posts filled across municipalities, which is a slight increase from the 21 appointments in the previous financial year.

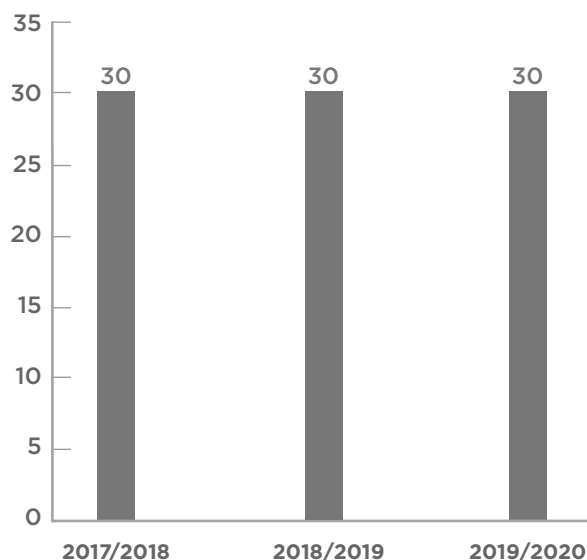
1.1.3. Workplace Skills Plan

Section 68(1) of the Municipal 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, 1999 (Act 28 of 1999)".

Municipalities are required to annually assess the skills of their personnel and develop a workplace skills plan. Thereafter the plan must be submitted to the Local Government Sector Education Training Authority (LGSETA). 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, Municipal Minimum Competency, Project Management Training, End User Computing, Supply Chain Management, and Local Government Accounting Certificate. Graph 4 below shows the number of municipalities who complied with this requirement in the past three years.

Graph 4: Submission of Workplace Skills Plan

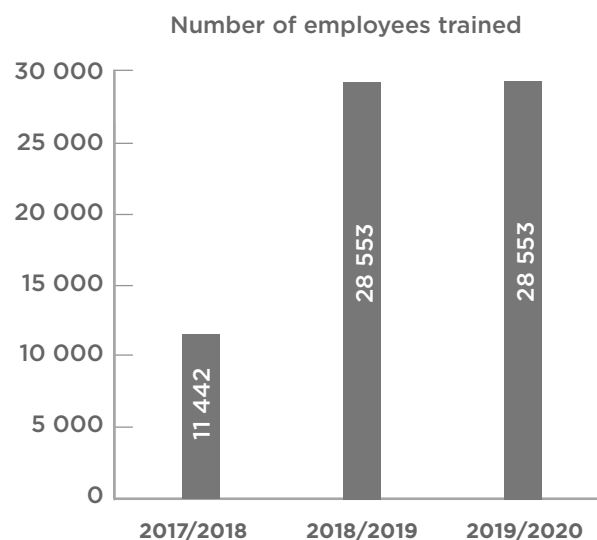


Source: Municipal Annual Reports 2019/2020

1.1.4. Skills Development and Training

Western Cape municipalities continued to experience challenges related to attracting and retaining skilled staff during 2019/20. This was as a result of, amongst other reasons, budget constraints and a shortage of the required skills especially in rural areas. Within this context, municipal capacity building and skills development initiatives were of vital importance. Most municipalities have spent their personnel budget in enhancing and capacitating their employees with the necessary skills to perform their duties. During the 2019/2020 financial year, municipalities ensured that about 11 442 employees during the current financial year were empowered with skills. This is a significant drop when compared to previous years. Graph 5 below indicates the number of personnel trained over the three-year period.

Graph 5: Capacity Development training

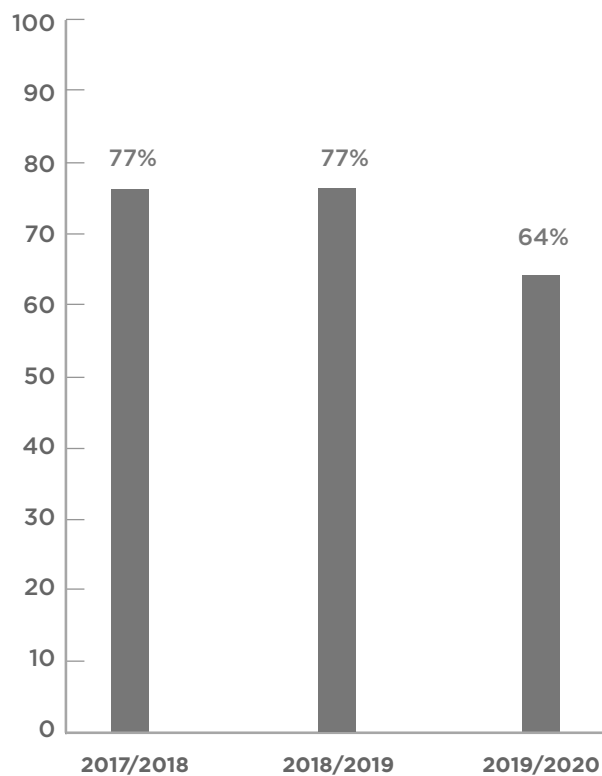


Source: Municipal Annual Reports 2019/2020

Expenditure on the Workplace Skills Plan averaged at 64%, which is significantly lower than previous financial years. The graph below represents the average percentage spent on skills development from municipal personnel budgets.

Graph 6:

Percentage Spent on Skills Development

*Source: Municipal Annual Reports 2019/2020*

CHAPTER 2: ACCOUNTABILITY

2.1 PUBLIC PARTICIPATION

A key requirement for achieving good governance is effective public participation. Public participation allows for constituents to monitor the governance record of their elected officials and encourages the community to play an active role 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 people of society. Public participation spaces 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 good governance can be achieved.

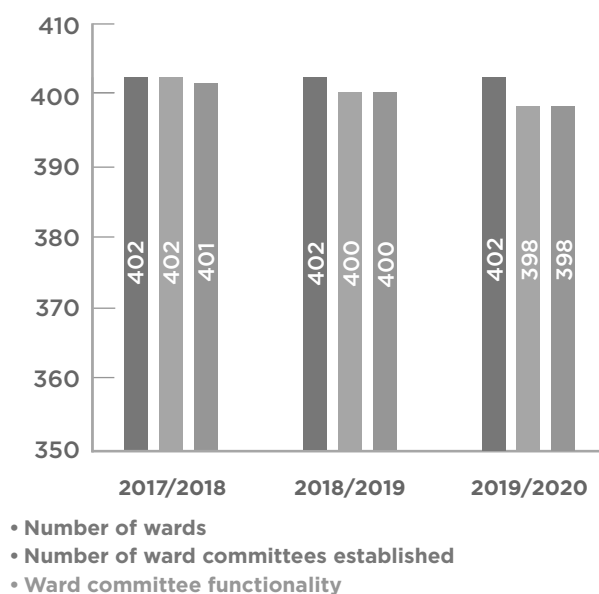
2.1.1 Ward Committees

The Local Government Municipal Structures Act (1998), Chapter 4, Section 72 – 78 provides the legal framework for the establishment, election and operation of ward committees. The ward committee system was designed to ensure that citizens' inputs are considered during planning and decision-making processes at local government level. Ward committees play a very important role in the development and annual revision of the Integrated Development Plan of the Municipality and facilitate wider community participation.

The global Covid-19 pandemic has hampered service delivery, locked down entire countries for months, robbed people of livelihoods and will have dire effects for months (if not years) to come. As various Covid- 19 and lockdown regulations were introduced to limit the spread of the virus and potential loss of life, economies (particularly the most vulnerable) were contrastingly brought to its knees. Due to Covid-19 little- to no Ward Committee meetings were held, however some municipalities still communicated via other Municipal Channels to the communities. As of end June 2020, there were 402 wards across municipalities, of which all except four had functional ward committees

established. The graph below shows the number of functional ward committees in a period of three years while table 2 outlines functional ward committees in each municipality.

Graph 7: Ward Committees



Source: Municipal Annual Reports 2018/2019

In terms of the Ward committee functionality, as with the previous year, the Theewaterskloof and George Municipality have one (1) and three (3) wards; respectively that need to re-establish their functionality.

Due to Covid-19, much of the municipalities' processes were put on hold. Table 2 below outlines the number of wards and functional ward committees in each municipality.

Table 2: Ward Committee Functionality

MUNICIPALITY	NO OF WARDS	WARD COMMITTEE FUNCTIONALITY		
		2016/17	2017/18	2018/19
City of Cape Town	116	All Ward Committees were functional	All Ward Committees were functional	All Ward Committees were functional
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	All 7 ward committees were functional	All 7 ward committees were functional	All 7 ward committees were functional
Saldanha Bay	14	All 14 ward committees were functional	All 14 ward committees were functional	All 14 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	All 12 ward committees were functional
Drakenstein	33	All 33 ward committees were functional	All 33 ward committees were functional	All 33 ward committees were functional
Stellenbosch	22	All 22 ward committees were functional	All 22 ward committees were functional	All 22 ward committees were functional
Breede Valley	21	All 21 ward committees were functional	All 21 ward committees were 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	14	All 14 ward committees were functional	13 out of 14 ward committees were functional	13 out of 14 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	6	All 6 ward committees were functional	All 6 ward committees were functional	All 6 ward committees were functional
Swellendam	6	All 6 ward committees were functional	All 6 ward committees were functional	All 6 ward committees were functional
Kannaland	4		All 4 ward committees were functional	All 4 ward committees were functional
Hessequa	9	All 9 ward committees were functional	All 9 ward committees were functional	All 9 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
George	27	All 27 ward committees were functional	26 out of 27 ward committees were functional	24 out of 27 ward committees were functional. Filling of vacancies was scheduled from 16 March 2020 to 21 April 2020 but was cancelled due to the National Lockdown
Oudtshoorn	13	All 13 ward committees are functional	All 13 ward committees were functional	All 13 ward committees were functional
Bitou	7	All 7 ward committees were functional	All 7 ward committees are functional	All 7 ward committees are functional
Knysna	11	All 11 ward committees were functional	All 11 ward committees were functional	All 11 ward committees were functional

MUNICIPALITY	NO OF WARDS	WARD COMMITTEE FUNCTIONALITY		
		2016/17	2017/18	2018/19
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 2019/2020

2.1.2 Citizen Participation and Community Development Workers Programme

Access to government services and information has the potential to improve the living conditions of citizens. The Thusong and Community Development Worker Programmes are critical to increasing access to government services and information to communities. For the year under review, communities continue to access government services and information through Thusong Service Centres located in various municipalities as well as the Thusong Outreach Programmes which are conducted in remote locations, including farming areas and offer basic services based on the needs of each community.

The Community Development Workers (CDWs) play an important role in establishing and maintaining relationships between communities and government services. CDW's have grassroots knowledge on local conditions and serve as a valuable resource through which service delivery effectiveness can be enhanced. Communities, especially in impoverished areas are often unaware of their rights to access a range of services (including free services) and the required application process. CDWs play a crucial role in mobilising local communities in this regard and providing them with the necessary information.

At the end of the 2019/20 financial year, CDWs also continued to provide support to small scale initiatives aimed at improving access to economic opportunities across the Province. These initiatives are classified as food security and local economic development and contribute

significantly towards making a positive impact on the lives of beneficiaries.

2.1.3 Customer Satisfaction Survey

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 8 municipalities. Due to the COVID-19 pandemic, most municipalities were unable to conduct the survey during the 2019/2020 financial year.

Table 3: Public Satisfaction Survey

MUNICIPALITY	CUSTOMER SATISFACTION SURVEYS UNDERTAKEN Y/N	WHEN WAS THE SURVEY LAST CONDUCTED
City of Cape Town	Y	Ongoing
Matzikama	N	2018/2019
Cederberg	No information	-
Bergrivier	N	2018/2019
Saldanha Bay	Y	2019/2020
Swartland	N	2016/2017
Witzenberg	Y	2019/2020
Drakenstein	Y	2019/2020
Stellenbosch	N	-
Breede Valley	N	2016/2017
Langeberg	N	-
Theewaterskloof	N	-
Overstrand	N	2012/2013
Cape Agulhas	Y	2019/20
Swellendam	Y	2019/20
Kannaland	No information	
Hessequa	N	2018/2019
Mossel Bay	Y	2019/20
George	No information	-
Oudtshoorn	Y	2019/20
Bitou	N	2018/2019
Knysna	N	-
Laingsburg	N	-
Prince Albert	N	-
Beaufort West	N	-

Source: Municipal Annual Reports 2019/2020

2.2 COMMUNICATION

The local government sphere has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996, and other statutory enactments, impose an obligation on local government which require high levels of transparency,

accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all. Good customer care is of fundamental importance to any organisation. In fulfilling this obligation, Western Cape municipalities have developed, adopted and implemented their communication

strategies. A successful communication strategy therefore connects people to the municipality's programme for the year. The level of implementation is however not at a mature level in some municipalities. Some municipalities have reported that the communication strategy does exist, however it is not optimally utilised. Plans to ensure optimal use of the function are underway. Different communication platforms are utilised to reach the communities i.e., website, local radio stations and newspapers, SMS systems, newsletters and social media platforms (Facebook, Twitter, WhatsApp etc.). In strengthening the communication function, all municipalities actively engage on various intergovernmental communication forums such as the District and Provincial Public Participation Communication (PPCOMM), the Information and Communication Technology Forum (ICTFORUM) and the Communicators Technical (COMMTECH) Forum.

2.2.1 Information Communication Technology (ICT) Governance

Information technology (IT) has become an integral part of doing business today, as it is fundamental to the sustainability and growth of institutions. The ICT unit plays an enabling and transversal role across all directorates in the municipality. They analyse the needs of the municipality as well as the environment in which it operates. They then develop strategies towards the achievement of goals and priorities in the most effective, efficient and economical manner.

Table 4 below considers the municipality's ability to put proper controls in place in line with the recommendations articulated in the Corporate Governance of ICT framework developed to provide context on how municipalities can implement the King principles effectively, to enhance corporate governance.

Table 4:

Municipalities Compliance with Framework

	West-Coast	Swartland	Saldanha Bay	Matzikama	Cederberg	Bergivier	Overberg District	Cape Agalhus	Overstrand	Swellendam	Theewaterskloof	Garden Route	Oudtshoorn	Mossel Bay	Knysna	Kannaland	Hessequa	George Local	Bitou	Central Karoo District	Beaufort West	Laingsburg	Prince Albert	Cape Winelands District	Breede Valley	Drakenstein	Langeberg	Stellenbosch	Witzenberg
Website publication	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
IT Strategy	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓
DRP	N/A	✓	✓	N/A	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓
Server Room Security	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓
IT SteerCom	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓
VOIP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓
Broadband	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗

The table above indicates that municipalities mostly comply with the envisaged governance controls in the Municipal Corporate Governance of Information and Communication Technologies. Municipalities have been battling with infrastructural changes and upgrades that due to Covid19 were needed to enable different working arrangements and accommodate working remotely to ensure the continued delivery of services to communities.

Since the introduction of lockdown in March 2021, municipalities have had to adapt significantly to accommodate the changes that came about as a result of the lockdown.

Websites

According to Section 21B of the Systems Act, municipalities are required to establish their own official website. The municipal website forms an integral part of the municipality's communication strategy and aims to make relevant information accessible to communities and other stakeholders as part of participatory democracy for them to make informed investment decisions.

Committees

All municipalities except for Kannaland and Prince Albert have established IT steering committees.

Telephone Services

The ICT units at municipalities are also responsible for the setup and maintenance of telephone services within the municipality. As indicated in the table above, many municipalities have an upgraded network infrastructure and telephone system to Voice Over Internet Protocol (VOIP). This innovation has cut telephone expenses significantly across all municipalities.

Infrastructure upgrade

Technology infrastructure was designed to accommodate employees mainly based in municipal buildings as a primary station for them to execute official duties. The recent introduction of working remotely however,

places a major burden on the ICT unit of each respective municipality, which is typically under resourced financially and otherwise. In response to the need, ICT departments of municipalities have, and are still battling with the following infrastructural challenges:

- Municipalities have had to make sudden procurement changes and opted for laptops instead of desktops;
- The acquisition and implementation of Office 365 to enable virtual meetings through Teams and other similar platforms. In addition, other municipalities have procured teleconference infrastructure to accommodate meetings taking place amongst users in various municipal buildings;
- Agreements have been concluded with telecommunications service providers to supplement existing user connectivity;
- Network infrastructure has been upgraded and/or expanded to enable connectivity at government official's private residences;
- The issuing of tablet PCs to councilors is ongoing throughout the province with a goal of enabling them to share all documents required for the preparation of council meetings;
- Users were granted access to key municipal systems through a secure VPN;
- Many municipalities have installed fibre to expand wireless capability in their respective municipal areas.

In addition to these municipal initiatives, the Western Cape Department of the Premier has expanded its Broadband project to provide wi-fi connectivity to the residents of municipalities.

Cyber Security

The dispersion of users does not only pose structural challenges, but also escalates the risk from a security standpoint. This reality was acknowledged by all municipalities in the Provincial ICT Forum meetings. To mitigate these threats, municipalities conducted training and the Provincial Government further developed and provided municipalities with user- cyber security awareness posters.

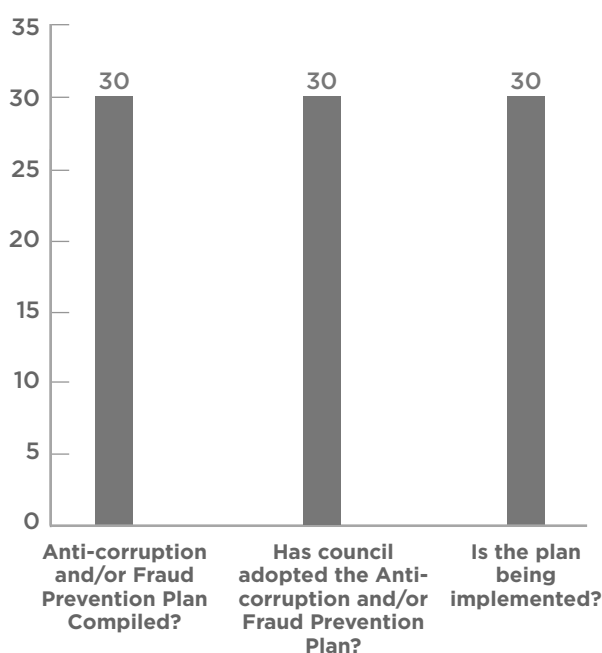
2.3 CORPORATE GOVERNANCE

2.3.1 Anti-Corruption and Fraud Prevention

Section 83(c) of the Municipal Systems Act refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption. Section 112(1)(m)(i) of the MFMA identifies supply chain measures to combat fraud, corruption, favouritism as well as unfair and irregular practices. Similarly, section 115(1) of the MFMA states that the Accounting Officer must take steps to ensure the implementation of proper mechanisms and separation of duties in the supply chain management system to minimize the likelihood of among others, corruption and fraud.

Anti-corruption measures are an integral part of ensuring good governance at municipalities and promotes whistleblowing for corrupt activities. All municipalities in the Province have adopted anti-corruption and fraud prevention plans which have being implemented. The graph below shows the status and implementation of Anti-corruption and Fraud Prevention Plans in municipalities.

Graph 8: Anti-corruption and Fraud prevention plans



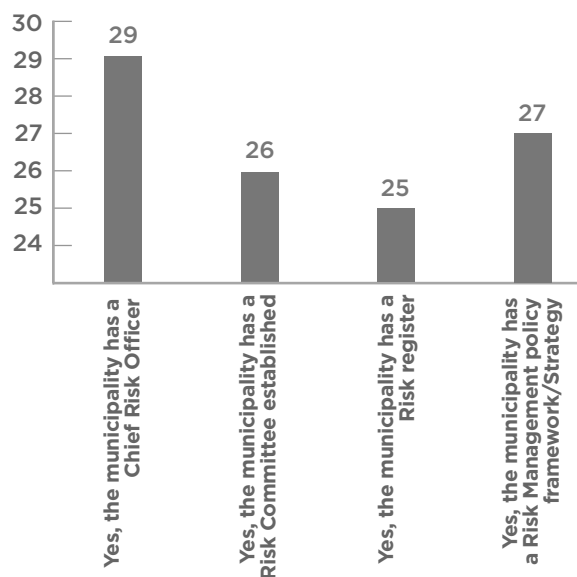
Source: Municipal Annual Reports 2019/2020

2.3.2 Risk Management

According to 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”. The municipalities in the Western Cape Province have committed themselves to the optimal management of risk in achieving 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 they can negatively impact the municipality’s service delivery capacity.

In ensuring that this function is embedded within the municipality, the municipalities in the Western Cape Province had 29 officials who fulfilled the role of Chief Risk Officer (CRO). CROs are tasked with the responsibility of establishing a Risk Management Committee. During the year under review, most municipalities had reported to have Risk Management Committees established and functioning effectively. Due to capacity constraints in municipalities, some municipalities are using the Internal Audit Unit to fulfill the responsibilities of risk management. Overberg and Central Karoo Districts 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.

Only 27 municipalities have developed risk management policy frameworks/strategies which have been adopted by the Municipal Council as well as risk registers that are monitored and reported against, on a quarterly basis. Graph 9 below, illustrates the number of municipalities fulfilling the risk management functions.

Graph 9: Risk Management

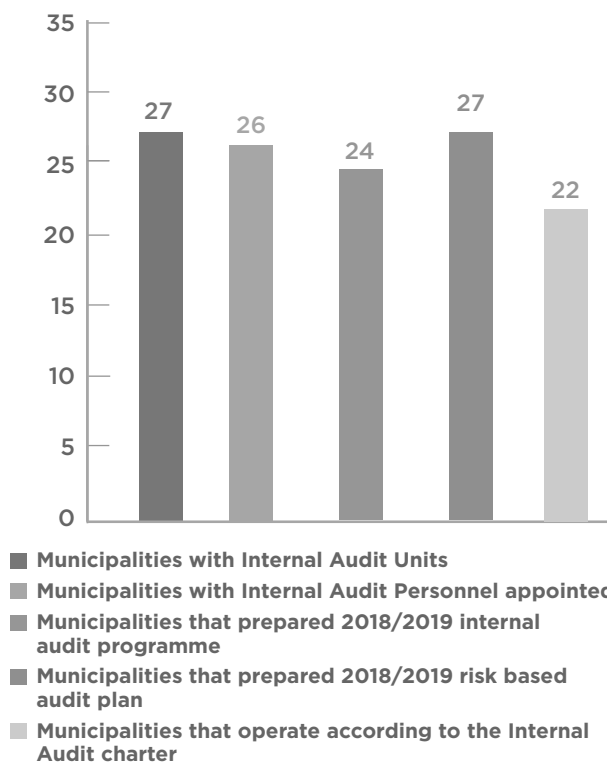
Source: Municipal Annual Reports 2019/2020

2.3.3 Internal Audit Units and Audit Committees

According to Section 165 of the MFMA, municipalities are required to establish an internal audit function. 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.

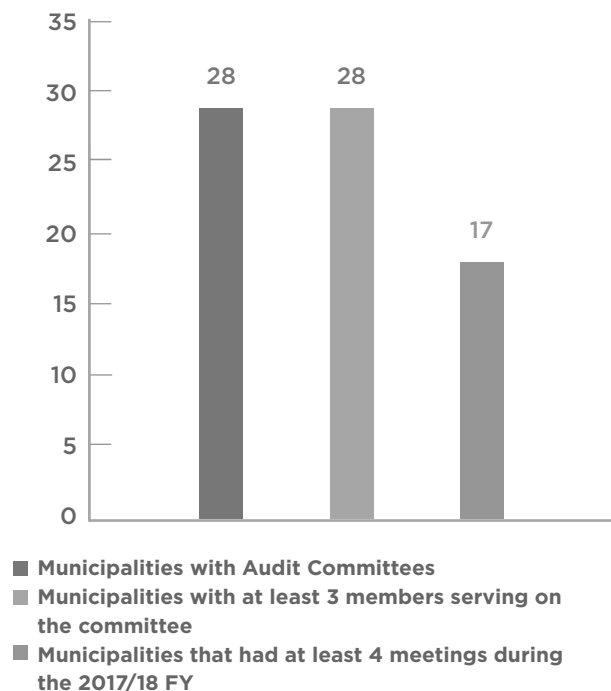
As of June 2020, twenty-seven (27) municipalities were reported to have Internal Audit Units in place. Twenty-eight (28) municipalities appointed a dedicated person to drive the internal auditing function while others are assisted by a service provider. It was also reported that municipalities have prepared their

2019/20 internal audit programme, risk-based plans and are operating in accordance with the Internal Audit Charter. Graph 10 below illustrates internal audit functionality in municipalities.

Graph 10: Internal Audit Units

Source: Municipal Annual Report 2019/20

The MFMA and Municipal Planning and Performance Management Regulations require municipalities to establish an Audit Committee consisting of a minimum of three members, where most 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, 28 municipalities in the Western Cape Province had functional Audit Committees in place with at least three (3) members serving on the committee. It was also reported that 17 municipalities had at least four meetings during the 2019/20 financial year. This is mostly due to the Covid-19 restrictions. Graph 11 below illustrates Audit Committee functionality in municipalities.

Graph 11: Audit Committees

Source: Municipal Annual Report 2019/20

Table 5 to the right illustrates municipal compliance with regards to the tabling of the Annual Report and adoption of the Oversight Report by Council.

2.3.4 Council Oversight

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 consider 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 its comments on the Annual Report, which must include a statement whether the Council has:

- Approved the Annual Report with or without reservations;
- Rejected the Annual Report; or
- 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 Auditor General, relevant Provincial Treasury and the DLG.

Table 5:

Annual Report Tabling and Oversight report

MUNICIPALITY	FINANCIAL YEAR	ANNUAL REPORT TABLING	OVERSIGHT REPORT ADOPTION	ANNUAL REPORT APPROVED WITHOUT RESERVATIONS	ANNUAL REPORT APPROVED WITH RESERVATIONS	ANNUAL REPORT REJECTED
City of Cape Town	2017/2018	31-Jan-19	28-Mar-19	✓		
	2018/2019	29-Jan-20	26-Mar-20	✓		
	2019/2020	31-Mar-21	27-May-21	✓		
West Coast DM	2017/2018	05-Dec-18	21-Jan-19	✓		
	2018/2019	28-Dec-20	22-Nov-20	✓		
	2019/2020	25-Aug-21	26-Aug-21	✓		
Matzikama	2017/2018	04-Dec-18	01-Feb-19	✓		
	2018/2019	12-Dec-19	04-Feb-20	✓		
	2019/2020	29-Jun-21	No info			
Cederberg	2017/2018	10-Dec-18	08-Jan-19	✓		
	2018/2019	13-Dec-19	30-Jan-20	✓		
	2019/2020	31-Mar-21	24-May-20	✓		
Bergrivier	2017/2018	22-Jan-19	26-Mar-19	✓		
	2018/2019	21-Jan-20	26-Mar-20	✓		
	2019/2020	30-Mar-21	25-May-21	✓		
Saldanha Bay	2017/2018	30-Jan-19	16-Mar-19	✓		
	2018/2019	30-Jan-20	01-Mar-20	✓		
	2019/2020	01-Apr-21	27-May-21	✓		
Swartland	2017/2018	31-Jan-19	28-Mar-19	✓		
	2018/2019	30-Jan-20	31-Mar-20	✓		
	2019/2020	11-Mar-20	29-Apr-21	✓		
Cape Winelands DM	2017/2018	31-Jan-19	27-Mar-19	✓		
	2018/2019	30-Jan-20	26-Mar-20	✓		
	2019/2020	25-Mar-21	27-May-21	✓		
Witzenberg	2017/2018	06-Dec-19	23-Jan-19	✓		
	2018/2019	23-Jan-20	03-Mar-20	✓		
	2019/2020	28-Apr-21	28-Apr-21	✓		
Drakenstein	2017/2018	30-Jan-19	01-Mar-19	✓		
	2018/2019	29-Jan-20	05-Mar-20	✓		
	2019/2020	27-Mar-21	31-May-21	✓		
Stellenbosch	2017/2018	30-Jan-19	27-Mar-19	✓		
	2018/2019	29-Jan-20	26-Mar-20	✓		
	2019/2020	31-Mar-21	26-May-21		✓	
Breede Valley	2017/2018	03-Dec-18	21-Jan-19	✓		
	2018/2019	16-Jan-20	16-Jan-20	✓		
	2019/2020	30-Mar-21	28-Apr-21	✓		

MUNICIPALITY	FINANCIAL YEAR	ANNUAL REPORT TABLING	OVERSIGHT REPORT ADOPTION	ANNUAL REPORT APPROVED WITHOUT RESERVATIONS	ANNUAL REPORT APPROVED WITH RESERVATIONS	ANNUAL REPORT REJECTED
Langeberg	2017/2018	10-Dec-18	26-Feb-19	✓		
	2018/2019	05-Dec-19	12-Feb-20	✓		
	2019/2020	30-Mar-21	25-May-21	✓		
Overberg District	2017/2018	28-Jan-19	18-Mar-19	✓		
	2018/2019	30-Jan-20	18-Mar-20	✓		
	2019/2020	29-Mar-21	24-May-21			✓
Theewaterskloof	2017/2018	24-Jan-19	20-Mar-19	✓		
	2018/2019	23-Jan-20	19-Mar-20	✓		
	2019/2020	30-Mar-21	31-May-21			
Overstrand	2017/2018	31-Jan-19	27-Mar-19	✓		
	2018/2019	22-Jan-20	25-Mar-20	✓		
	2019/2020	12-May-21	26-May-21	✓		
Cape Agulhas	2017/2018	13-Dec-18	30-Jan-19		✓	
	2018/2019	22-Jan-20	29-Jan-20	✓		
	2019/2020	30-Mar-21	24-May-21	✓		
Swellendam	2017/2018	31-Jan-19	28-Mar-19	✓		
	2018/2019	30-Jan-20	26-Mar-20	✓		
	2019/2020	31-Mar-21	10-May-21	✓		
Garden Route District	2017/2018	28-Aug-18	06-Dec-18	✓		
	2018/2019	29-Aug-19	13-Dec-19	✓		
	2019/2020	30-Oct-20	29-Mar-21	✓		
Kannaland	2017/2018	20-Mar-19	18-Oct-19		✓	
	2018/2019	29-Jan-20	24-Mar-20		✓	
	2019/2020	No info	No info			
Hessequa	2017/2018	30-Jan-19	28-Mar-19	✓		
	2018/2019	28-Jan-20	17-Mar-20	✓		
	2019/2020	31-Mar-21	24 My 2021	✓		
Mossel Bay	2017/2018	30-Jan-19	15-Mar-19	✓		
	2018/2019	24-Jan-20	18-Mar-20	✓		
	2019/2020	30-Mar-21	27-May-21	✓		
George	2017/2018	31-Jan-19	18-Mar-19	✓		
	2018/2019	30-Jan-20	04-Mar-20	✓		
	2019/2020	31-Mar-21	06-May-21			
Oudtshoorn	2017/2018	25-Jan-19	18-Mar-19	✓		
	2018/2019	23-Jan-20	11-Mar-20	✓		
	2019/2020	No info	07-Jun-21	✓		
Bitou	2017/2018	31-Jan-19	31-Mar-19		✓	
	2018/2019	31-Jan-20	23-Mar-20	✓		
	2019/2020	No info	No info			

MUNICIPALITY	FINANCIAL YEAR	ANNUAL REPORT TABLING	OVERSIGHT REPORT ADOPTION	ANNUAL REPORT APPROVED WITHOUT RESERVATIONS	ANNUAL REPORT APPROVED WITH RESERVATIONS	ANNUAL REPORT REJECTED
Knysna	2017/2018	30-Jan-19	19-Mar-19		✓	
	2018/2019	30-Jan-20	04-Mar-20	✓		
	2019/2020	29-Apr-21	31-May-21	✓		
Central Karoo District	2017/2018	21-Jan-19	28-Mar-19	✓		
	2018/2019	29-Jan-20	26-Mar-20	✓		
	2019/2020	No info	No info	✓		
Laingsburg	2017/2018	25-Jan-18	20-Mar-18			
	2018/2019	23-Jan-20	13-Mar-20		✓	
	2019/2020	31-Mar-21	05-May-21		✓	
Prince Albert	2017/2018	26-Nov-18	22-Jan-19	✓		
	2018/2019	13-Dec-19	12-Feb-20	✓		
	2019/2020	No info	No info			
Beaufort West	2017/2018	26-Jan-19	27-Mar-19		✓	
	2018/2019	28-Jan-20	31-Mar-20	✓		
	2019/2020	31-Mar-21	31-May-21		✓	

Source: Municipal Annual Reports 2019/2020

CHAPTER 3: SERVICE DELIVERY

3.1 SERVICE DELIVERY PERFORMANCE

The Constitution of the Republic of South Africa (1996) states that municipalities have the responsibility to ensure that all citizens are provided with services to meet their basic needs. The provision of basic services has a direct and immediate effect on the quality of life for people in communities across the country. Municipalities are at the forefront of efforts to achieve high levels of service delivery. Service delivery has taken centre stage in South Africa, due to highly publicised events related to widespread protests within various communities. This has put even greater pressure on municipalities to deliver on their mandates to ensure effective service delivery.

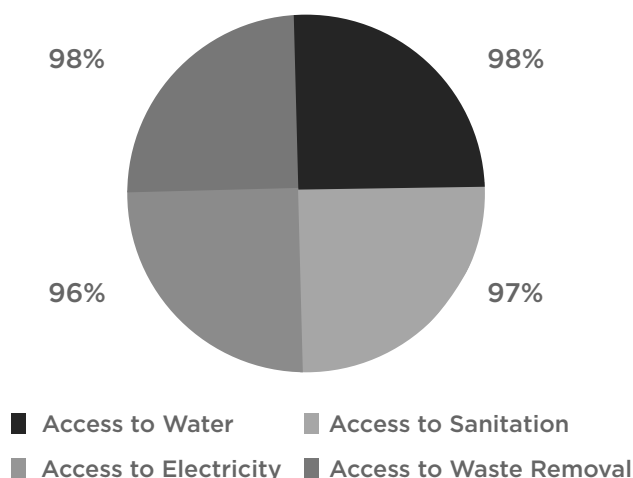
The stressed economic conditions and the effect of the recent Covid-19 lockdown has applied added pressure on household income levels, which is in turn likely to see the number of indigent households and the demand for free basic services increase.

The historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a delicate balance between delivering and improving current services, maintaining existing infrastructure and extending the infrastructure to eradicate the backlog in service delivery.

The Department of Local Government must ensure that municipalities in the Province are fully functional to enable the delivery of infrastructure and municipal services. This chapter on service delivery aims to give an indication of the performance of each municipality in the Western Cape during the municipal financial year ending June 2019. However, it must be noted that information received for this chapter is very limited because information was often outstanding and incomplete.

During the 2019/2020 financial year, the average percentage of households serviced are shown in the graph below.

Graph 12: WC Access to Basic Services



Source: Municipal Annual Reports 2019/2020

3.1.1 Provision of Basic Services

Local government is tasked with ensuring services are provided to communities in a sustainable manner. Basic services rendered to communities include water, sanitation, electricity, refuse removal, roads and storm water. Other services include planning and economic development, environmental, housing, library, cemeteries, community, sport and recreation, traffic as well as fire and disaster management services.

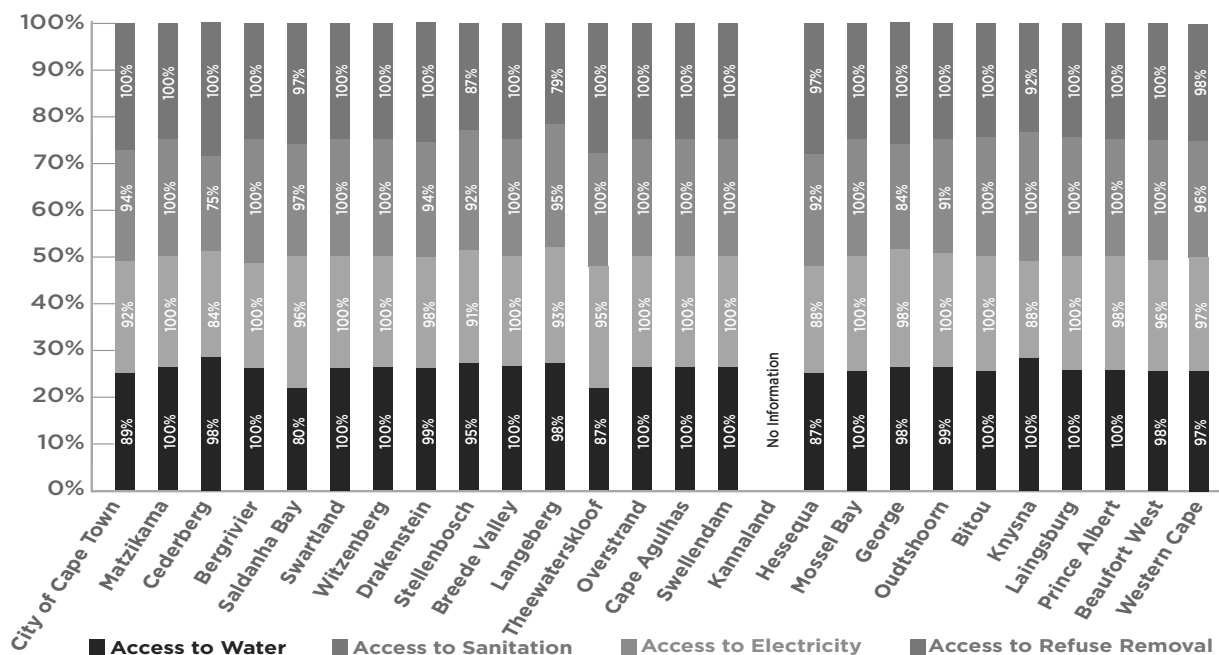
Water, electricity, wastewater and refuse removal services are fundamentally important basic services to ensure a healthy and safe environment. Graph 13 below illustrates the percentage of households with access to basic services per municipality.

The reported number of households with access to basic services is only concentrated at households within each municipal jurisdiction, which excludes private properties such as farms. Municipalities still struggle to provide services adequately due to challenges related to immigration of people, an increase in land invasions and vandalism. Illegal electricity connections in the informal areas also add to these challenges.

It should be noted that information for the Kannaland Municipality was not available at the time of drafting this report as they were still in the process of finalising their audits.

bulk intake point and insufficient bulk capacity in Clanwilliam. Negotiations between Eskom and the Municipality are ongoing.

Graph 13: Access to Basic Services



Source: Municipal Annual Reports 2019/2020

The level of access to water is very high in the Province with most municipalities reporting 100% provision. It should be noted that the figure for access to piped water for the City of Cape Town grew from 87,6% to 88,8% and compliance with prescribed national water quality standards amounted to over 99%. Households are supplied with water in line with national policy, which requires that every household should be within 200m of basic water supply facilities.

At Theewaterskloof Municipality, all residents in urban areas in the service area of the municipality have access to water services and free basic water is provided to all. It is however estimated that there may still be households on the farms in the rural areas, with existing service levels below RDP standards.

Cederberg Municipality's low access to electricity is due to a shortage of power from the Eskom

According to their Integrated Annual Report, the City of Cape Town Municipality distributes electricity to all residential and commercial/industrial customers in its supply area. Their Electricity Generation and Distribution Department is licensed with the National Energy Regulator of South Africa (NERSA) and meets all licence requirements. Some informal settlements, mainly in Eskom supply areas, remain under-connected or unconnected and that contributed to their provision figures. Some households in this category have the added challenge of being located on private property, land below the 1:50-year flood line, land under power lines or in road or rail reserves and stormwater retention or detention ponds, amongst others.

Cederberg Municipality and Hessequa has shown low levels for sanitation. The municipality raised specific challenges around funding constraints

related to the completion of their Citrusdal Waste Water Treatment Works. Hessequa Municipality indicated that sanitation services are rendered to all residents within the urban edge of towns, however the calculation is based on total households and there are households calculated within the rural areas (not within urban edges) to which the municipality does not render sanitation services directly.

The household access level to refuse removal in the Langeberg Municipal area was 79.3% during 2019/20. They provide refuse removal to formal residential properties once per week.

3.1.2 Provision of Free Basic Services

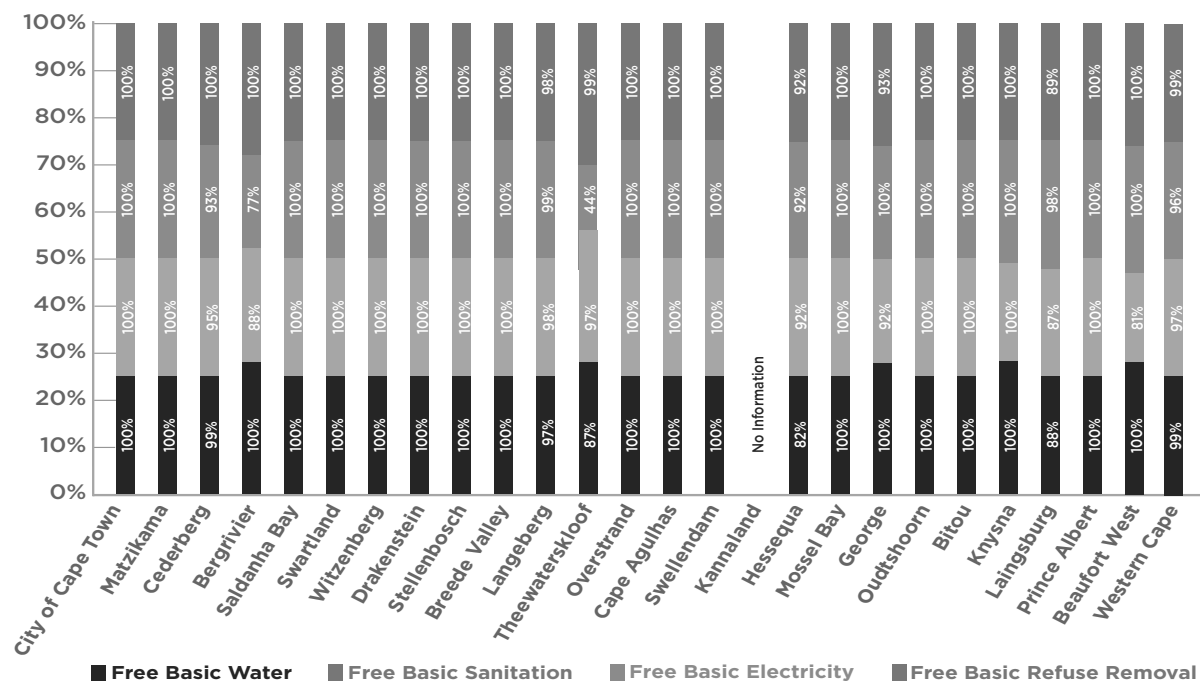
In an attempt by National Government to address the plight of the poor and ensure that all citizens have access to basic services, the Free Basic Services Programme was created. This policy was adopted in the year 2005, after government announced its intention to provide free access to basic services in the fight against poverty. It requires municipalities to adopt indigent policies and draw up registers of indigent households that

are within their jurisdiction, in order to provide free basic services to those people who have been registered as indigent. 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, 50kWh of electricity, free sanitation and weekly refuse removal.

Western Cape municipalities have continued to provide nationally mandated free basic services to registered indigent households within their areas during the 2019/20 financial year. Over and above the national standards stipulated in the national indigent policy, some municipalities have put procedures in place in their policies that allow their residents to receive more than what is required in terms of the national policy. Generally, municipalities provided between 6kl of free basic water, 50kWh to 100kWh of free basic electricity, free basic sanitation and weekly refuse removal.

The graph below illustrates provision of free basic services by individual municipalities in the Western Cape.

Graph 14: Free Basic Services



Source: Municipal Annual Reports 2019/2020

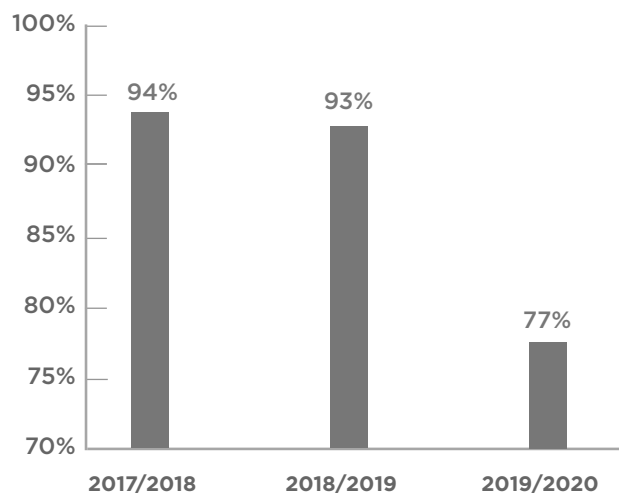
3.1.3 Municipal Infrastructure Grant

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 the South African Government to improve service delivery in a coordinated manner. The key principles underpinning the design of the MIG are outlined below:

- a) Focus on infrastructure required for a basic level of service: The MIG programme is aimed at providing only basic infrastructure;
- b) Targeting the poor: The programme is aimed at providing services to the poor and funds will therefore be targeted to reach them;
- c) Maximising economic benefits: The programme will be managed to ensure that the local economic spin-offs through providing infrastructure are maximised. This includes employment creation and the development of enterprises;
- d) Equity in the allocation and use of funds: The mechanism for distributing funds must provide for equitable access to such funds by the poor in order to make uniform progress in closing the infrastructure gap;
- e) Decentralisation of spending authority within national standards: Decisions relating to the prioritisation of municipal infrastructure spending, such as the identification, selection and approval of projects, are best undertaken at municipal level, with the following provisions:
 - the operating finance and management arrangements must be in place;
 - a degree of national and provincial influence over capital spending, expressed through clear norms, standards and spending conditions must be retained; and
 - unintended consequences should be limited: the grant must promote sound management practices, not the contrary;
- f) Efficient use of funds: Funding must be used to provide the greatest possible improvement in access to basic services at the lowest possible cost. This implies the following:
 - There should be an appropriate selection of service levels;
 - Incentives and conditions must ensure that other funds are mixed with grant funds to minimise leakage to non-eligible households and service levels;
 - The mechanism to disburse funds should be simple and easy enough to monitor, and the outcomes of municipal spending should be easy to evaluate;
- g) Reinforcing local, provincial and national development objectives
- h) This implies the following:
 - The funding mechanism must be consistent with the planning processes of local, provincial and national government;
 - Nodal municipalities associated with the Urban Renewal Strategy and the Integrated Sustainable Rural Development Programme must receive proportionally greater allocations of funding;
 - Spatial integration must be promoted;
 - The emphasis must be placed on the selection of appropriate service levels;
 - The formula should promote appropriate municipal performance relative to policy objectives;
- i) Predictability and transparency: Funds should be provided to individual municipalities on a three-year basis, consistent with medium term budgeting practice, with minimal changes occurring during the year; and with year-on-year changes based only on clearly defined conditions. This is essential for municipalities and other stakeholders to easily understand how the funds are distributed.

The table below depicts the MIG performance for the last four years.

Graph 15: Municipal Infrastructure Grant



Source: Western Cape MIG Expenditure Report as of June 2020

During the year under review, MIG expenditure at the end of June 2019 was at 77% which is significantly lower than the 93.0% in the previous financial year.

The ending and reallocation of funding by National Treasury as well as the impact of Covid-19 regulations and lockdown on construction and finalisation of projects, contributed to the overall low MIG performance.

Municipalities like Kannaland (45,9%), George (24,3%), Laingsburg (40,4%) and Prince Albert (22,7%) achieved low expenditure figures, mainly due to poor pre-implementation planning. COVID-19 further exacerbated their respective implementation challenges. The municipalities with under-expenditure will apply to National Treasury for roll-overs of the unspent funds.

It should be noted that Witzenberg Municipality has achieved 100% expenditure in the previous four (4) years and the effect of COVID-19 lockdown has resulted in Witzenberg Municipality only spending 50% of its allocation in 2019/20. A sports infrastructure project was halted for

three (3) months as it was not deemed an essential service project which resulted in the poor expenditure performance.

3.1.4 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 as well as Provincial and National Departments responsible for Housing.

The Western Cape Province has continued with the positive trend of 100% expenditure on the Human Settlement Development Grant. Through the implementation of the various strategies, the Department of Human Settlements succeeded in delivering on its mandate by providing housing opportunities to residents of the Western Cape. This resulted in 16 217 housing opportunities comprising of 5 842 serviced sites, and 8 038 housing units, and 2 337 Enhanced Extended Discount Benefit Scheme (EEDBS) opportunities.

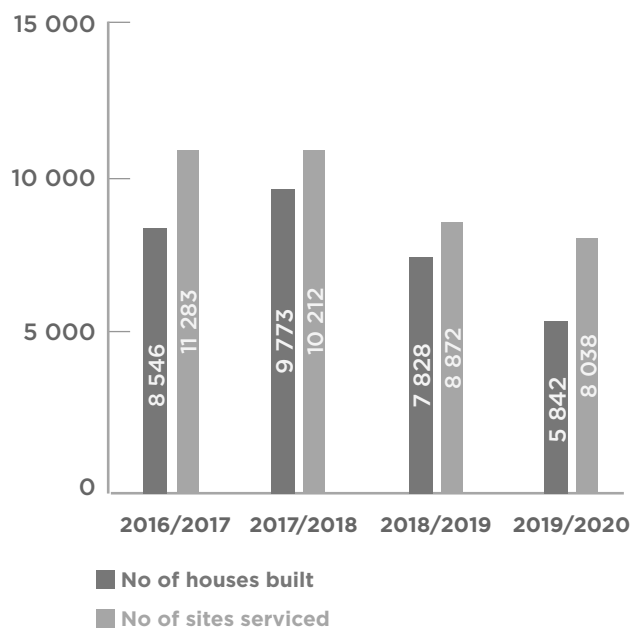
The Department of Human Settlements delivered 8 038 housing units against a target of 9 723. While the construction of the housing units was complete, there were delays by the relevant authorities in the installation of water meters and connection to the power grid. Due to these factors, the units could not be signed off and counted as practically complete.

The Department of Human Settlements delivered 5 842 service sites against a target of 6 486. Services could not be installed on some sites, as community members refused to be relocated. The under-performance can be attributed to community members who have built their own structures and refused to be relocated, therefore delaying the installation of services.

In terms of title deeds, the Department transferred 8 491 title deeds against a target of 7 000. This over performance is as a result of mechanisms put in place by the Title Deeds Restoration Project. The aim of this project is to accelerate the eradication of the backlog in the transfer of ownership of houses in subsidy built human settlements and is continuing to yield positive results.

Graphs 16 and 17 illustrate the delivery of housing and serviced sites as well as grant expenditure against the Division of Revenue Act for the past three financial years, while Table 6 below details housing provision per municipality.

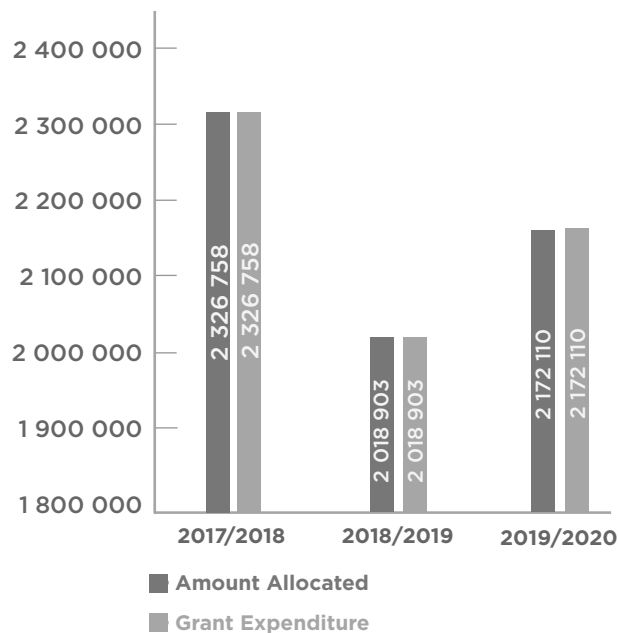
Graph 16: Housing Delivery



Source: Department of Human Settlements Annual Report 2019/2020

Graph 17:

Human Settlement Grant Expenditure



Source: Department of Human Settlements Annual Report 2019/2020

Table 6: Housing Delivery per Municipality

MUNICIPALITY	PROGRAMME	DELIVERY	
		SERVICED SITES	HOUSING UNITS
City of Cape Town (includes Provincial projects)	Integrated Residential Development Programme (IRDP)	1 227	2 549
	People's Housing Process (PHP)	-	869
	Upgrading of Human Settlements Programme (UISP)	175	-
	Social Housing	-	133
Breede Valley	Integrated Residential Development Programme	761	-
Drakenstein	Integrated Residential Development Programme	251	64
	People Housing Process	-	5
Langeberg	Integrated Residential Development Programme	46	-
Stellenbosch	Integrated Residential Development Programme	76	26
Witzenberg	Integrated Residential Development Programme	-	229
Cape Agulhas	Integrated Residential Development Programme	-	322
	Peoples Housing Process	-	96
Overstrand	Integrated Residential Development Programme	999	63
	Upgrading of Informal Settlement Programme	83	-
Swellendam	Integrated Residential Development Programme	126	-
Theewaterskloof	Peoples Housing Process	-	126
	Integrated Residential Development Programme	-	32
	Upgrading of Informal Settlement Programme	255	-
Prince Albert	Integrated Residential Development Programme	-	-
Beaufort West	Integrated Residential Development Programme	-	247
George	Integrated Residential Development Programme	902	432
	Upgrading of Informal Settlement Programme	79	-
	Peoples Housing Process	-	195
Hessequa	Integrated Residential Development Programme		
Knysna	Upgrading of Informal Settlement Programme	27	-
	Peoples Housing Process	-	185

MUNICIPALITY	PROGRAMME	DELIVERY	
		SERVICED SITES	HOUSING UNITS
Bitou	Integrated Residential Development Programme	-	345
	Upgrading of Informal Settlement Programme	54	-
Mosselbay	Peoples Housing Process	-	1
	Integrated Residential Development Programme	150	21
Oudtshoorn	Integrated Residential Development Programme	-	144
Matzikama	Integrated Residential Development Programme	332	-
Bergervier	Integrated Residential Development Programme	-	-
Cederberg	Integrated Residential Development Programme	-	134
Saldanha Bay	Integrated Residential Development Programme	-	81
	Peoples Housing Process	-	3
Swartland	Upgrading of Informal Settlement Programme	165	-
	Integrated Residential Development Programme	134	128
	Peoples Housing Process	-	2
Other housing programmes (Individual Housing Subsidy Programme, and Enhanced Extended Discount Benefit Scheme (EEDBS))		-	1 606
TOTAL		5 842	8 038

3.2 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 on 1 July 2004, for municipalities. The introduction of the Act meant an increased and holistic responsibility for government, its partners and role players; 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.

Linking Disaster Management Planning and Integrated Development Planning

Risk Assessments will inform and underpin all risk reduction planning, which can be implemented in the following ways. Disaster risk is incorporated into risk reduction planning on a strategic level to inform any required interventions:

- Risk reduction objectives are developed and prioritised (in the DM Chapter);
- Risk reduction projects are created to support the objectives (project plans in the DM Plan); and
- Implementation of projects (through the IDP).

Disaster risk is incorporated into service delivery plans by municipal line departments using Risk Assessment information for risk reduction orientated service delivery and enhanced or targeted service delivery in high risk or prioritised areas.

Disaster risk is incorporated into development planning:

- Risks that potentially affect new developments (whether in planning or building phase) or existing developments/assets/infrastructure are identified and addressed through control measures in the municipality and IDP; and
- Disaster Risk Register in the Disaster Management Chapter serves as the control measure for reducing identified and prioritised developmental risk in order to have sustainable and resilient developments.

Further reasons for linking Disaster Management (DM) with Integrated Development Planning (IDP) includes:

- Integration - the IDP plays a co-ordinating, facilitating and integrating function between the different sectoral plans - the IDP is a multi-sectoral approach to Disaster Management and is especially necessary for risk reduction initiatives;
- Funding - without inclusion into the IDP, disaster risk reduction projects will not be assigned with a budget and it will therefore not be possible to execute such projects.

While the Disaster Management Act is the legislative backbone, the Disaster Management Frameworks are the approach and vision and the Disaster Management Plan and Disaster Management Chapter in the IDP are the means of coordination and implementation. Disaster Risk Reduction should predominantly take place developmentally, by always factoring prevailing risks from the Risk Assessment in all development projects and service delivery. Since Disaster Management is a collaborative process that involves all spheres of government on political and administrative levels, including all sectors of society, the predominant challenge therein is for municipalities to facilitate and manage that process of participation, i.e., suitable institutional arrangement and corporate planning.

All municipalities in the Western Cape have been supported with the provision of the

Disaster Management Chapter guidelines, where hands-on support was provided to the following municipalities in the 2019/20 financial year:

- Mossel Bay Local Municipality;
- Swellendam Local Municipality

District and Municipal Disaster Management Advisory Forums

All District Municipalities in the Western Cape namely, Cape Winelands, Garden Route, Overberg, West Coast and Central Karoo District Municipalities, as well as the City of Cape Town, have established Disaster Management Advisory Forums and committees to drive the implementation of disaster management within their respective jurisdictional areas. The PDMC attends advisory forums and supports the various forums with the requested interventions.

The PDMC attended the first Oudtshoorn Disaster Management Advisory Forum to support the local municipality to strengthen and foster partnerships towards disaster resilience. Furthermore, the PDMC engaged with Drakenstein Municipality to support with the strengthening of disaster management functionality and stakeholder relations in the municipality.

The PDMC also attended the Eastern Cape PDMC Disaster Management Advisory Forum and developed a presentation in relation to the functions of the centre. Further documentation and lessons learned were shared in collaboration and support of our neighbouring PDMC.

CHAPTER 4: FINANCIAL MANAGEMENT

4.1 FINANCIAL PERFORMANCE

The COVID-19 pandemic and the ensuing lockdown was preceded by a global negative macro-economic outlook which had already impacted municipalities' revenue collection capabilities. The effects of the pandemic and subsequent lockdown have therefore had a compounding negative effect on municipalities' cash flow and ability to collect revenue from its ratepayers.

As industries and businesses closed amidst the lockdown, widespread job losses and temporary loss of income across all sectors occurred throughout the Province which resulted in communities and businesses not being able to pay for municipal services.

In an effort to alleviate some of the pressure experienced by communities and businesses, municipalities considered various options to relieve the resultant socio-economic plight. In some cases, municipalities have given residents payment holidays to both households and businesses.

In addition, Councils approved funding to either implement or support existing food security initiatives and as a result spent in total R7 million for this purpose. The cumulative impact has been devastating on the revenue collection and financial sustainability of municipalities in the Province, with some municipalities such as the City of Cape Town, Mossel Bay and Knysna experiencing significant revenue losses. It should be noted that although the City of Cape Town had revenue losses, the year-end revenue was more than anticipated.

In general, municipalities in the Western Cape have reported a month-on-month reduction in revenue of between 20-30%. This did not only have an impact on the financial sustainability of municipalities in the long term, but also on their cash flow in the immediate term.

To this extent, municipalities have approached the Minister and the Head of Department with a request to facilitate a process to propose practical and sustainable solutions to address these challenges. This has also created a unique opportunity to re-look at revenue streams, revenue management and service delivery levels against affordability, with a view to put a more sustainable revenue model for municipalities in place and ensure financial viability.

As a result, a special committee was established under the leadership of the Head of the Department of Local Government and the Provincial Treasury that included senior officials from both the Departments and various municipalities. The role of the committee is to assist municipalities with revenue enhancement strategies to ensure their financial survival, taking cognizance of the "new normal" caused by COVID-19.

Big creditors such as ESKOM and the Auditor General were approached to review payment arrangements and audit fees as an immediate intervention measure, as agreed to by the Committee.

As a longer-term intervention measure, the Department of Local Government in collaboration with the Hans Seidel Foundation have commissioned the University of Stellenbosch to design a financial and operational sustainability model for municipalities, regarding the new normal. This model will assist in ensuring the operation and financial resilience of municipalities during and post the COVID-19 pandemic.

To alleviate the burden and unplanned expense on municipalities to continue with food security interventions, the Department of Local Government established a special Local Government Support Grant. The aim of the Local Government Support Grant was to augment and compliment the reach of the social support network, especially to those who did not qualify for other funding channels.

4.1.1 Performance against budget

The average revenue/expenditure variance is a measurement of the performance of municipalities when comparing budgeted revenue/expenditure (expected revenue/expenditure) versus the actual revenue/expenditure generated/spent. This is an indication of the municipalities' ability to accurately plan/forecast.

Table 7 below reveals that there were 5 (five) municipalities who were amongst the 2% variance threshold when comparing budgeted (planned) revenue to be generated versus the actual revenue. Similarly, only 1 (one) municipality was within this threshold when analysing the projected expenditure against the actual expenditure incurred. It is concerning that for 14 municipalities the actual expenditure incurred exceeded the actual revenue generated.

Table 7:

Operating Revenue and Expenditure (R'000)

MUNICIPALITY	OPERATING REVENUE			OPERATING EXPENDITURE		
	BUDGET	ACTUAL	%	BUDGET	ACTUAL	%
City of Cape Town	41 501 036	42 869 046	-3.19%	41 873 159	40 533 144	3.31%
Matzikama	386 246	319 617	20.85%	395 608	414 691	-4.60%
Cederberg	326 713	286 947	13.86%	358 459	323 347	10.86%
Bergrivier	377 324	377 708	-0.10%	394 279	367 923	7.16%
Saldanha Bay	1 173 052	1 170 018	0.26%	1 190 447	1 087 726	9.44%
Swartland	838 502	861 157	-2.63%	750 137	714 697	4.96%
West Coast DM	404 004	381 450	5.91%	412 569	360 616	14.41%
Witzenberg	613 935	606 736	1.19%	708 638	646 051	9.69%
Drakenstein	2 478 437	2 410 071	2.84%	2 404 238	2 325 998	3.36%
Stellenbosch	1 689 671	1 607 947	5.08%	1 778 284	1 778 284	0.00%
Breede Valley	1 150 385	1 011 719	13.71%	1 113 584	1 011 191	10.13%
Langeberg	745 294	760 442	-1.99%	747 667	681 248	9.75%
Cape Winelands DM	429 232	402 688	6.59%	421 114	355 782	18.36%
Theewaterskloof	588 658	548 525	7.32%	612 889	519 020	18.09%
Overstrand	1 290 877	1 290 276	0.05%	1 306 768	1 189 336	9.87%
Cape Agulhas	391 405	350 218	11.76%	393 756	343 022	14.79%
Swellendam	275 790	255 257	8.04%	297 077	261 917	13.42%
Overberg DM	230 844	220 789	4.55%	237 233	215 414	10.13%
Kannaland			----			----
Hessequa	499 889	490 501	1.91%	515 852	428 953	20.26%
Mossel Bay	1 177 348	1 124 849	4.67%	1 207 874	1 077 413	12.11%
George	2 379 883	2 103 635	13.13%	2 425 855	2 105 987	15.19%
Oudtshoorn	607 841	598 188	1.61%	673 615	606 789	11.01%
Bitou	665 927	668 760	-0.42%	664 726	650 650	2.16%
Knysna	989 401	888 737	11.33%	960 642	918 225	4.62%
Garden Route DM	429 592	381 697	12.55%	434 094	393 838	10.22%
Laingsburg	86 302	82 602	4.48%	94 052	91 292	3.02%
Prince Albert	72 370	68 032	6.38%	73 288	69 229	5.86%
Beaufort West	369 155	299 969	23.06%	378 533	337 881	12.03%
Central Karoo DM	104 610	88 306	18.46%	103 463	90 940	13.77%

Source: Municipal Annual Financial Statements 2019/2020

4.1.2 Capital Expenditure

Municipalities are expected to spend at least 80% of their capital budgets in line with the Provincial norms (refer to Treasury Circular Mun No 4/2015). Of the 29 Municipalities in the Province whose annual reports were available for review, an average of 80,06% (2018/19: 82.9%) of their adjusted capital budgets were spent in the

2019/2020 financial year. This translates to an average under spending of 19,94%. Seventeen (17) municipalities have under spent by more than 20% of its adjusted capital budgets. The table below indicates the percentage of capital budget spent by the 29 municipalities as of June 2020.

Table 8: Capital Expenditure

MUNICIPALITY	ADJUSTED BUDGETED '000	ACTUAL EXPENDITURE '000	YTD EXPENDITURE %
City of Cape Town	6 779 602	6 188 105	91,28%
Matzikama	121 191	62 427	51,51%
Cederberg	56 606	34 584	61,10%
Bergrivier	49 096	40 938	83,38%
Saldanha Bay	299 872	185 632	61,90%
Swartland	140 815	123 247	87,52%
West Coast DM	13 428	10 932	81,41%
Witzenberg	76 594	34 468	45,00%
Drakenstein	308 394	269 758	87,47%
Stellenbosch	577 905	405 931	70,24%
Breede Valley	242 686	195 481	80,55%
Langeberg	83 732	66 210	79,07%
Cape Winelands DM	10 949	7 591	69,33%
Theewaterskloof	108 566	78 723	72,51%
Overstrand	275 800	211 056	76,53%
Cape Agulhas	43 283	43 046	99,45%
Swellendam	26274	28201	107,33%
Overberg DM	5 652	3 001	53,10%
Kannaland			----
Hessequa	72 427	67 055	92,58%
Mossel Bay	252 356	242 040	95,91%
George	292 051	151 895	52,01%
Oudtshoorn	131 797	73 279	55,60%
Bitou	37 201	26 187	70,39%
Knysna	186 889	148 666	79,55%
Garden Route DM	8 423	7 763	92,16%
Laingsburg	14 143	14 143	100,00%
Prince Albert	30 466	12 723	41,76%
Beaufort West	38 135	26 423	69,29%
Central Karoo DM	1 074	194	18,06%
TOTAL	10 277 473	8 787 076	80,06%

Source: Municipal Annual Reports 2019/2020

4.1.3 Financial Position

The liquidity ratio is an indication of whether a municipality is financially liquid and if their current assets are enough to finance their current liabilities. The norm for the ratio is between 1.5 and 2.1 to 1. This indicates that for every R1 of short-term debt owed by the municipality, there should be at least R1,50 to R2,10 to meet

these commitments. Municipalities with the highest liquidity risks appear to be Matzikama, Cederberg, Swartland, Laingsburg and Beaufort West Municipalities as their current liabilities exceeds their current assets. Table 9 below shows the current assets and liabilities of municipalities against the final budget for the 2019/2020 financial year.

Table 9: Current Assets and Liabilities

MUNICIPALITY	2020		
	TOTAL CURRENT ASSETS	TOTAL CURRENT LIABILITIES	CURRENT RATIO
	'000	'000	
City of Cape Town	20 161 471	9 959 919	2,02
Matzikama	54 474	120 574	0,45
Cederberg	52 204	61 341	0,85
Bergvriër	193 860	160 412	1,21
Saldanha Bay	844 705	266 894	3,16
Swartland	728 239	757 406	0,96
West Coast DM	395 855	97 235	4,07
Witzenberg	218 961	142 768	1,53
Drakenstein	530 802	593 1862	0,89
Stellenbosch	710 439	407 397	1,74
Breede Valley	357 561	312 432	1,14
Langeberg	322 046	144 980	2,22
Cape Winelands DM	749 789	49 439	15,17
Theewaterskloof	207 485	83 830	2,48
Overstrand	810 803	294 932	2,75
Cape Agulhas	119 663	62 444	1,92
Swellendam	116 237	61 898	1,88
Overberg DM	55 091	37 067	1,49
Kannaland			----
Hessequa	313 268	96 169	3,26
Mossel Bay	703 440	300 609	2,34
George	1 120 019	589 078	1,90
Oudtshoorn	232 822	183 941	1,27
Bitou	221 564	169 194	1,31
Knysna	282 829	238 230	1,19
Garden Route DM	207 391	63 391	3,27
Laingsburg	26 081	43 362	0,60
Prince Albert	56 902	29 094	1,96
Beaufort West	86 479	118 051	0,73
Central Karoo DM	19 035	14 342	1,33

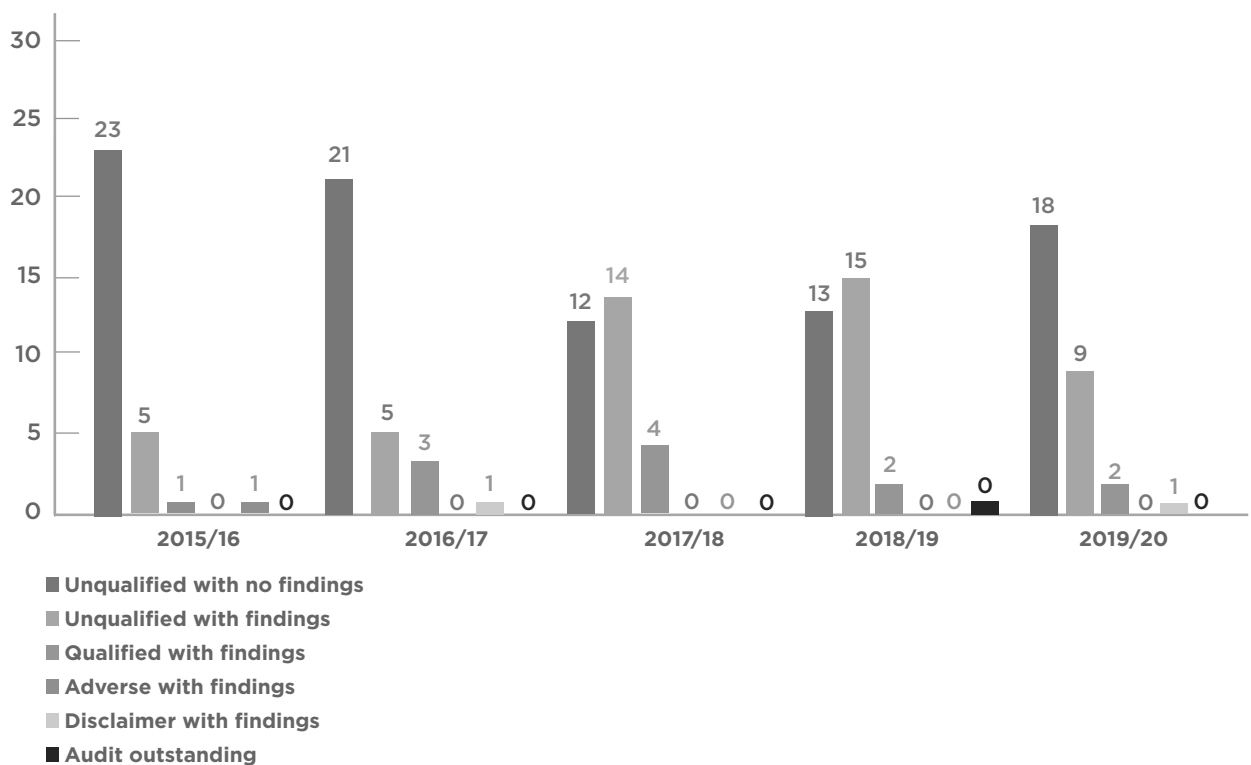
Source: Municipal Annual Financial Statements 2019/2020

4.2 AUDITOR GENERAL REPORT

Municipalities are audited by the Auditor General (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. Graph 18 below depicts the audit outcomes of the Western Cape Province municipalities for the past five years.

According to the Auditor General, the lapses in controls in certain municipalities were largely due to non-adherence to statutory submission dates of financial statements for auditing as well as non-adherence to supply chain requirements in confined areas already identified and actioned by management only after the audit. However, the Auditor General indicated that they do not believe these lapses or control deviations are indicative of a systematic breakdown in the systems of internal control, but their report had to reflect the occurrences to prevent management complacency.

Graph 18: WC Audit Outcomes for the Period 2015 - 2020



Source: Auditor General MFMA Audit Report 2019/2020

	1 IMPROVED	21 UNCHANGED	3 REGRESSED
Unqualified with no findings = 18	Central Karoo DM Breede Valley Mossel Bay Stellenbosch Swartland Swellendam	Bergervier Cape Winelands DM Cape Agulhas Drakenstein Hessequa Langeberg Overstrand Prince Albert Saldanha Bay Theewaterskloof West Coast DM Witzenberg	
Unqualified with findings = 9		Bitou City of Cape Town Garden Route DM George Knysna Matzikama Oudtshoorn Overberg DM*	Cederberg
Qualified with findings = 2		Laingsburg	Kannaland
Disclaimed with findings = 1			Beaufort West

* Dispute has been lodged with the AGSA and is being evaluated internally.

Colour of the auditee indicates the outcome from which the auditee has moved

Source: Auditor General MFMA Audit Report 2019/2020

During the year under review, 18 municipalities in the Western Cape have received clean audits. There were three (3) municipalities that regressed during the 2019/2020 audit, while six (6) municipalities have improved year on year.

Beaufort West is the only municipality in the Western Cape that received a disclaimer, while Kannaland and Laingsburg received qualified opinions.

4.2.1 Measures taken to address issues raised by the Auditor General

To support municipalities with their audit findings raised by the Auditor General, the Provincial Government provided various support initiatives and have initiated different platforms to address audit related findings. One of these platforms is the annual initiation of a MFMA Provincial Steering Sub-Committee to give guidance to municipalities regarding their audit findings raised by the AG, as it arises.

Provincial Government further identifies specific matters highlighted in the Audit Action plans of municipalities where hands-on or other support can be rendered. Provincial Support packages are then tailored accordingly.

An automated system has also been developed to track the progress made by the municipalities to address these issues. Slow progress made by municipalities to address these matters are regularly monitored by Province and addressed directly with slow performing municipalities. Quarterly reports are submitted to the Provincial Executive to reflect progress per municipality in this regard.

CHAPTER 5: LOCAL ECONOMIC DEVELOPMENT

5.1 DEVELOPMENT AND IMPLEMENTATION OF LED STRATEGIES AND PLANS

Local Economic Development (LED) strategies are put in place in an effort to create economic growth and development. It is a vital tool at the disposal of all municipalities and has the potential to radically improve the lives of all municipal constituents by enabling growth and reducing poverty. LED seeks to contribute as a locally driven process by national, provincial and local government, private sector and communities, working collectively to stimulate and transform the local economy to create sustainable job opportunities. LED is further seen as a vehicle for growth and poverty alleviation and municipal LED strategies seek to create an enabling environment within which economic growth and development can be achieved.

Each municipal district manages economic development in their own way. As an example, the Overberg District Region has moved towards a Regional Economic Development Strategy, which is a strategy that assesses the current operating environment, outlines strategic goals over a ten-year period, then recommends a series of actions that achieves those goals by leveraging existing assets and strengths, overcoming existing weaknesses and threats and developing new assets and strengths.

Strategies associated with LED are not to be viewed as a quick-fix solution. There are a myriad of potential challenges and obstacles that need to be overcome in implementing a comprehensive strategy – from local political conditions to the impact of globalization. In essence, the aim of an effective LED strategy is to reduce the impact of factors that could adversely affect local economic growth – such as the rapid increase in urbanisation (which affects all municipalities in some way), as well as the now global Covid-19 pandemic, which will certainly have a significant impact during the year under review. In order to mitigate 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. In many respects, it is the most crucial aspect of an IDP and 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 prioritization and allocation to deliver on economic priorities.

This table below shows municipalities that have developed, reviewed and implemented their Local Economic Development Strategies or Regional Economic Development Strategies for the districts.

Table 10:

Local Economic Development Strategy 2019-20

MUNICIPALITY	LED STRATEGY DEVELOPED
City of Cape Town	The Municipality Economic Growth Strategy (EGS) addresses unemployment and poverty through a targeted approach to encourage economic growth and investment. Currently the City is developing an informal economy strategy that will form part of the EGS. Therefore, the EGS will be reviewed to encourage strong connections between the formal and informal economy. The aim is to promote the formalisation of enterprises and link them to growth sectors of the local economy.
West Coast DM	Economic Growth is one of the five strategic objectives of the West Coast District Municipality "To pursue economic growth and the facilitation of job opportunities". The strategic objectives are discussed as part of the performance scorecard of the Integrated Development Plan (IDP) of the district municipality. To give effect to this objective, there are a number of sub-objectives linked thereto. There is also a Regional Economic Development Strategy that guides the vision for economic growth in the region. Along with supporting investment destination marketing for the region and providing local economic development implementation support, the West Coast Business Development Forum (WCBDF) forms part of an integrated strategy for promoting growth and the facilitation of job opportunities within the region. A service provider is used for technical facilitation and creating key connections with role-players for the BDF process.
Matzikama	The municipality indicated that a new LED Strategy has been adopted and approved by Council. The LED Forum for the Matzikama Municipality comprises of a diverse membership emanating from various sectors of society. The current LED Strategy is built around commitment to develop a climate in which economic development and economic growth can prosper.
Cederberg	Covid-19 had a significant impact on the municipality's local economy and businesses. The municipality has identified that LED is cross cutting and all departments in the municipality have a role to play. The municipality's LED is working hard to have the necessary policies and procedures in place to ensure that LED is integrated in the work the municipality does. The municipality, in the year in review, has approved various Waste Management initiatives that will assist businesses in waste management.
Bergrivier	The municipality has reviewed their Economic Development Strategy. The strategy has identified four (4) major pillars for economic development in the Bergrivier Municipal Area, namely agriculture and agri-processing, tourism, manufacturing and the development of small and medium enterprises.
Saldanha Bay	In 2018/19 SBM, in partnership with the SBIDZ, appointed an economic development consultancy firm to develop a Strategic Economic & Financial Framework (SEFF) for the greater Saldanha Bay region. The data emanating from the SEFF and Long-Term Financial Plan (LTFP) in 2020 will guide the 5th Generation IDP which will be drafted and approved during the 2021/22 financial year. This input has been arranged around a specific job creation target, following three cumulative growth paths and various socio-economic shocks and does not lend to a conclusion. The LED strategy was published on 24 May 2020.

MUNICIPALITY	LED STRATEGY DEVELOPED
Swartland	<p>The LED Strategy was approved in May 2018 and contains 5 specific strategic goals for economic growth and inclusion, additional to the 5 strategic goals, the municipality has added 7 LED initiatives for the year 2019/20, these are:</p> <ol style="list-style-type: none"> 1. Strengthen the competitive advantages of Swartland; 2. Attract business to locate and grow here; 3. Make local markets work better to increase opportunity for small businesses; 4. Attract more rate paying citizens to live here; 5. Make it easier for local citizens to access economic opportunity; 6. Establish an information portal pointing to best information sources including local support services; 7. Develop a more effective tourism destination marketing and development business model.
Cape Winelands DM	<p>The Cape Winelands Regional Socio-Economic Development Strategy (CW-RSEDS) was adopted by Council on 27 May 2019. The core focus of the CW-RSEDS is to outline how the CWDM will invest in its people and how it will create an enabling environment in which business can develop, grow and thrive by fostering greater investment that will increase job growth and alleviate poverty in the district. The strategy builds on the Cape Winelands Regional Local Economic Development Strategy (2011/2012-2018/2019), which has been successful in implementing a number of programmes and initiatives that have helped grow the Cape Winelands economy over the last six years.</p>
Witzenberg	<p>The LED Strategy along with the LED process plan is in the process of being implemented. The LED Strategy is built upon commitment to develop a climate in which economic development and economic growth can prosper. The LED Strategy for the next financial year (2020/21) is in the review process. The Strategy has identified 3 top priorities namely; Creating an enabling business environment, Addressing the key development challenges and Creating sustainable job opportunities.</p>
Drakenstein	<p>During the 2019/2020 financial year, the Economic Growth and Tourism Division embarked on an intensive drive to implement key recommendations of the Integrated Economic Growth Strategy which included amongst others the following:</p> <ol style="list-style-type: none"> 8. Implementing a set of strategic enablers aimed at improving the ease of doing business; 9. Facilitating industrial infrastructure; and 10. Enhancing tourism infrastructure, increasing fibre coverage, enhancing water security and promoting small businesses development to diversify and strengthen the economy. <p>Due to Covid-19, in 2019-2020 the Division focused specifically on establishing sustainable partnerships, enhanced SMME business support and implemented interventions to boost the informal sector in Drakenstein.</p>
Stellenbosch	<p>Local Economic Development encompasses a spectrum of economic activity ranging from Business interventions, mentorships, enterprise development and support to tendering and process training and create space for community markets to flourish. The municipality has indicated that it has had several challenges arise in 2019-20 amongst those are:</p> <ol style="list-style-type: none"> 11. Human Resources insufficient to drive an effective economic development and tourism programme; 12. Slow processing of land use applications which impacts negatively on new investments and economic growth in the municipal area; 13. Non-permanency of EPWP administrative staff; and 14. Current entrepreneurship development initiatives show minimal or minor impact on new venture creation.

MUNICIPALITY	LED STRATEGY DEVELOPED
Breede Valley	The municipality's 2017-2022 LED strategy continues to serve as a road map informing planned interventions earmarked for implementation by the LED Department although in some cases, it might require the synergy of national and provincial government. Through the municipality's LED strategy formulation process, the following strategic areas was identified; Supporting SMME's & the informal sector, Unlocking the green economy, Promoting innovative tourism programmes, Investing in infrastructure to unlock economic development, Contribute towards poverty & inequality eradication efforts, Branding BVM as the care capital, Prioritise investment promotion, attraction and retention, Continuous prioritization of the disposal of Uitvlugt vacant land, Continually pursuing and implementing red tape reduction initiatives, and Using smart procurement as a catalyst to effect LED and Improving business zones.
Langeberg	The municipality indicated that C19 had a significant impact on their local economy and businesses, and it will affect them for some time to come. It has also tested the municipality's flexibility to adapt to a new normal and a changed way of doing things. The municipality's local economy is dominated by the wholesale and retail trade, catering as well as accommodation sector, which contributes to more than 67.7 per cent of the area's economy. The Annual Report further indicates that there is a Vacant LED Manager post within the organogram.
Overberg DM	The municipality has successfully transitioned from a Local Economic Development (LED) focus to a Regional Economic Development (RED) focus. The aim of the strategy is to be in partnership with the local municipalities and respective industries, create an environment for significant growth and job creation over the medium term and update the Regional Economic Development Implementation Plan with all new projects. Further focus of the District will be to broaden the scope of the strategy to include an economic recovery plan with partnerships of DEDAT, WESGRO and SALGA and Provincial Departments.
Theewaterskloof	The municipality has identified in their Economic Growth plan that there is an overreliance on the Agricultural sector. The municipality LED strategy is currently being reviewed and adoption for the new LED Strategy has been scheduled (October 2020).
Overstrand	The municipality has reviewed their LED Strategy in line with socio-economic data and approaches to current economic environment and conditions. The municipality's LED Strategy focuses on: Technological Advancement, maximizing natural capital, Information and E-learning, Destination marketing, fostering local government capacity and leadership and supporting the informed economy entrepreneurship.
Cape Agulhas	During 2017/18, the LED strategy was revised, and specific focus placed on implementation. During the year under review, there was a significant shift to regional economic development. The Overberg District Municipality commenced the process of developing a Regional Economic Development Strategy (RED) with the municipality participating in this process. A revised LED and Tourism Strategy incorporating an action plan, was once again submitted to and approved by Council in 2019/20.
Swellendam	The municipality indicated that they have created a survey that analyses the current impact of C19 and the status of tourism related businesses and how government will support the municipality. Further highlights of the municipality's strategy include: Providing all businesses with a Safety Kit (x2 bottles sanitisers/10 masks/COVID-19 awareness material), SANRAL Routine Road Maintenance Project in progress, Spaza shops support programme with Standard bank and Nedbank; creating a data base of the big businesses in the area and having a mentorship (coaching) and export enhancement programme developed by WESGRO.

MUNICIPALITY	LED STRATEGY DEVELOPED
Garden Route DM	The Garden Route District Municipality indicated that the vision for the municipality's economic growth and development continues to develop a diverse, sustainable and shared regional economy through innovation and partnerships. The risk context and profile for the District and its plans have been revised, and medium and long-term outlooks adjusted based on the best available information. This forms the Garden Route Growth and Development Strategy. The Strategy is shaped by regional priorities, which are the thematic focus areas selected through a combination of research, policy analysis and stakeholder engagement: These areas are: A water secure future, a circular economy, Resilient agriculture, Sustainable tourism, supporting wellbeing and resilience and having a connected economy: transport and rural-urban integration.
Kannaland	No information
Hessequa	The objective of the reviewed LED Strategy / framework is to provide strategic direction in terms of economic programmes and projects for the remaining term of Council. The draft strategy was already submitted to Council in June 2018.
Mossel Bay	The Municipality reviewed and approved its LED and Tourism strategy and during this financial year implemented its strategy. The municipality held the Mossel Bay Economic Development Forum/ Rural & Business Stakeholder engagement every quarter in 2020. Most of the Projects and Programmes were originated and implemented from the forum. The municipality reported that they have facilitated 16 LED interventions.
George	In the George municipal area, the local economy was dominated by the finance, insurance, real estate and business services. The 2017/2022 IDP identified thirteen departmental objectives to Develop and Grow George. Some of the Strategy highlights include: SMME Development, WESGRO Investment Promotion, A Partnership and Service Level Agreement (PSLA) signed with SEDA for the implementation of various SMME development projects, Improving the business environment, New Training Facility at Worker Collection Point and Agriculture and Rural Development Haarlem Mechanisation Centre.
Oudtshoorn	Oudtshoorn has a robust local economy that is rapidly diversifying. The municipality's LED strategy aims for sustainable infrastructure and an integrated human settlement system that can create opportunities for the following: Transforming townships into attractive and safe neighborhoods, educational and training facility opportunities, the reinforcement of public transport system through infrastructure projects and utilizing strategic pockets of land for commercial and residential development to increase the tax base of the town. These are some of the municipality's ambitions with their LED strategy.
Bitou	The municipality recognises that by enabling small, medium and micro-sized enterprises (SMME), creating an environment wherein business can optimally operate and to ensure that sustained increases in growth is obtained might foster the economic development within the area. Critical to Bitou's Economic drive is the sectors of: agriculture, the marine economy, eco-education and environment /adventure driven sports. Some of the LED highlights of the municipality include: A Contractor Development Programme and a Bitou Incubator Programme.
Knysna	The Knysna Municipality's, key deliverables for the reporting period were the development of Knysna Municipality's Economic Development Strategy to assess the existing resources, infrastructure and skills within the greater Knysna Municipal area and develop implementation strategies based on the outcomes of the assessment.

MUNICIPALITY	LED STRATEGY DEVELOPED
Central Karoo DM	<p>The LED strategy includes the following:</p> <ul style="list-style-type: none"> • An integrated summit that looks at initiatives to address local economic development challenges in the Central Karoo municipalities. • SMME Workshops for upcoming and existing business to empower emerging and existing entrepreneurs with necessary skills and knowledge to start or grow their business. • The CKDM established an Economic and Tourism Working Group, where issues on LED and Tourism are discussed and provides assistance to SMME's with registration on the CSD.
Laingsburg	<p>The municipality's LED strategy and vision is to create self-sustained communities in the Central Karoo area. The municipality's LED strategy highlights that the strategy identified 2 Wind Farm Projects (Roggeveld and Kurusha Soetwater), that will bring some job seeker relief to the area. There is also a new grocery store opened in Laingsburg.</p>
Prince Albert	<p>In the Prince Albert municipal area, the agriculture, forestry and fishing sector make up almost 20.0 per cent of the GDP. The Department of Economic Affairs and Tourism assisted the municipality in developing a PACA LED strategy which was included in the IDP as possible areas for development. This strategy was enhanced by the municipality's participation in the Small-Town Regeneration Programme.</p>
Beaufort West	<p>The municipality is in partnership with key roles players that promotes and facilitates their LED drive. The municipality has 5 key focus areas; Enterprise development, Rural development, Economic Skills and Capacity development; and Investment facilitation. The municipality does not have a dedicated LED and Tourism official but the position has been advertised. SALGA and MISA have indicated that they will assist the municipality with a comprehensive LED strategy. The municipality's first LED workshop was held on 10 December 2018 as a first phase to the adoption of a LED strategy.</p>

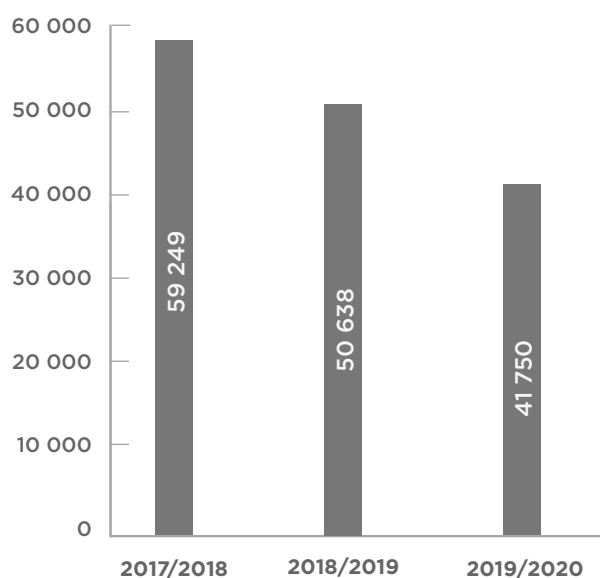
5.2 JOB OPPORTUNITIES

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 Graph below however illustrates that there has been a significant decrease in the number of employment opportunities created through EPWP at municipalities in 2019/2020 as compared to the previous financial year. Covid-19 has been the single largest impact in the decrease of job opportunities, with the other factor being the absent Municipal data.

Graph 19: Job Opportunities (EPWP)



Source: Municipal Annual Reports 2019/2020

CHAPTER 6: PROVINCIAL INITIATIVES IN SUPPORTING MUNICIPALITIES

6.1 TECHNICAL INTEGRATED MUNICIPAL ENGAGEMENT

The WCG in partnership with municipalities within the Western Cape is focused on unlocking the value from its continued commitment to good governance in realising operational efficiencies in the optimal delivery of services for the benefit of the citizen. This is particularly necessary in navigating the economic, fiscal and social impact of the COVID-19 pandemic.

When the country went into lockdown on the 27 March 2020, no one could have predicted the duration of the pandemic and the negative impact it would have on existing challenges and risks and the new emerging risks that it would give rise to.

An advantage to the Western Cape Government in its response to the pandemic was its adoption and implementation of the integrated management approach since 2016 in achieving its provincial strategic objectives. A key part of the integrated management approach is the effective implementation of the Joint District and Metropolitan Approach (JDMA). The JDMA was also used to enable a collective and collaborative response to the COVID-19 pandemic within the different districts i.t.o the Hot Spot Management Strategy.

The Technical Integration Municipal Engagements (TIME) aligned to the Vision Inspired Priority 5, 'Innovation and Culture', is an institutionalised process which forms part of the integrated management approach and the JDMA. It focuses on embedding good governance practices and improving municipal performance and in particular, also better respond to the challenges and risks exacerbated by COVID-19.

The three main participating departments in the TIME process were Provincial Treasury (PT), Department of Local Government (DLG) and the Department of Environmental Affairs and Development Planning (DEA&DP).

Processes that were incorporated into the TIME were as follows:

- a) Integrated Municipal Governance Assessment;
- b) Mid-year Budget and Performance Assessment;
- c) 2021/22 MTREF budget readiness; and
- d) Addressing 2019/20 transversal audit findings.

TIME assessment reports were compiled for each Municipality which highlighted key challenges, risks and recommended action. The assessment reports were utilised to identify key transversal governance and performance challenges and informed the agenda for the TIME engagements. In support of the VIP5, 'Innovation and Culture' and the JDMA, the 2020/21 TIME process continued to incorporate a twofold focus, namely:

- a) District Approach: Identifying the transversal governance and performance challenges and risks per district towards identifying opportunities for collaboration and a collective and integrated response thereto. This was enabled by a district engagement which included the District Municipality, Local Municipalities within the District, DLG, Department of Environmental Affairs and Development Planning (DEA&DP) and Provincial Treasury (PT) and other relevant provincial departments. The District Coordinating Technical Forum was utilised as the platform for the engagement.
- b) Individual Municipal Approach: Identifying municipal specific governance challenges and risks, providing recommendations via an individual TIME assessment report and requesting individual engagements. Provincial Treasury engaged with selected individual municipalities on the key findings and recommendations i.t.o the mid-year budget and performance assessment in February 2021 in order to influence the adjustment budget process, given that the delay in the finalisation of the municipal audit process, which resulted in the TIME engagements being postponed from February to March 2021.

The following transversal themes were identified for TIME district engagements as informed by the district analysis of key governance and mid-year budget performance challenges and risks.

6.1.1 Economic fiscal context and the impact on municipal viability:

The key findings related to the economic fiscal context and impact from a national, provincial and district perspective and which was to be considered by municipalities in the municipal IDP and budget processes, was shared.

The focus by municipalities is on service delivery and its contribution to growth and recovery as well as unlocking the value of good governance. The following challenges were identified i.t.o this item:

- a) A key challenge is the increasing tension between service delivery versus the compliance/regulatory framework and the concomitant impact on local economic development;
- b) A review of the legislative framework with the focus on how it enables a conducive environment for growth i.e. enabling red tape reduction;
- c) Procurement as an enabler for local economic development has been identified as a focus area for further discussion with a specific focus on localised procurement;
- d) Given the impact of COVID-19 on municipalities, the review of the Financial Model of Local Government is required. This includes a focus on the research required regarding the District Funding Model.

6.1.2 Potential Instability leading up and post the local government elections:

The potential instability, related challenges and risks pre and post the local government elections was highlighted to municipalities as well as the support to be provided by Department of Local Government to municipalities during this period. The following discussions were also raised:

- a) Compliance to the legislative requirements was emphasised and the Department of

Local Government will continue to provide support to the municipal executive in relation to legal advice on application of legislative prescripts;

- b) Awareness was raised regarding the training and capacitation initiatives to be rolled out to new Councilors as well as training initiatives on governance and accountability;
- c) Continued support to sustaining functionality of Municipal Public Accounts Committees (MPACs);
- d) Investigations into allegations of fraud, corruption and/or maladministration and implementation of findings.

6.1.3 Performance Reporting:

Overall, there is good alignment between originally approved Service Delivery Budget Implementation Plan (SDBIP), and performance reports i.e. targets applicable to the period under review are all measured.

The following key matters were further identified:

- a) Targets Achieved: there is mixed performance, sizeable variances are still observed;
- b) Except for the City of Cape Town, the number of indicators in the SDBIP remain a challenge; consideration should be given to shift certain targets of technical nature to departmental SDBIP;
- c) Percentage of targets measured: Some municipalities measure less than half of their SDBIP targets which makes it difficult to gauge overall performance;
- d) Non-achievement of capital budget targets (NKPA as well as project specific) an ongoing concern. Continuous under-performance in this regard will create serious service delivery challenges i.e. the ability to eradicate existing backlogs, to roll-out service to new households and to invest in infrastructure developments that will in time enhance private investments;
- e) Concerns were raised regarding institutional intent and overall ownership of the performance reporting process by top management and Council.

6.1.4 Governance challenges emanating from the 2019/20 municipal external audit process:

The impact of the delay in the municipal external audit finalisation resulted in a dual focus on the municipal audit and the budget processes.

The key areas of focus/findings emanating from 2019/20 audit process are highlighted below:

- a) Calculation of the Provision for Landfill sites;
- b) Disclosure of Statutory Receivables;
- c) Bid Adjudication Committee composition;
- d) VAT implications as it relates to municipalities;
- e) Principles of the Alternative Dispute Resolution Mechanism to be reconfirmed;
- f) Utilising combined assurance in continuously improving the internal control system and addressing internal control deficiencies;
- g) Continuous reforms making governance unstable and audit outcomes volatile.

6.1.5 Key SCM Challenges and the impact of COVID-19

The following were identified as key SCM challenges:

- a) The increased tension between cost of compliance versus service delivery was acknowledged;
- b) The SCM Regulation 32 – Piggybacking;
- c) The SCM Regulation 29 (2) – The Composition of the Bid Adjudication Committee;
- d) The SCM Regulation 36 – Deviations: repetitive deviations and reasons not properly justified;
- e) The Local Production and Content Instruction Notes;
- f) Contract Management;
- g) Interpretation of SCM legislation and other MFMA prescripts;
- h) Inconsistencies of the overall audit practices and processes when auditing SCM across the WC;
- i) Improving on demand management requirements in the supply chain through conducting baseline commodity and regional analysis to determine capacity and capability within municipal districts;
- j) Insufficient consultations with provinces

and municipalities on the Framework for Infrastructure Procurement and Delivery Management (FIPDM).

The following principles were identified i.t.o the way forward:

- a) SCM Governance is paramount to ensure adherence to laws and regulations.
- b) Accountability and Transparency must be entrenched in all procurement activities.
- c) Utilising Combined Assurance to mitigate against potential SCM audit risks.
- d) Rigorous consultation is required before the issuance of any procurement related instructions, regulations and circulars.
- e) Different reference working groups will be established to look at a specific SCM challenges including AG interpretations. (Western Cape SCM Technical Group: Body of Knowledge).

6.1.6 Spatial and Environmental Performance:

The following 3 key areas of focus was highlighted:

- a) Water security, drought and Climate Change response(s)
 - (i) In terms of Water Security and Climate Change, the 15-year Integrated Water and Drought Response Plan calls for a move away from short term disaster responses towards sustainable long-term responses specifically looking at sustainable water usage and reducing the dependence on surface water. IDP/ Spatial Development Framework (SDF) need to start considering this, as it paves the way for the next 5-year cycle;
- b) Waste Management monitoring, compliance and planning
 - (i) Remains a priority throughout the districts, with the focus on waste diversion and the updating of waste By-Laws;
- c) SDF inclusive of a Capital Expenditure Framework (investment frameworks)
 - (i) In order to comply with the legal requirement and in the interest of

improving spatial performance, the municipalities must develop a Capital Expenditure Framework (CEF) as part of their SDF, which would then provide better guidance to the IDP budget allocations;

- (ii) Review and adopt Municipal Spatial Development Framework (MSDF) with the new term of office IDP.

6.1.7 Infrastructure and Service Delivery:

The importance and key elements related to proper integrated planning, implementation and monitoring for capital expenditure and service delivery was emphasised

The following findings were highlighted in relation to Municipal Infrastructure Grant (MIG) performance:

- a) The overall performances of the municipalities with regards to MIG is positive ;
- b) Some municipalities are experiencing challenges but being assisted by DLG and Municipal Infrastructure Support Agent (MISA);
- c) Financial viability of municipalities: lack of counter-funding and reliance on grant funding is of concern;
- d) The lack of 3-year capital planning;
- e) Technical capacity at municipalities: inability to attract candidates with necessary certification, qualification and skillsets;
- f) SCM challenges, i.e. 30% local content and Regulation 32;
- g) Silos in municipal departments: Project Management Unit vs Technical vs Finance;
- h) Intergovernmental Planning Alignment, i.e. Human Settlements vs SDF vs Infrastructure vs Finance;
- i) Non-performance leads to the ending of grant allocations.

6.1.8 Revenue and Expenditure Performance:

The impact of COVID-19 on the revenue and expenditure performance was acknowledged.

The following issues were further identified:

- a) The importance to maintain cost reflective tariffs and fully implement credit control policies;
- b) The importance of the continued implementation of cost containment measures was emphasised;
- c) Concern was raised regarding the non-allocation/accounting for non-cash items as this practice undermines the instilling of financial discipline and results in under spending. It also provides a skew financial position that reflects a huge surplus;
- d) Capital Spending: Low spending poses a risk to grant funding;
- e) At the time of the engagements certain municipalities were at risk of adoption of unfunded budget. The low cash flow balances were clear indicators i.t.o the risk;
- f) mSCOA data implementation challenges: municipalities to address concerns and PT to assist i.t.o concerns raised regarding the communication between vendors, PT and NT.

6.1.9 Transversal Support Plans

Transversal support initiatives are identified by three main participating departments in the TIME process namely, PT, DLG and DEA&DP. The aim is to respond to the root cause of transversal findings in a collective, cooperative and holistic manner, giving priority to findings that are of a critical nature and findings that, if addressed are catalysts for a fundamental improvement in the delivery of services – citizen centricity.

Consideration was given to whether the identified support initiatives align to and support the WCG Provincial Strategic Plan for 2019 - 2024 and to better respond to the challenges and risks exacerbated by COVID-19.

The following support initiatives were identified:

- SDBIP assessments to be conducted in July to advise municipalities on indicators;
- PDO Forum planned for July/August;
- PDO transversal training project initiated towards end of 2021. Support is provided for 3rd quarter Section 52 reports assessed in June 2021;
- Support is provided for the final budgets currently assessed and to be finalised in July 2021;
- The PT will facilitate discussions with municipalities i.t.o performance reporting utilising the PDO forums;
- The PT will continuously provide support through the PTHelpme facility, and the Joint Technical Team (PT, NT and AGSA and Municipal Reps);
- Monitor progress of audit issues;
- Accounting Working Committee;
- Guidance and support will be provided to municipalities regarding the utilisation of procurement as a strategic enabler for Local Economic Development;
- Identifying key SCM Training and Developments needs and assist with extensive inputs to spearhead specific capacitation programmes within SCM;
- Provincial Position Papers has been submitted to the NT on the SCM Audit Challenges (Local content, SCM Regulation 32, 36 and 29);
- Provide or conduct a Multi-Disciplinary Training for municipalities through a service provider that is registered to provide training is recognised by the training bodies;
- DEA&DP to assist with Waste Management Forum (collaboration within the Districts) and guidance regarding Municipal Integrated Waste Management Plans (IWMPs), by-laws, regional waste management facilities and alternative waste management methods;
- To assist municipalities with the compilation of Coastal Management Plans and by-laws;
- Technical support in terms of developing Capital Expenditure Frameworks;
- Monitoring and support by DLG regarding MIG Spending;
- DLG will co-ordinate engagements with sector departments and municipalities to unlock infrastructure project challenges e.g. Human Settlements and Transport and Public Works;
- DLG will assist with plans to address water and fire service infrastructure;
- DLG will assist with disaster management planning and coordination and capacity building with respect to Fire Services, Disaster Management and Security Services;
- Continued mSCOA training and support in partnership with services providers. This is in consultation with National Treasury and inputs provided by NT mSCOA champion supporting the Western Cape;
- AFS Consistency Workshop;
- The PT will provide assistance and training with regards to capacitation of municipalities to drive improvement in financial management, GRAP update, and utilisation of the Zoho Platform;
- Cash Management Training Workshop presented by a service provider that is successful in obtaining the training contract from Provincial Treasury;
- Capacity building through a multi-disciplinary training with focus on revenue and management value chain or cycle.

6.2 BACK TO BASICS

The Back -to- Basics Programme is a national programme which was introduced to provinces in 2014. The provincial launch of this programme was followed by a profiling exercise of all municipalities within the Western Cape, based on a pre-determined set criteria, to determine which municipalities will be assisted through the programme.

Following this profiling exercise, the following 10 municipalities were identified in the Province to be assisted through the Back- to- Basics Programme, namely:

- Cape Agulhas;
- Swellendam;
- Matzikama;
- Cederberg;
- Prince Albert;
- Beaufort West;
- Central Karoo DM;
- Kannaland;
- Oudtshoorn; and
- Laingsburg.

During the February and March 2015 period, diagnostics were completed at all ten (10) Municipalities and the findings of these diagnostics were translated into a customised Back- to- Basics Support Plan for each individual municipality. These customised Back- to- Basics Support Plans identified individual projects to be implemented by various sectors at respective municipalities.

As part of the monitoring framework, the Back-to- Basics Steering Committees were established, consisting of all provincial and national stakeholders that were implementing individual projects at the respective municipalities. The Steering Committee meetings were held on a quarterly basis to monitor progress on the implementation of the Back -to- Basics Support Plans.

6.2.1 Municipalities successfully exiting the Back -to- Basics Programme:

To date, through the support provided with the implementation of the Back -to -Basics Programme, four municipalities within the province have successfully exited the programme, based on a combination of the following criteria, namely:

- The majority of projects identified on the customised Back- to- Basics Programme was successfully completed through the assistance of relevant sector departments or stakeholders;
- The municipality could demonstrate an improvement in the Audit Opinion from the initial stage of implementation to the stage of exiting the programme;
- The latest ratings of the municipality in terms of the Western Cape Municipal Evaluation System were favourable in terms of certain key performance areas;
- Issues persisting at the municipality could be addressed through general support initiatives provided to the municipality;
- No further support requirements were identified by the municipality.

To date the following four municipalities have successfully exited the programme:

- Cape Agulhas;
- Swellendam;
- Oudtshoorn; and
- Matzikama

It should be noted that, although these municipalities have exited the Back -to- Basics Programme, support to these municipalities will be provided on a continuous basis.

6.2.2 Municipalities supported through the Back- to- Basics Programme

During the 2019/20 Financial year, six (6) municipalities are being supported in terms of the Back- to -Basics Programme, through the implementation of individual Back- to- Basics support plans. Progress on the implementation of these Back -to- Basics Support Plans are as follows:

MUNICIPALITY	PROGRESS WITH IMPLEMENTATION	CHALLENGES / WAY FORWARD
Cederberg	<p>The municipality has a customised B2B Support Plan which is currently being implemented.</p> <p>Key issues that are being addressed in the Back-to- Basics Support Plan are:</p> <ul style="list-style-type: none"> • Provision of services to privately owned land (Moravian Church); • MISA technical support through the deployment of a Professional Engineer and graduate interns; • DLG support in terms of funding for interns; • Financial and technical support by various departments in the provision of the following infrastructure projects: <ul style="list-style-type: none"> › Housing Development in Elandskloof; › Provision of footbridges in Wupperthal; › De-salination Plant in Lamberts Bay; › Citrusdal Wastewater Treatment Plant; › Upgrading of Electricity Network in Clanwilliam; › Establishment of a Regional Waste Site (Inter Municipal Cooperation Agreement); › Drilling of boreholes in Citrusdal and Clanwilliam. 	<ul style="list-style-type: none"> • Back- to- Basics support will continue and be monitored through the quarterly steering committee meetings; • The municipality has been earmarked for funding support from the Department for a Socio Economic Study in Citrusdal during the current financial year; • The municipality is currently experiencing challenges with the Department of Forestry and Fisheries (DAFF) regarding the Fish Market in Elands Bay. The HOD for DLG will mediate between the municipality and the DAFF.
Prince Albert	<p>The municipality has a customised B2B Support Plan which is currently being implemented.</p> <p>Key issues that are being addressed in the Back-to- Basics Support Plan are:</p> <ul style="list-style-type: none"> • Identification and funding of key drought related projects within the municipality, including: <ul style="list-style-type: none"> › The installation of prepaid water meters and water control devices; › Development of a Water Services Development Plan. • Upgrading of the Electricity Network in the municipality through funding from the Department of Minerals and Energy; • Addressing the capacity issues within the municipality by focussing on: <ul style="list-style-type: none"> › The establishment of Shared Services Models in terms of: <ul style="list-style-type: none"> – Planning, – Fire, – Legal, – Engineering, – Research, – Internal Audit & Risk Management. › Deployment of interns and technical skills through: <ul style="list-style-type: none"> – DLG funded interns (Human Resources), – MISA is currently providing technical and financial support, through the deployment of qualified engineers as well as professional interns. • Prince Albert was also identified by CoGTA to be supported with the Revenue Enhancement Project which forms part of the B2B plan. 	<ul style="list-style-type: none"> • Back- to- Basics support will continue and be monitored through the quarterly steering committee meetings; • The municipality has been earmarked for co-funding support from the Department for the employment of a Director: Corporate Services for a period of 2 months, during the current financial year; • The municipality is still experiencing challenges with the eradication of the bucket system, as well as conservancy septic tanks.

MUNICIPALITY	PROGRESS WITH IMPLEMENTATION	CHALLENGES / WAY FORWARD
Central Karoo District	<p>The municipality has a customised B2B Support Plan which is currently being implemented.</p> <p>Key issues that are being addressed in the Back-to- Basics Support Plan are:</p> <ul style="list-style-type: none"> Financial sustainability of the District in terms of funding models; Technical support through MISA, which is addressing the revision of master plans; Addressing the challenges around drought in the region as a whole, with the district taking a lead; Continuing to strengthen the Shared Services / Inter-Municipal Cooperation within the district; Through the Shared Services Model the following areas are being focussed on: <ul style="list-style-type: none"> Communication; Planning; Disaster Management. The municipality will also enter into an Inter Municipal Cooperation agreement with the Cape Winelands District Municipality in terms of firefighting training. 	<ul style="list-style-type: none"> Back -to -Basics support will continue and be monitored through the quarterly steering committee meetings; The municipality has however moved towards a District Support Plan, whereby strategic projects have been identified, which will have an impact on the region as a whole; One of the key strategic issues identified in the region is the establishment of a Regional Waste Facility.
Beaufort West	<ul style="list-style-type: none"> After the 2016 Local Government Elections, the Department of Local Government decided to informally intervene in the Beaufort West Municipality; An Integrated Recovery Plan was developed for the municipality looking at all business units within the municipality. <p>Key issues that are being addressed through the Integrated Recovery Plan:</p> <ul style="list-style-type: none"> Filling of critical Director positions; Development of a Financial Recovery Plan which included the following: <ul style="list-style-type: none"> Review expenditure and implement Circular 82; Explore alternative revenue sources; Optimal and appropriate use of grant funding; Central procurement system; Review of Supply Chain Delegations; Adoption of an effective procurement plan. Establishment of a Drought Task Team, dealing with all issues pertaining to the drought in the municipality; MISA support through the development of Master Plans and the deployment of a Professional Planner and Professional Engineer in the Region (shared services). 	<ul style="list-style-type: none"> Concern has been raised by sectors that progress with the Back- to- Basics Support Plan (Intensive Support Package) is moving too slowly due to Administrative challenges experienced.

MUNICIPALITY	PROGRESS WITH IMPLEMENTATION	CHALLENGES / WAY FORWARD
Kannaland	<ul style="list-style-type: none"> On 7 December 2016, Provincial Cabinet approved a formal intervention into the Kannaland Municipality in terms of Sec 139 (5) of the Constitution, which was followed by a comprehensive support package to address immediate governance and financial challenges; On 31 January 2017, a Draft Financial Recovery Plan was tabled at Council and endorsed for the purposes of the prescribed public participation and consultation process. <p>Key issues that are being addressed through the Comprehensive support package:</p> <ul style="list-style-type: none"> Deployment of an Administrator; Development of a new Organisational Structure; Financial assistance to procure second hand vehicles from the City of Cape Town; Development of Repair and Maintenance Framework; Drafting of ICT Policies and Framework; Funding towards fire and rescue vehicle and training; Addressing capacity issues within the organisation, through: <ul style="list-style-type: none"> MISA technical support which entails the deployment of a Professional Engineer and graduate interns; Funding support to fill positions in the Finance and Technical Departments. Development of a brand and corporate identity; Funding support towards the development of a homework hub at the Thusong Centre; Replacement of water and electricity meters; Funding support towards drought mitigation, which includes: <ul style="list-style-type: none"> Rehabilitation of Calitzdorp Water Treatment Plant ; Refurbishment of Zoar Water Treatment Plant; Refurbish, drill and equip existing boreholes in Zoar. Implementation and monitoring of a Financial Recovery Plan by Provincial Treasury. 	<ul style="list-style-type: none"> Due to the intensive nature of the support plan, the Back -to- Basics Steering Committee meetings are being held on a monthly basis; Kannaland Municipality has also been identified by the National Minister of COGTA to receive focused support. MISA has established District Support Teams that form part of the B2B Support Plan focussing on Technical and Financial support; The municipality is currently in the process of finalising a number of Business Plans to apply for funding from Sector Departments, including the Department of Local Government; The contract of the current Administrator expired on 31 August 2019. A new Administrator has been appointed and started on the 9th of September 2019.

MUNICIPALITY	PROGRESS WITH IMPLEMENTATION	CHALLENGES / WAY FORWARD
Laingsburg	<p>The municipality has a customised B2B Support Plan which are currently being implemented on a quarterly basis.</p> <p>Key issues that are being addressed in the Back-to- Basics Support Plan are:</p> <ul style="list-style-type: none"> • Identification and funding of key drought related projects within the municipality, including: <ul style="list-style-type: none"> › Funding by DLG for the installation of pre-paid water meters; › Drafting of a Water By-Law; › Communications support by DLG focussing on the Drought; › Development of Water and Sewerage Master Plans; › Development of a Water Services Development Plan; › Connecting the main water supply pipeline with the reservoir. • Deployment of a MISA Planner to assist with the Land Use Applications and the Spatial Development Framework; • The establishment of an Inter Municipal Cooperation Agreement between Laingsburg Municipality and the Cape Winelands District Municipality in terms of the following functions: <ul style="list-style-type: none"> › Disaster Management; › Fire-fighting; › Local Economic Development; › Internal Audit; › Human Resources; and › Waste Management. • The municipality has also identified key infrastructure projects for which funding applications have not been finalised, which includes: <ul style="list-style-type: none"> › Upgrading of ablution facilities in Matjiesfontein; › Installation of sewerage water pipes in Matjiesfontein; › Maintenance and upgrading of mud houses in Matjiesfontein. 	<p>Back- to- Basic support will continue and be monitored through the quarterly steering committee meetings.</p>

6.3 JOINT DISTRICT AND METRO APPROACH (JDMA)

The Constitution states that government is organised as national, provincial and local spheres which are distinctive, interdependent and interrelated. It requires all spheres of government to co-operate with one another in mutual trust and good faith. Further to this, the Intergovernmental Relations Framework Act, 2005 was developed to promote and facilitate intergovernmental relations and related matters, including the provision of mechanisms and procedures to settle intergovernmental disputes.

National and provincial government also have a monitoring and support function towards local government, in terms of the Constitution. This is to ensure that local government fulfill its developmental mandate as the sphere closest to the communities.

In the 2019 State of the Nation Address, the President raised the urgency for adopting a district-based approach to “speed up service delivery, ensuring that municipalities are properly supported and adequately resourced”. To action this request from the President, the Department of Local Government (DLG) in the Western Cape conceptualised and designed the Joint District & Metro Approach (JDMA) to lead collaboration efforts in the Western Cape and ultimately improve the lives of citizens.

The key principle of the JDMA is collaboration which entails, co-planning, co-budgeting and co-implementation.

The objectives of the JDMA include:

- To promote horizontal interface between Western Cape Government (WCG) Departments;
- To promote vertical interface between national, provincial and local government;
- To enhance co-planning, co-budgeting and co-implementation to ensure the silo approach is minimized;
- To avoid duplication and maximizing impact

through combined coordination efforts;

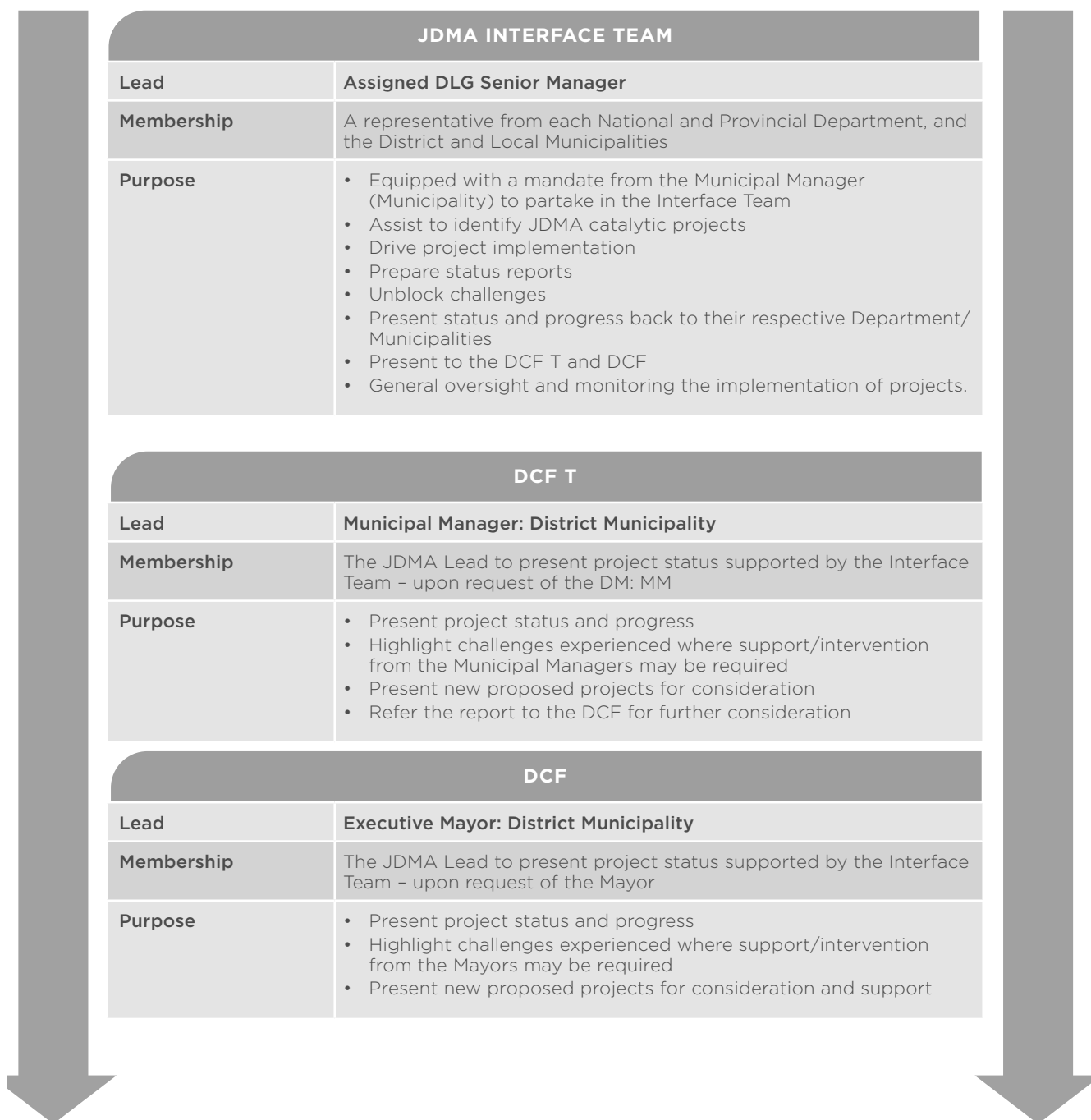
- To enhance alignment of long-term and short-term planning as well as alignment between different sectoral planning;
- To strengthen and enhance the capacity to support local government;
- To promote sustainable development in order to contribute to equality, poverty eradication and job creation;
- To ensure increased oversight over financial management and monitoring, including budgeting and expenditure controls; and
- To strengthen monitoring and evaluation of project implementation.

The Municipal Interface Team (MIT) was constituted and consists of representatives from all municipalities, National and Provincial government departments and other stakeholders and are functioning effectively. Regular meetings are held to ensure that projects maintain their momentum and implementation is monitored.

6.3.1 JDMA Process Map

The following Interface structures have been set up as per the Provincial Structures:

The JDMA structures have been established and are stable and functional. The Interface Teams have convened and has been preparing progress reports and presentations to be tabled to the DCF T and DCF regularly.



CONCLUSION

This report has detailed the performance with regards to the status of municipalities in the Western Cape Province across Governance, Service Delivery, Financial Sustainability and Local Economic Development indicators.

It further takes an objective look at the key challenges to be addressed, including the support strategies implemented to support municipalities.

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