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PROVINCE OF THE WESTERN CAPE

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**PROVINCIAL NOTICE**

The following Provincial Notice is published for general information.

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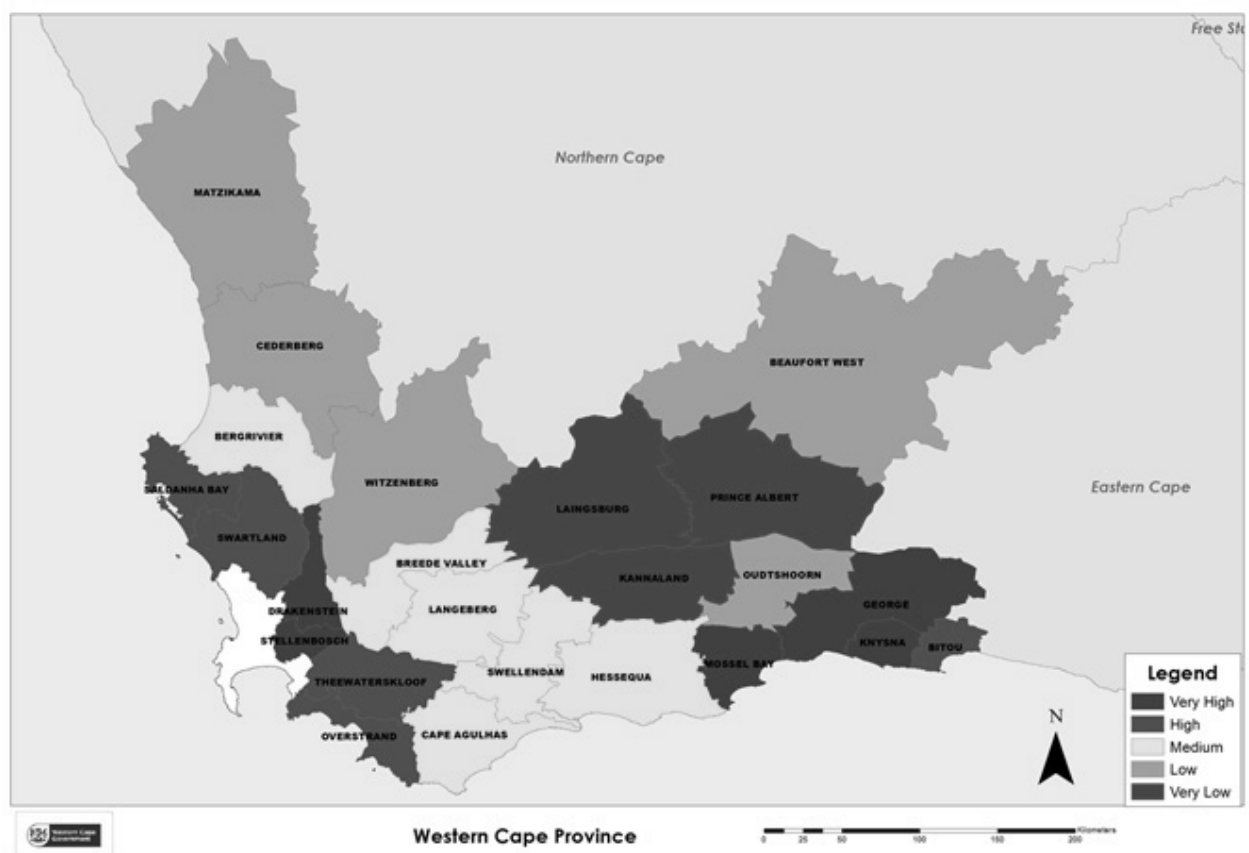
18 September 2015



**Consolidated Annual Municipal  
Performance Report 2013/2014**  
Department of Local Government

# WESTERN CAPE MUNICIPALITIES

**Growth Potential At Municipal Level 2014**



Consolidated Annual Municipal  
Performance Report 2013/2014  
Department of Local Government

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## LIST OF ACRONYMS

<b>ANC</b>	African National Congress	<b>INDEP</b>	Independent
<b>ACDP</b>	African Christian Democratic Party	<b>IRDP</b>	Integrated Residential Development Programme
<b>AGSA</b>	Auditor-General of South Africa	<b>KPA</b>	Key Performance Area
<b>ART</b>	Anti-Retro Viral Treatment	<b>KPI</b>	Key Performance Indicator
<b>CAE</b>	Chief Audit Executive	<b>LED</b>	Local Economic Development
<b>CFO</b>	Chief Financial Officer	<b>LGTAS</b>	Local Government Turn-Around Strategy
<b>COPE</b>	Congress of the People	<b>MEC</b>	Member of the Executive Council
<b>CRO</b>	Chief Risk Officer	<b>MFMA</b>	Municipal Finance Management Act No. 56 of 2003
<b>CWP</b>	Community Work Programme	<b>MGRO</b>	Municipal Governance Review and Outlook
<b>DA</b>	Democratic Alliance	<b>MIG</b>	Municipal Infrastructure Grant
<b>DBSA</b>	Development Bank of Southern Africa	<b>MOA</b>	Memorandum of Agreement
<b>DCoG</b>	Department of Cooperative Governance	<b>MM</b>	Municipal Manager
<b>DCF</b>	District Coordinating Forum	<b>MSA</b>	Municipal Systems Act No. 32 of 2000
<b>DCFTECH</b>	District Coordinating Forum Technical Committee	<b>NSDP</b>	National Spatial Development Perspective
<b>DEAT</b>	Department of Economic Affairs and Tourism	<b>NT</b>	National Treasury
<b>DLG</b>	Department of Local Government	<b>OPCA</b>	Operation Clean Audit
<b>DM</b>	District Municipality	<b>PAC</b>	Pan African Congress
<b>DORA</b>	Division Of Revenue Act	<b>PDO</b>	Pre-determined Objectives
<b>EPWP</b>	Extended Public Works Programme	<b>PMS</b>	Performance Management System
<b>GRAP</b>	Generally Recognised Accounting Practice	<b>PT</b>	Provincial Treasury
<b>GDP</b>	Gross Domestic Product	<b>UISP</b>	Upgrading of Informal Settlement Programme
<b>HIV</b>	Human Immunodeficiency Virus	<b>RED</b>	Regional Economic Development
<b>HRM</b>	Human Resources	<b>SCM</b>	Supply Chain Management
<b>HRD</b>	Human Resource Development	<b>SDBIP</b>	Service Delivery and Budget Implementation Plan
<b>ICOSA</b>	Independent Civics of South Africa	<b>SDF</b>	Spatial Development Framework
<b>ICT</b>	Information and Communication Technology	<b>SMART</b>	Specific, Measurable, Attainable, Realistic and Time bound
<b>ID</b>	Independent Democrats	<b>WC</b>	Western Cape
<b>IDP</b>	Integrated Development Plan	<b>WCDMC</b>	Western Cape Disaster Management Centre

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## FOREWORD



This (9th) Municipal Consolidated Performance Report of the Municipalities in the Western Cape is submitted to the Provincial Legislature, National Minister, the National Council of Provinces and Western Cape residents. This is in line with the legislative obligations placed on the MEC for Local Government in Section 47 of the Municipal Systems Act 32 of 2000.

This Section 47 Report comprises the progress and accomplishments of Western Cape municipalities during the 2013/14 financial year. It also serves to examine the advancements made in meeting the needs of communities and enhancing the functioning of municipalities. The unique social, demographic and economic environment in which municipalities operate means that the strategies required to ensure a well-functioning local government must be equally well-suited.

Municipal achievements for the year under review include:

- Political and administrative governance in municipalities in the Province was predominantly stable.
- 26 municipalities had approved Anti-Corruption and Fraud Prevention Plans; 4 had draft plans.
- Of the 158 senior management positions, 149 posts were filled. The vacancy rate of senior managers has dropped from 9% in the previous financial year to 6%. There were 154 performance agreements signed and submitted to the Department.
- During the year under review, ward committees were established in all Western Cape Municipalities. Out of 387 wards within the province, 359 ward committees were deemed to be functional.

A key priority for the government is the eradication of poverty. In line with this, the Western Cape has prioritised the delivery of services to its citizens. Basic services (water, electricity, sanitation and refuse removal) are provided at 98%. For the year under review, free service delivery was available to between 626 590 and 627 452 households.

The MIG programme is a key part of government's overall drive to alleviate poverty. Municipal infrastructure grant expenditure reached 97.8% in the 2013/14 financial year, which is a slight decrease from 100% in the previous year. The challenges leading to this decrease have been addressed.

The Western Cape Provincial government has identified clean governance as a priority since it started its new term in 2009. The Auditor General's Report 2013/14 reflected that there were improvements in some of the Western Cape municipalities' audit outcomes.



Seventeen municipalities received clean audits, up from eleven in the previous financial year. Thirteen municipalities received unqualified audits with findings.

The municipalities provide services in dynamic environments and must continue to evolve to meet the needs of their communities. Legislative compliance has clearly been achieved in most municipalities and the Department is committed to supporting local government to provide affordable and sustainable services.

During the 2012/13 financial year, political governance in municipalities in the Province was stable. The Provincial Executive had to intervene by approving a temporary annual budget in Oudtshoorn Municipality. Intervention lasted from July 2013 to February 2014. Throughout, Provincial oversight was rendered in the form of on-going litigation, council meetings attended and recommendations made to the Provincial Executive.

The vacancy rate in senior management posts has gone down from 9% during the 2012/13 financial year to 7% in the 2013/14 financial year. All municipalities with vacant posts have made arrangements to have a temporarily appointed official in an acting capacity to perform the responsibilities of a section 56 manager. The 7% vacancy has shown that the municipalities in the Western Cape are fairly stable administratively and able to perform their delegated responsibilities. During the period in question, there were 19 municipalities with women appointed at the senior management level, which is a slight increase as compared to the previous financial year.

Human Resource policies seek to maximise the potential of staff through knowledge and skills acquisition to improve livelihoods. All Western Cape municipalities have reported that their Performance Management System frameworks are in place and were adopted by council. All municipalities have established a PMS unit with a dedicated manager and there are currently 17 municipalities who have cascaded their PMS to either middle management or to lower level employees.

All municipalities have submitted workplace skills plans and have allocated the municipal personnel budget for implementing the plan. Various capacity and skills development initiatives were provided by municipalities, which include, amongst others, Minimum Competency Training, Administrative Training, ABET, ICT, First Aid level 3 and Fire Fighting.

Twenty-six municipalities reported Annual Reports which were approved by council without reservations. There were only two municipalities, Saldanha Bay and Eden District, where the annual report was approved with reservation by council. This is an improvement as compared to 24 municipalities in the previous financial year. Oudtshoorn and Kannaland Municipality did not provide information on the adoption of their 2013/14 Oversight Report.

Approved Anti-Corruption and Fraud Prevention Plans were in place in 26 municipalities; four municipalities (Bitou, Oudtshoorn, Prince Albert and Beaufort West) had draft plans. An Ethics or Anti-corruption committee has been established in 13 municipalities.

The Department of Local Government played a role in supporting municipalities to establish functional ward committee structures throughout the Province. This was done through the conducting of ward committee training sessions and ward committee summits for all ward committee members. Out of 387 wards within the province, 359 ward committees were deemed to be functional and the remainder were not functional.

New Thusong Centres were established in the following municipalities: Mossel Bay, Cape Agulhas, Kannaland and Theewaterskloof. The Thusong Outreach Project has continued to roll out to communities reaching 31 445 citizens in 28 municipal areas.

By the end of the 2013/14 financial year there were 155 CDWs deployed in 7 different regions. They facilitated information sessions and ensured participation of communities in various municipalities. The Community Work Programme (CWP) is an initiative designed to provide an employment safety net with a basic level of income. The CWP is currently being implemented in 13 municipalities.

Municipalities are the sphere of government closest to communities and are tasked primarily

## EXECUTIVE SUMMARY

with developing and implementing sustainable ways to meet community needs and improve the quality of their lives with the provision of basic services. The eradication of service delivery backlogs is a continuous struggle for municipalities, which is exacerbated by the migration patterns and the influx of people into major towns seeking a better life. This has a direct impact on the delivery of services and the escalating costs of service provision, infrastructure development and maintenance.

During the year under review, there were 1 570 397 households in the Province and only 33 695 households are reported to have no access to basic services. The percentage provision of basic services (water, electricity, sanitation and refuse removal) is 98%. Generally, municipalities provided between 6kl and 10kl of free basic water, 50kWh to 100kWh of free basic electricity, free basic sanitation and weekly refuse removal.

During the year under review, MIG expenditure at the end of June 2014 decreased to 97.8% as compared to 100% expenditure in the previous financial year. The decline in spending was due to the delays experienced in the construction of the Vredendal North sports facility project in Matzikama and the late transfer allocation of funds to Bergrivier Municipality which hindered the Municipalities from spending the funds within a short period. The number of houses built during the 2013/14 financial year has decreased to 12 681 as compared to 13 128 in the previous financial year.

The Western Cape municipalities have reviewed and adopted Local Economic Development (LED) strategies, with the exception of Overberg and Central Karoo District Municipalities. Municipalities have indicated that their LED strategies include all activities associated with economic development and that they are working closely with all relevant stakeholders on key regional economic issues. LED Forums were established in four of the five district municipalities, some of which have

reported non-functionality. However, they are in the process of being revived. Western Cape municipalities have managed to provide 67 062 work or job opportunities to their local communities through their LED Strategies and implementation plans.

An enormous achievement has been noted in the number of clean audit opinions in 2013/14, increasing from 11 to 17 municipalities with unqualified audit opinions with no findings. The remaining 13 municipalities have unqualified audits with findings. This has been achieved through the Province's initiative called the 'Municipal Governance Review and Outlook (MGRO)', which is a process focussing on clean governance and the improvement of audit outcomes within local government.

## PART A:

### INTRODUCTION

The report will cover the following areas:

- The purpose of the report;
- The background and Annual Report process;
- The methodology followed in compiling the report;
- The legislative framework that governs local government;
- Demographic and socio-economic data;
- The analysis of municipal performance for 2012/13; and
- The provincial initiatives which support municipalities.

#### PURPOSE OF THE REPORT

The purpose of this report is to assess the performance of municipalities and the status of service delivery in the Province. It is a key performance report to the stakeholders and the community in keeping with the principles of good governance and oversight over the affairs of local government. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the White Paper on Local Government and Batho Pele.

#### LEGISLATIVE FRAMEWORKS

Local Government in South Africa is the sphere of government closest to communities and has a key role to play in providing basic services and facilitating growth and development. A wide range of legislation guides local government to fulfil this important mandate, of which the most important acts are highlighted below:

Chapter 7 in **The Constitution of the Republic of South Africa, 1996** contains the local government framework. It specifies the establishment of municipalities, and the powers, functions and composition of councils.

Furthermore, Section 152 outlines the

1. objectives of local government
  - a) to provide democratic and accountable government for local communities;
  - b) to ensure the provision of services to communities in a sustainable manner;
  - c) to promote social and economic development;
  - d) to promote a safe and healthy environment; and
  - e) to encourage the involvement of communities and community organisations in the matters of local government.
2. A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Section 153, contains the developmental duties of municipalities.

A municipality must

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

**The Municipal Systems Act no 32 of 2000,** Section 47 states the following;

1. The MEC for local government must annually compile and submit to the provincial Legislatures and the Minister a consolidated report on the performance of municipalities in the province.

2. The report must –
  - a) identify municipalities that under-performed during the year;
  - b) propose remedial action to be taken; and
  - c) be published in the Provincial Gazette.
3. The MEC for local government must submit a copy of the report to the National Council of Provinces.

The **Local Government Municipal Finance Management Act no 56 of 2003** is aimed at modernising municipal budgeting and financial management. It facilitates the development of a long-term municipal lending/bond market. It also introduces a governance framework for separate entities created by municipalities and it fosters transparency at the Local Government sphere through budgeting and reporting requirements.

The **White Paper on Local Government of 1998** underpins the principles of developmental local government in South Africa. It clearly defines the developmental role of Local Government as supporting “municipalities who are committed to working with the local communities to find sustainable ways to meet their needs (social and material) and improve the quality of their lives”. In order to fulfil the development role, the White Paper offers guiding principles and outlines the unique characteristics of a developmental Local Government and the expected outcomes.

The White Paper on Local Government states that, in many cases, the lack of performance management systems at municipal level contributes to inefficient service delivery. The White Paper on Local Government refers to the Provincial Government as an organ of state with a key role in monitoring local government in order to ensure that high standards of public service and good governance are maintained. According to the White Paper, performance monitoring indicators need to be carefully designed so that the efficiency, quality and

value for money of services are accurately reflected.

## MUNICIPAL ANNUAL REPORTING PROCESS

In terms of the **Local Government Municipal Systems Act no 32 of 2000** all municipalities are required to prepare Integrated Development Plans (IDPs). Integrated development planning is a process by which municipalities prepare a five-year strategic plan through consultation with communities and stakeholders. National and provincial sector departments, development agencies, private-sector bodies, non-governmental organisations and communities all play a role in the preparation and implementation of municipal IDPs.

In terms of Section 46 of the Municipal Systems Act (MSA), all municipalities are required to prepare an Annual Performance Report that reflects the performance of a municipality at the end of each financial year with targets set, performances in the previous financial year and measures taken to improve performance. The Annual Performance Report must form part of the municipality’s Annual Report in terms of chapter 12 of the Municipal Finance Management Act.

Section 47 of the Municipal Systems Act no 32 of 2000 requires the MEC for Local Government to annually compile and submit a consolidated report on the performance of municipalities.



**Table 1: Statutory annual report process**

<b>Report</b>	<b>Applicable legislation</b>	<b>Responsible entity/person</b>	<b>Submission date</b>
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

## METHODOLOGY FOLLOWED IN COMPILING THE REPORT

The Municipal Systems Act requires municipalities to monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports in terms of their performance management systems. These quarterly and mid-year reports contribute to the compilation of the municipalities' annual performance reports which are submitted to the Auditor General together with the annual financial statements for auditing by 31 August of each financial year.

The compilation of this report was based on various data-gathering exercises, followed by an extensive analysis of available data. The main sources of the data-gathering processes were all the municipalities in the Western Cape, various reports from the Department of Local Government and other provincial departments and census data from Statistics South Africa's census 2011.

The first step in the process involved the conceptualisation of the Section 47 Report. Relevant legislation was consulted in an effort to establish the exact parameters of the Report. Unfortunately, national standardised reporting formats have not been finalised, which has led to uncertainty regarding exact specifications. As a result, the annual reports of individual municipalities were consulted in order to determine the most used parameters in the compilation of reports. In addition, previous versions of this report were analysed to provide trend analysis. The outcome of this process was the establishment of a consensus on what information was relevant and needed to be included in order to satisfy the legislated requirements.

The second step in the process was the assessment of the availability of the required information. The first source to be consulted was the annual reports submitted by individual municipalities. The relevant data from these reports was uploaded onto data templates.

The statistical data used in some parts of the report was sourced from the Census 2011.

The data was analysed on both a quantitative and qualitative basis, allowing for concrete conclusions to be reached regarding municipal performance within the Western Cape Province.

## DEMOGRAPHIC AND SOCIO-ECONOMIC DATA

The Western Cape Province is bordered to the north and the east by the Northern Cape and Eastern Cape provinces, respectively, with a total land area of 129 462 square kilometres. The Western Cape is the country's fourth largest province, taking up 10% of South Africa's land area, with an estimated population of 6.1 million people and 1 570 397 households. It consists of 30 municipalities with one Metropolitan municipality (City of Cape Town), five District municipalities (West Coast, Cape Winelands, Overberg, Eden and Central Karoo) and 24 local municipalities.

The diverse cultural backgrounds of the Western Cape population give the province an international quality and produce a demographic profile quite different from the national pattern. Centuries of trade and immigration have created a population with genetic and linguistic links to different parts of the world. Afrikaans is spoken by the majority, with isiXhosa and English being the other main languages.

In the Western Cape, economic growth slowed to 2.9% in 2012 after accelerating to 3.9% in 2011 and is estimated to have expanded by 2.1% in 2013. The Western Cape economy's improved performance can be attributed to its greater reliance on the tertiary sector and its lesser exposure to the mining sector. Despite the slowdown in recent years, the financial, insurance, real estate and business services sector, the second fastest growing broad sector, made the biggest contribution to job creation from 2000-13.

Growth is forecast to remain stable in 2014 before accelerating in 2015. Forecasts of the 2014-19 period predict the Western Cape to average 3.0% per year, peaking at 3.3% in 2019. The tertiary sector is likely to be the biggest driver of this growth, as had been the case over the past few years<sup>1</sup>.

The narrow unemployment rate is estimated at 25.4% for South Africa and 23.5% for the Western Cape. This rises to 33.4% and 24.4% respectively when including non-searching unemployed (also described as discouraged work seekers), a much lower rate when compared to national rates. However, there is a continuing youth unemployment problem, with 50.4% of 15-24 year olds in the labour force unemployed. Almost 45% of Western Cape youth aged 20 to 24 years and 35% of those aged 25 to 29 years can be categorised as not employed, or undergoing education or training (NEETs)<sup>2</sup>.

Growth of the population of the Western Cape, which increased by 28.7% between 2001 and 2011, has resulted in a greater number of learners being enrolled at public schools and placed a greater demand on the education system.

The Western Cape also experiences high repetition and dropout rates, affecting boys more than girls, although there is an upward trend in retention rates from 52.5% in 2009 to 64% in 2014 between Grades 10 and 12<sup>3</sup>. Therefore, the Western Cape has made substantial progress in ameliorating both drop-out and retention rates and in keeping learners in school.

The growth in population has also placed an increased burden on health care services in the Western Cape. However, there have been improvements in infant, child and maternal

mortality rates and life expectancy at birth for females and males has increased to 67.9 and 63.7 respectively.

While antiretroviral therapy (ART) does not prevent the transmission of HIV, it does extend the lives of people living with HIV/AIDS. In the Western Cape in 2013/14, 134 212 people received ART and the prevention of mother-to-child transmission (PMTCT) rate was 1.7%, which is among the lowest rates in South Africa.

There was a marginal increase in the cure rate of Pulmonary Tuberculosis, from 79.4% in 2009/10 to 81.7% in 2012/13. However, with 746 cases per 100 000 individuals, the Western Cape still has the third highest rate of new TB infections in the country.

In the Western Cape, non-communicable diseases, also known as chronic diseases (which includes diseases such as diabetes, hypertension and heart disease), comprised five of the top ten causes of death for males and females, creating a similar burden to HIV/AIDS and TB.

In each district, with the exception of the West Coast District, HIV/AIDS was the leading cause of premature mortality. Second is TB, with the exception of the City of Cape Town, where interpersonal violence ranked above TB. In all districts, interpersonal violence ranked within the top five causes of premature mortality<sup>4</sup>.

Such social issues as crime are a greater problem in the Western Cape than in most other provinces. While the Western Cape has comparatively favourable socio-economic conditions, there are still the issues of crime and interpersonal violence, alcohol and substance abuse and youth at risk that require close attention.

<sup>1</sup> Provincial Economic Review and Outlook, WC Provincial Treasury 2014

<sup>2</sup> Provincial Economic Review and Outlook, WC Provincial Treasury 2014

<sup>3</sup> Provincial Economic Review and Outlook, WC Provincial Treasury 2014

<sup>4</sup> Provincial Economic Review and Outlook, WC Provincial Treasury 2014

## PART B:

# ANALYSIS OF MUNICIPAL PERFORMANCE FOR 2013/14 FINANCIAL YEAR

The analysis of this performance information consists of the following key performance areas:

- Governance;
- Corporate Governance;
- Planning and Development;
- Compliance Monitoring;
- Service Delivery Performance; and
- Local Economic Development.

## CHAPTER 1: GOVERNANCE

### 1.1 POLITICAL GOVERNANCE

The role of Political Governance is to ensure that democratic principles are upheld and adhered to. The Municipal Council, being the highest authority within a municipality, must focus on legislative, oversight and participatory role delegating its executive functions to the Executive Mayor and Mayoral Committee. As the executive authority, the Executive Mayor must ensure that the Municipality meets its legislative obligations without partaking in the daily operational side of the municipality.

The political composition in municipalities is enshrined in the Municipal Structures Act, No117 of 1998 section 18 states that;

- (1) Each municipality must have a municipal council; ... and
- (3) A municipal council consists of a number of councillors determined by the MEC for local government in the province concerned by notice in the Provincial Gazette.

## POLITICAL COMPOSITION

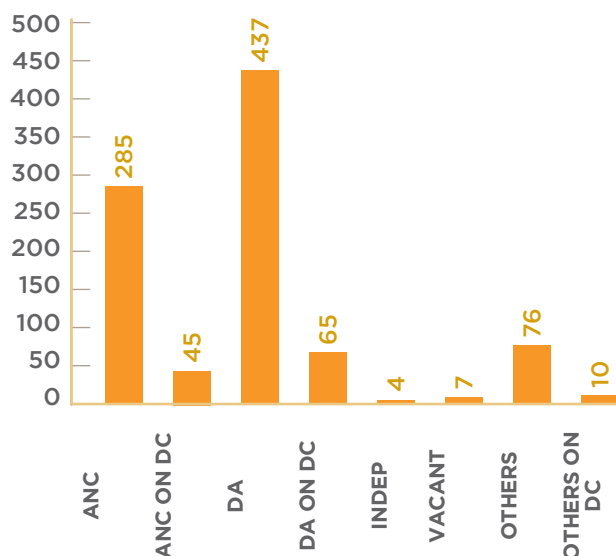
**Table 2:** Political Composition

MUNICIPALITY	ANC	ANC ON DC	DA	DA ON DC	IN- DEP	VA- CANT	OTHERS	OTH- ERS ON DC	PAR- TY IN CON- TROL	Total
<b>Metro</b>	72		133			3	1 (AMP) 1 (AL JAMA) 1 (CMC) 3 (COPE) 1 (NPSA) 1 (PAC) 1 (UDM) 1 (VP PLUS) 3 (ACDP)		DA	<b>221</b>
<b>West Coast DM</b>	4	5	9	7					DA	<b>25</b>
Matzikama	7		8				1 (TPICO) 1 NGP		ANC+ TPICO+ NGP	<b>17</b>
Cederberg	6	1	3	1			1 (COPE) 1(PAC)		ANC+ PAC	<b>13</b>
Berggrivier	5		7				1 (COPE)		DA + COPE	<b>13</b>
Saldanha Bay	9		15				1 (COPE)		DA	<b>25</b>
Swartland	6	1	14	3		1	1 (COPE) 1 (PI CIVIC)		DA	<b>27</b>
<b>Cape Winelands DM</b>	5	8	9	15			1 (COPE) 1(NPP)		DA	
Witzenberg	9		9		1		1 (NPP) 1 (COPE) 1 (DCP) 1 (VIP)		DA+ OPE+ IND+ DCP	<b>23</b>
Drakenstein	19		35				2 (COPE) 2 (NPP) 1 (PDM) 1 (SADCO) 1 (ACDP)		DA	<b>61</b>
Stellenbosch	11		25				1 (SPA) 1 (ACDP) 1(COPE) 3 (SCA) 1(NPP)		DA	<b>43</b>
Breede Valley	14		22		1		1 (COPE) 2 (BO) 1(CI)		DA	<b>41</b>
Langeberg	7		11				1 (CI) 1(PDM) 1(COPE) 1(WCC)		DA + COPE	<b>22</b>

MUNICIPALITY	ANC	ANC ON DC	DA	DA ON DC	IN- DEP	VA- CANT	OTHERS	OTH- ERS ON DC	PAR- TY IN CON- TROL	Total
<b>Overberg DM</b>	4	5	5	7					DA	<b>21</b>
Theewatersk- loof	9	2	13	3			3		DA	<b>30</b>
Overstrand	9	2	15	3			1		DA	<b>30</b>
Cape Agulhas	4	1	4	1	1				ANC + INP	<b>11</b>
Swellendam	4		4	1			1		DA + ACDP	<b>10</b>
<b>Eden DM</b>	6	7	8	9			1 (ICOSA)	1 (ICOSA) 2 (ACDP) 1 (COPE)	DA	<b>35</b>
Kannaland							3 (ICOSA)	1	ICOSA + ANC	<b>8</b>
Hessequa	6	1	7	1			2		DA + COPE	<b>17</b>
Mossel Bay	10	1	15	2		1	1	1	DA	<b>31</b>
George	19	2	25	3			5	1	DA + ACDP	<b>55</b>
Oudtshoorn	10	1	11	1		1	3	1	DA	<b>28</b>
Bitou	6	1	6	1			1		DA + COPE	<b>15</b>
Knysna	7	1	9	1	1	1	1		DA	<b>21</b>
<b>Central Karoo DM</b>	3	3	3	3	3			1	ANC + KGP	<b>13</b>
Laingsburg	3		3	1			1		DA + COPE	<b>8</b>
Prince Albert	2		2				3	1	KGP	<b>8</b>
Beaufort West	7	3	5	2			1		ANC	<b>18</b>

Source: Department of Local Government, Political Composition of Councils June 2014



**Graph 1: Political Composition**

There were a total number of 929 council seats across all municipalities in the Western Cape as at the end of June 2014. Out of the total number of the seats allocated, 922 of those seats were occupied by various political parties, with two particular political parties dominating. Political parties were either in control or in coalition government with one of the other political parties.

The DA became a political party in control in fifteen municipalities and also governed in coalition with other parties or independents in eight municipalities, obtaining a total number of 437 seats across all municipalities in the province. The ANC had a total of 285 seats and was in control in only one municipality, governing in coalition with other political parties or independent in a further five municipalities.

During the year under review, political governance in municipalities in the Province was stable. The Provincial Executive had to intervene in Oudtshoorn Municipality in terms of Section 139 (4) of the Constitution by

approving a temporary annual budget. The intervention commenced in July 2013 and terminated in February 2014. Throughout, Provincial oversight was rendered in the form of on-going litigation, council meetings attended and recommendations made to the Provincial Executive.

## 1.2. ADMINISTRATIVE GOVERNANCE

Municipalities must, within their administrative and finance capacity, establish and organise their administration so as to be responsive to the needs of local communities. Section 51 of the Municipal Systems Act identifies the various institutional objectives applicable to municipalities. The objectives are linked to the particular needs of the municipality and necessitate the implementation of appropriate organisational structures.

Municipalities need to ensure that procedures are adopted to guide institutional transformation and ensure capacity development and that all posts are filled by competent staff.

### Filling of Municipal Manager and Section 56 posts

The Municipal Manager as the accounting officer at the municipality is the implementer of approved Council policies. The Municipal Systems Act section 55(1) states that, "As head of administration the municipal manager of the municipality is subject to the policy directions of the municipal council, responsible and accountable for". A municipal council, after consultation with the municipal manager, appoints a manager directly accountable to the municipal manager. It is important to have these key managerial positions filled in a municipality, as it has a direct impact on ensuring effective and efficient organisation with the ability to perform its delegated responsibilities.

**Table 3:** Filling of senior manager post

MUNICIPALITY	Senior manager post filled (incl. MM)	Senior manager post vacant (incl. MM)	Performance Agreements signed (incl. MM)	Performance Agreements not signed (incl. MM)	Female Senior managers (incl. MM)
<b>Metro</b>	13		13		4
<b>West Coast DM</b>	4		4		
Matzikama	5	1	6		1
Cederberg	5		5		
Bergrivier	4		4		1
Saldanha Bay	4	1	4	1	
Swartland	7		7		1
<b>Cape Winelands DM</b>	4		4		
Witzenberg	5		5		1
Drakenstein	6		6		1
Stellenbosch	6	1	6	1	1
Breede Valley	5		5		
Langeberg	5		5		1
<b>Overberg DM</b>	4	1	4	1	
Theewaterskloof	6		6		
Overstrand	7		7		2
Cape Agulhas	6		6		
Swellendam	4	1	4		
<b>Eden DM</b>	4		4		2
Kannaland	3	1	3		
Hessequa	6		6		2
Mossel Bay	6		6		2
George	6	1	6	1	
Oudtshoorn	5		5		1
Bitou	6		6		1
Knysna	6		6		1
<b>Central Karoo DM</b>	3		3		
Laingsburg	2		2		1
Prince Albert	4	1	4		1
Beaufort West	4	1	4		1
<b>Total</b>	<b>150</b>	<b>9</b>	<b>156</b>	<b>4</b>	<b>26</b>

Source: Municipal Annual Reports 2013/14

In the Western Cape there were 159 senior manager positions (including Municipal Manager) approved across all municipalities. Out of the total approved posts, 150 posts were filled, while 9 posts were vacant. All municipalities with vacant posts have made arrangements to have temporarily appointed an official in an acting capacity to perform the responsibilities of a section 56 manager. The 7% vacancy has shown that the municipalities in the Western Cape are fairly stable administratively and able to perform their delegated responsibilities.

Section 57(2) of the MSA, states that performance agreements for Senior Managers including the Municipal Manager must be concluded within 60 days after a person has been appointed in the post and thereafter be concluded within one month after the beginning of each financial year of the municipality. During the year under review, there were 156 performance agreements signed and submitted to the MEC for Local Government. It should also be noted that the number of performance agreements shown above include those of officials who were appointed temporarily in a post as acting senior managers.

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

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

Most of the municipalities still do not have women managers appointed in senior positions, as most appointments tended to focus on male managers. The appointment of

women strives to achieve gender equality and aims to increase the involvement of women in policy formulation and strategic decision-making. During the 2013/14 financial year, there were 19 municipalities with women appointed at the senior management level, which is a slight increase as compared to the previous financial year. This positive trend shows that it is not only about the increasing number of municipalities with women in senior position but it is about the municipalities that in greater measure trusted women in management positions.

### 1.3 DEVELOPMENT AND IMPLEMENTATION OF POLICIES AND PLANS

According to the Human Resource Development Strategy of South Africa, 2001, Human Resource policies ensure that the organisation implements fair HR practices which are bound by the legislation. In addition, these policies seek to maximise the potential of staff through knowledge and skills acquisition to improve livelihoods.

The HRD Strategy consists of 5 strategic objectives, namely:

- Improving the foundation for human development;
- Developing high quality skills that are more responsive to developmental needs;
- Improving and increasing employer participation in lifelong learning;
- Supporting employment growth through creative innovation and policies; and
- Ensuring that the four objectives above are linked.

There are numerous policies and plans that were developed, adopted and implemented by municipalities. Assessment of human resource policies and plans only focused on five policies, namely:

#### **Recruitment and Selection Policy;**

- Skills Development Plan;

- Employment Equity Plan;
- Human Resource Management (HRM) and Human Resource Development (HRD) policies.

#### **Performance Management Policy.**

Human resource frameworks are an integral part of managing the capacity of a municipality. Primarily, it also ensures transparency, consistency and accountability of human resource practices. All Western Cape municipalities have developed and implemented human resources policies.

#### **1.4 PERFORMANCE MANAGEMENT SYSTEMS**

The Municipal Systems Act, 2000 (Act 32 of 2000), the Municipal Finance Management Act, 2003 (Act 56 of 2003) and other applicable regulations, policies and guidelines require municipalities to establish and implement the necessary processes to ensure that services are delivered in an effective and efficient manner. This would require municipalities to ensure the efficient implementation of systems in respect of benchmarking and the norms and standards of service delivery through a well-capacitated municipal leadership to enhance a responsive performance culture.

The Municipal System Act (2000) places the responsibility on the Council to adopt a PMS, while holding the Executive Manager responsible for the development and management of the system. The Executive Mayor of the municipality delegates the responsibility for the development and management of the PMS to the Municipal Manager. The responsibility of implementation and management of the system remains with the Municipal Manager as of his/her core functions as provided in Section 55(1) of the Municipal Systems Act of 2000.

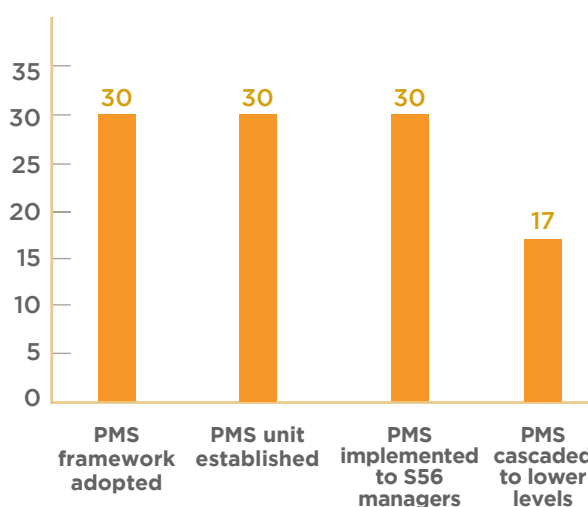
The objectives of a Performance Management System are to:

- Facilitate increased accountability;

- Facilitate learning and improvement;
- Provide early warning signals; and
- Facilitate decision-making.

A municipality's PMS entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players. Performance Management Systems have been implemented by all municipalities, at least at section 56 managers level. All Western Cape municipalities have reported that their PMS frameworks are in place and were adopted by council. All municipalities have established a PMS unit with a dedicated manager. There are currently 17 municipalities who have cascaded their PMS to either middle management or to lower level employees. Individual performance reviews are conducted on a quarterly basis. The graph below provides a summary of the status of PMS implementation in the Province.

**Graph 2: Performance Management Systems**



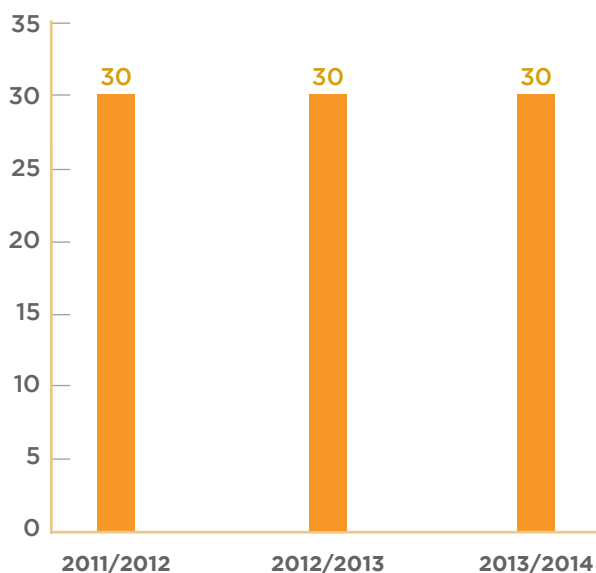
## 1.5 SKILLS DEVELOPMENT AND TRAINING

Capacity building at municipalities is crucial in achieving effective service delivery. As such, Human Resource Management is aimed at strengthening institutional capacity. This is contained in the Municipal Systems Act of 2000:

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

The graph below shows the compliance in submission of workplace skills plans by municipalities to Local Government SETA.

**Graph 3: Submission of Workplace Skills Plan**



Source: Municipal Annual Report 2013/14

Municipalities are required to annually assess the skills of their personnel and to develop a workplace skills plan, after which the plan must be submitted to the Local Government SETA. All municipalities have submitted workplace

skills plans and have allocated the municipal personnel budget for implementing the plan.

Various capacity and skills development initiatives were provided by municipalities, which include, amongst others, Minimum Competency Training, Administrative training, ABET, ICT, First Aid level 3, Fire Fighting, etc.

## 1.6 FUNCTIONALITY OF INTERGOVERNMENTAL STRUCTURES

It is essential that high levels of cooperation exist between all three spheres of government in order to ensure effective service delivery. Effective IGR structures are important to the developmental role of municipalities. This role can only be fulfilled through the active involvement of all spheres of government in the setting of priorities, resource allocation and development planning. The strategic objective of IGR is to support good governance and accountability between the three spheres of government through effective intergovernmental relations.

During the 2013/14 financial year, all Western Cape district municipalities convened their District Coordinating Forums (DCF) and DCF Technical (DCFTECH) meetings. The Department of Local Government supported about 26 district IGR forum meetings such as DCF and DCFTECH during this financial year.

Since the institutionalisation of MINMAY, MINMAYTECH, CFO Forum, Western Cape Municipal Managers Forum and Premiers Coordinating Forum, all municipalities have shown their commitment in participating in these meetings during the 2013/14 financial year. To support cooperative governance between the three spheres of government, the Department facilitated 42 case referrals emanating from eight provincial IGR meetings such as PCF, MINMAY and MINMAYTECH. These structures have shown greater synergy between the provincial and local governments, which resulted in strengthened inter-governmental cooperation.

## 1.7 THUSONG SERVICE CENTRE PROGRAMME

Local government is often the first sphere of government that citizens interact with on a regular basis. As such, public confidence in government can only be assured if the local sphere is seen to be operating according to the requirements and spirit of the South African Constitution. This means that each municipality has an important responsibility to govern its constituents in a manner that speaks to its honesty, integrity and openness.

In ensuring that communities have access to government services, the Thusong Programme continued to extend in municipal spaces where it's needed most. New Thusong Centres were established in the following municipalities: Mossel Bay, Cape Agulhas, Kannaland and Theewaterskloof. Lease agreements were concluded for anchor departments to provide services from the Thusong Centres. As a result, fifteen Government Departments are participating in the Thusong Programme. To ensure functionality of Thusong Centres, 24 Thusong personnel were trained in project management in February 2014. The Thusong Outreach Project has continued to roll out to communities, reaching 31 440 citizens through Thusong mobiles and 1.2 million through the Thusong Centres.

## 1.8 PUBLIC PARTICIPATION

Good governance according to the democratic principles is achieved through effective public participation. Not only does public participation allow constituents to monitor the governance record of its elected officials, but it also encourages the public to take an active interest in the performance of their municipality and region. It is only through broad public participation that citizens will recognise that their interests are taken to heart – especially the needs of the most vulnerable members of society. This allows all citizens to be heard in determining the political, social and economic priorities through the establishment of a broad

societal consensus that includes civil society, government and the private sector. Active ward-based plans and consultative forums are central structures through which public participation and, ultimately, good governance can be achieved.

This necessarily means that municipalities need to be enabled to perform their duties in order to ensure the implementation of good governance practices and public participation. Section 151 of Chapter 7 of the South African Constitution gives each municipality the right to govern the affairs of its community on its own initiative, subject to national and provincial legislation.

### Ward Committees

Ward committees were established in terms of Chapter 4 of the Municipal Systems Act of 2000 and the Municipal Structures Act of 1998. Section 72 (3) of the Municipal Structures Act states that “the objective of a ward committee is to enhance participatory democracy in local government”. The ward committee system was designed to ensure that citizens' inputs are taken into account during planning and decision-making processes at local government level.

During the year under review, ward committees were established by all Western Cape municipalities. Two ward committees in Stellenbosch Municipality were not established. The Department of Local Government played a role in supporting municipalities to establish functional ward committee structures throughout the Province. This was done through the conducting of ward committee training sessions and ward committee summits for all ward committee members.

Out of 387 wards within the province, 354 ward committees were deemed to be functional and the balance was not functional. The Department of Local Government continued to support ward committees with training in 18 municipalities and implemented a 'Train



the Trainer' programme. The following table outlines the number of wards per municipality and the number of functional ward committees in each municipality.

**Table 4:** Ward Committee Functionality

MUNICIPALITY	No of Wards	2011/12	2012/13	2013/14
City of Cape Town	111	All ward committees were functional and have regular scheduled meetings as required in the rules for the operation of ward committees	All ward committees were functional and have regular scheduled meetings as required in the rules for the operation of ward committees	103 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	4 ward committees were functional. 2 wards were not functional
Bergrivier	7	All 7 ward committees were functional	6 ward committees were fully functional and a total of 29 Ward Committee Meetings took place during the year.	All 7 ward committees are functional. A total of 20 Ward Committee Meetings took place during the year.
Saldanha Bay	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional
Swartland	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Witzenberg	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Drakenstein	31	All 31 ward committees were functional	All 31 ward committees were functional	All 31 ward committees were functional
Stellenbosch	22	20 ward were functional. Two of the wards were not established	20 ward were functional. Two of the wards were not established	21 wards were functional. 1 ward was not functional
Breede Valley	21	13 of the 21 ward committees were functional	13 ward committees were functional. 8 ward committees were not functional	17 ward committees were functional. 4 wards were not functional
Langeberg	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Theewaterskloof	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional
Overstrand	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional

MUNICIPALITY	No of Wards	2011/12	2012/13	2013/14
Cape Agulhas	5	All 5 ward committees were functional	All 5 ward committees were functional	All 5 ward committees were functional
Swellendam	5		All 5 ward committees were functional	All 5 ward committees were functional, but members complain about Sector support and feedback structures
Kannaland	4			All 4 ward committees were functional
Hessequa	8	All 8 ward committees were functional	8 ward committees were partly functional. None of the ward committees submitted their reports to the Speaker	8 ward committees were partly functional. None of the ward committees submitted their reports to the Speaker
Mossel Bay	14	All 14 ward committees were functional	All 14 ward committees were functional	All 14 ward committees were functional
George	25	All 25 ward committees were functional	All 25 ward committees were functional	All 25 ward committees were functional
Oudtshoorn	5		All 13 ward committees were functional	All 13 ward committees were functional
Bitou	7	All 7 ward committees were functional	6 ward committees were fully functional.	All 7 ward committees were functional
Knysna	10	All 10 ward committees were functional	All 10 ward committees were functional	All 10 ward committees were functional
Laingsburg	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Prince Albert	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Beaufort West	7	All 7 ward committees were functional	All 7 ward committees were functional	All 7 ward committees were functional

Source: Municipal Annual Reports 2013/14

### 1.9 PUBLIC SATISFACTION SURVEY ON MUNICIPAL SERVICES

This section deals with the level of public satisfaction conducted through surveys on the services rendered by the municipality; i.e. refuse removal, road maintenance, electricity, water, etc. During the year under review, a customer satisfaction survey was undertaken in only three

municipalities. The majority of municipalities did not conduct the customer/public satisfaction survey because it was done in the previous year and the municipality only conducts it every second year, while other municipalities cited financial constraints.

**Table 5:** Public satisfaction survey

MUNICIPALITY	Customer satisfaction surveys undertaken during 2013/14	When was the survey conducted
City of Cape Town	Yes	Oct/Nov 2013
Matzikama	No	-
Cederberg	No	-
Bergrivier	Yes	May 2014
Saldanha Bay	No	-
Swartland	No	-
Witzenberg	No	-
Drakenstein	No	-
Stellenbosch	No	-
Breede Valley	No	-
Langeberg	No	-
Theewaterskloof	No	-
Overstrand	No	-
Cape Agulhas	Yes	March 14
Swellendam	No	-
Kannaland	No	-
Hessequa	No	-
Mossel Bay	No	-
George	No	-
Oudtshoorn	No	-
Bitou	No	-
Knysna	No	-
Laingsburg	No	-
Prince Albert	No	-
Beaufort West	No	-

Source: Municipal Annual Reports 2013/14

### 1.10 IMPLEMENTATION OF COMMUNITY DEVELOPMENT WORKER PROGRAMME

Community Development Workers (CDWs) play an important role in providing linkages between local communities and government services. These workers are defined as civil servants who are passionate about serving their local communities. As such, they have vast grassroots knowledge about local conditions and serve as a valuable resource to make service delivery more effective. Communities, especially in impoverished areas, are often unaware of their rights related to grant applications, service cuts and school enrolments. CDWs play a crucial role in this regard, informing local communities about government services and assisting in the clearing of service delivery backlogs. This means that these CDWs form an important communication link between government and communities in order to mobilise their communities to become active participants in government programmes.

By the end of the 2013/14 financial year, there were 155 CDWs deployed in 7 different regions. CDWs facilitated information sessions in various municipalities, which included Social Relief of Distress and Social Grants, Career Guidance, Services Rendered by SASSA and the Department of Home Affairs, How to Prevent Child Labour, Housing Consumer Education, Dangers of Domestic Violence, Know Your CDW, Government Opportunities, Hygiene and Sanitation, Education on Respect and Discipline, Conflict Resolution, Problem Solving, Know Your Service Rights, How to Use e-Filling, the Role of Consumer Protector and the Registration of a Cooperative. CDWs created partnerships and signed service level agreements with the following stakeholders:

- Molosongololo in Atlantis in Metro 2
- Democracy Development Programme in Metro 2
- Go Reach in West Coast
- The Department of Social Development in

George on 17 September 2013.

- FASfacts in Worcester on 17 September 2013.
- West Coast Community HIV AIDS Initiative in Hopefield on 25 September 2013.
- The Department of Labour in Oudtshoorn on 27 September 2013.
- The Department of Labour in Beaufort West on 22 November 2013.
- Public Protector South Africa in Cape Winelands on 29 October 2013.
- South African National Apex Cooperation (SANACO) in Atlantis on 6 December 2013.
- A service level agreement was signed with the Office of the Consumer Protector in Overberg and Cape Winelands.
- Weskus News in Metro 2.

The CDWs have continued to support the communities by referring numerous cases related to government services. The cases referred by CDWs included the application for unemployment insurance fund, cooperatives, housing, education, unemployment, child support grant, identity document issues, skills development, expanded public works programme, sexual abuse, crime, labour issues, HIV/Aids, adoption, floods, food garden, indigent grant, pension, business training, disability etc.

### 1.11 COMMUNITY WORK PROGRAMME (CWP)

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

days a month and a maximum of 100 days a year.

The CWP is currently being implemented in 13 municipalities; namely Beaufort West: 7 wards, Breede Valley: 18 wards, City of Cape Town: 42 wards, Drakenstein: 23 wards, Kannaland: 6 wards, Laingsburg: 4 wards, Langeberg: 6 wards, Oudtshoorn: 13 wards, Prince Albert: 4 wards, Swellendam: 5 wards, Theewaterskloof: 13 wards and Witzenberg: 11 wards. As at the end of March 2014 there were 7 748 work opportunities created through the CWP across the Western Cape Province. The Department of Local Government has established reference groups in all new sites. In order to ensure that the reference groups are functional, the Department of Local Government has ensured that all relevant Sector Departments are represented on the Reference Groups. Partnerships were also established with municipalities, service providers and sector departments.

## CHAPTER 2: CORPORATE GOVERNANCE

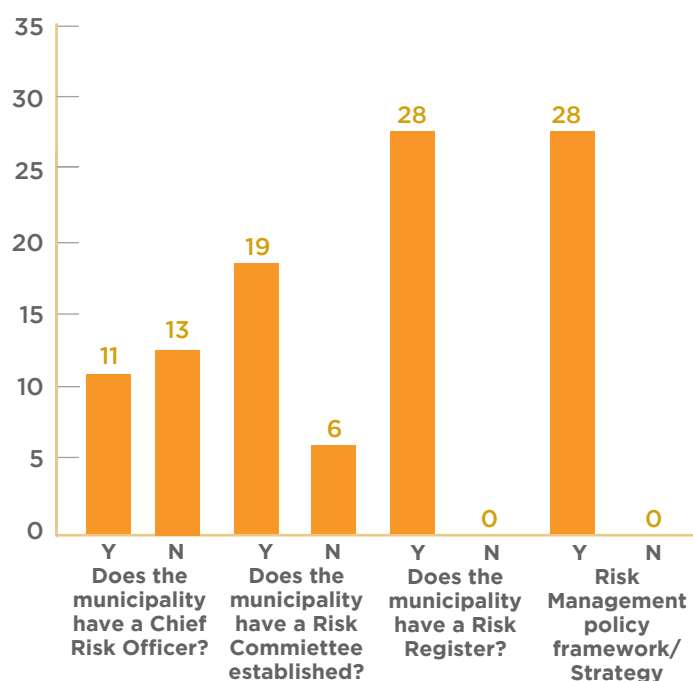
### 2.1 RISK MANAGEMENT

In terms of section 62 (1)(c)(i) “the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control”.

Western Cape municipalities are committed to the optimal management of risk in order to protect the Province’s core public service values, in achieving their vision and objectives, and deliver on their core business. Risk management is a systematic and formalised process that identifies, assesses, manages, monitors and reports risks on a continuous basis before such risks can impact negatively on the service delivery capacity of the municipality. In ensuring that this function is

embedded in the municipality, the Western Cape municipalities have appointed eleven Chief Risk Officers (CROs) who are accountable for enabling the efficient and effective governance of significant risks, and related opportunities to a municipality. The CROs are tasked with the responsibility of establishing a risk management committee. During the year under review, there were 19 municipalities with risk management committees established that meets and reports on a quarterly basis. Due to capacity constraints in municipalities, some municipalities are using the internal audit unit to fulfill the responsibilities of risk management, while the West Coast and Central Karoo Districts have introduced and implemented a shared services that also reports to the risk management committee on a quarterly basis. All municipalities have got risk management policy framework/strategy adopted by council in place with risk registers that are monitored and reported on a quarterly basis. Oudtshoorn and Kannaland Municipalities did not provide this information. The graph below illustrates the number of municipalities fulfilling the risk management functions.

**Graph 4: Risk Management**



Source: Municipal Annual Reports 2013/14

## 2.2 ANTI-CORRUPTION AND FRAUD PREVENTION

Anti-corruption measures are an integral part of ensuring good governance at municipalities and promote whistle-blowing of any corrupt activities. Approved Anti-Corruption and Fraud Prevention Plans were in place in 26 municipalities; four municipalities (Bitou, Oudtshoorn, Prince Albert and Beaufort West) had draft plans.

An Ethics or Anti-corruption committee has been established in 13 municipalities. The purpose of this committee is to effectively manage ethical risks within municipal organisations as approved by Council in the relevant Fraud Prevention Policy. It is responsible for the detection and prevention of corruption, the responsible management of acceptable ethical standards and the assurance of acceptable professional standards within a municipality.

## 2.3 MUNICIPAL WEBSITES

The Municipal Systems Act (Section 21B) requires that each municipality must establish its own official website. The municipal website is an integral part of the municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance.

The Municipality is required to place all information that must be made public in terms of the Municipal Systems Act and MFMA on this Website. The Municipal Manager is tasked with the responsibility to maintain and regularly update the municipality's website. All municipalities in the Province have websites that are functional. Section 75 of the MFMA specifies the documents that must be published on the website. Documents published on municipal websites are outlined in the table below.

**Table 6:** Municipal Websites

MUNICIPALITY	Is the annual budget published on the website		Are the updated budget-related policies published on website?		Is the Annual report published on website?		Are the updated Performance agreements published on website?		Is the revised SDBIP published on website?		Is the revised IDP published on website?		Is the list of disposed assets published on website?		Are the long-term borrowing contracts published on website?		Are the SCM contracts published on website?		Contracts to which section 33 apply, subject to sub-section (3) of that section;		Are the PPP agreements published on website?		Are the S52(d) reports for 4th Quarter published on website?	
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
City of Cape Town	√		√		√		√		√		√			X	√		√			X	√		√	
West Coast	√		√		√		√		√		√			X	√		√			X		X		X
Matzikama	√		√		√		√		√		√		√		√		√		√		√		√	
Cederberg	√		√		√		√		√		√		√			X	√		√			X	√	
Bergrivier	√		√			X	√			X	√			X	√			X		X		X		X
Saldanha Bay	√		√		√		√		√		√			X		X	√			X		X	√	



MUNICIPALITY	Is the annual budget published on the website		Are the updated budget-related policies published on website?		Is the Annual report published on website?		Are the updated Performance agreements published on website?		Is the revised SDBIP published on website?		Is the revised IDP published on website?		Is the list of disposed assets published on website?		Are the long-term borrowing contracts published on website?		Are the SCM contracts published on website?		Contracts to which section 33 apply, subject to subsection		Are the PPP agreements published on website?		Are the S52(d) reports for 4th Quarter published on website?	
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
Swartland		X		X		X		X				X		X		X		X		X		X		X
Cape Winelands	√		√		√		X	√		√			N/A	√		√		√			X	√		
Vitzenberg	√		√		√		√		√		√		√		√		√		√		N/A	√		
Drakenstein	√		√		√		√		√		√			N/A	√		√		√		N/A	√		
Stellenbosch	√		√		√		√		√		√			X	√			X		X		X		X
Breda Valley	√		√		√		X	√		√			X		X	√			X		X	√		
Langenberg	√		√		√		√		√		√			N/A		N/A	√		N/A		N/A	√		
Overberg	√		√		√		√		√		√			X	√		√			X	√		√	
Theewaterskloof	√		√		√		√		√		√			X	√		√			X		X		X
Overstrand	√		√		√		√		√		√		√		√		√		√		√		√	
Cape Agulhas	√		√		√		√		√		√		√			X	√		√			X	√	
Swellendam	√		√			X	√			X	√			X	√			X		X		X		X
Eden	√		√		√		√		√		√			X		X	√			X		X	√	
Kannaland		X		X		X		X				X		X		X		X		X		X		X
Lessequa	√		√		√			X	√		√			N/A	√		√		√			X	√	
Mossel Bay	√		√		√		√		√		√		√		√		√		√				√	
George	√		√		√		√		√		√			N/A	√		√		√		N/A	√		
Dudtshoorn	√		√		√		√		√		√			X	√			X		X		X		X
Bitou	√		√		√			X	√		√			X		X	√			X		X	√	
Knysna	√		√		√		√		√		√			N/A		N/A	√			N/A		N/A	√	

MUNICIPALITY	Is the annual budget published on the website		Are the updated budget-related policies published on website?		Is the Annual report published on website?		Are the updated Performance agreements published on website?		Is the revised SDBIP published on website?		Is the revised IDP published on website?		Is the list of disposed assets published on website?		Are the long-term borrowing contracts published on website?		Are the SCM contracts published on website?		Contracts to which section 33 apply, subject to subsection		Are the PPP agreements published on website?		Are the S52(d) reports for 4th Quarter published on website?	
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
Central Karoo	√		√		√		√		√		√		X		X	√			X		X		X	
Laingsburg	√			X		X		X		X	√		X	√			X		X		X		X	
Prince Albert	√			X		X		X	√		√		X		X		X		X		X		X	
Beaufort West	√		√		√		√		√		√		√		√		√				N/A		√	

## 2.4 THE FUNCTIONING OF INTERNAL AUDIT UNITS AND AUDIT COMMITTEES

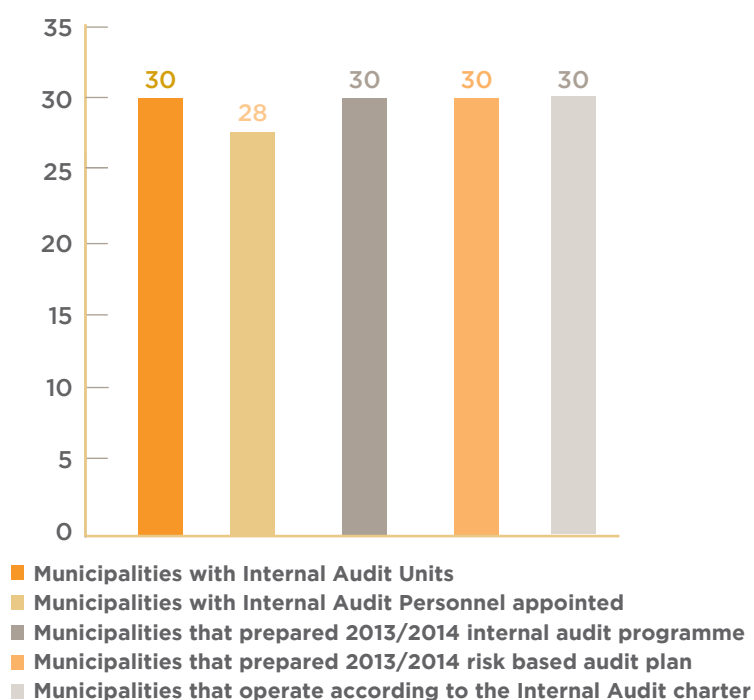
Section 165 of the MFMA requires that the municipality must establish an internal audit section whose service could be outsourced depending on its resources and specific requirements. The establishment of internal audit units in municipalities plays an important role in strengthening the control environment for assurance of good financial management. To be effective in their work and add value, internal audit units in municipalities must be adequately staffed with appropriately qualified officials; 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, and should be guided by an internal audit charter that is supported by the Audit Committee of the municipal council and by the Council and Municipal Manager.

### 2.4.1 INTERNAL AUDIT UNITS

As at June 2014, all 30 municipalities were reported to have Internal Audit Units in place and, of the 30, two Municipalities (Central Karoo and Prince Albert) had outsourced this function. The 28 municipalities with their internal audit units established have appointed

dedicated personnel to fulfil the function in the internal audit unit. It was also reported that all 30 municipalities have prepared their 2013/14 internal audit programme, risk-based plans and are operating according to the internal audit charter. The graph below illustrates the status of Internal Audit Units in municipalities.

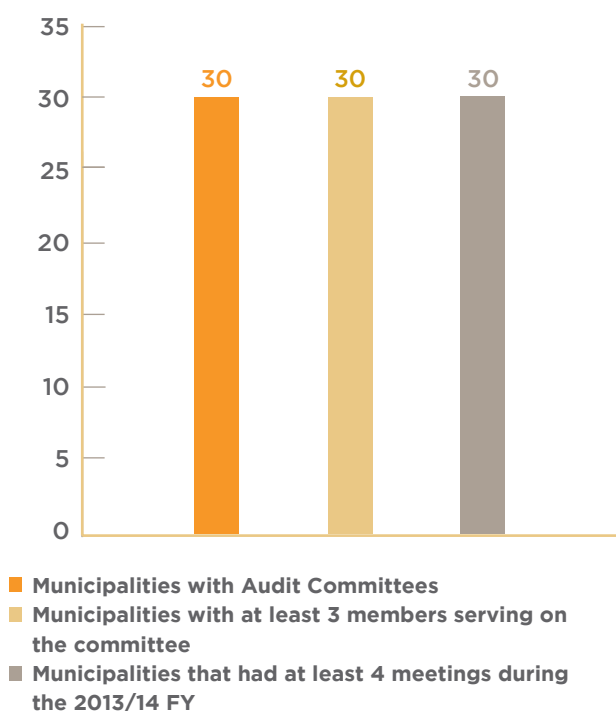
**Graph 5: Internal Audit Units**



### 2.4.2 AUDIT COMMITTEE

The MFMA and the Municipal Planning and Performance Management Regulations require that the municipal council establishes an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. It also requires that the council appoints a chairperson who is not a municipal employee. During the period under review, all municipalities in the Western Cape had functional audit committees in place and all them had at least 3 members serving on the committee. It was also reported that all municipalities had at least four meetings during the 2013/14 financial year. The graph below illustrates the status of Audit Committees.

**Graph 6: Audit Committees**



## CHAPTER 3: PLANNING AND DEVELOPMENT

### 3.1 INTEGRATED DEVELOPMENT PLANNING

The annual assessment of municipal Integrated Development Plans (IDPs) and budgets by provincial governments is essential. The

importance of this assessment is stipulated in Chapter 5 of the Local Government: Municipal Systems Act 32 of 2000 (MSA) and its Regulations and the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA). Provincial assessments afford the provincial sphere of government an opportunity to play its monitoring and support role to municipalities as stipulated by the Constitution. In addition, the assessments provide an indication of the ability and readiness of municipalities to deliver on their legislative and Constitutional mandates.

IDPs within the Western Cape Province formed a critical component towards the municipal strategic development agenda that is increasingly being utilised to inform the province's planning and resource allocation processes. They serve as the bedrock upon which impact and difference in community lives is realised.

### 3.2 IDP ASSESSMENT

The assessment of IDPs by the Provincial Government is central to efforts aimed at providing support to the development IDPs within the Province. Each IDP was assessed in terms of the IDP Assessment Framework which analyses whether IDPs are realistic and implementable. The Department of Local Government has developed and published a comprehensive document, the *Provincial IDP Assessment Annual Report 2013/14*, which provides the entire process of IDP assessment.

In order to give expression to the above mentioned legislation, the Department of Local Government (DLG) annually comments on municipal IDPs in order to indicate areas where municipalities did well and those areas that require improvement. In former years, the DLG's approach was to issue the MEC comments after an assessment of the final adopted IDPs of municipalities in the Province. However, municipalities highlighted their concern that they were only able to attend to the recommended areas of improvement in the MEC comments in the following review

of their IDP, which is not a desirable situation. To this end, municipalities requested DLG consider the assessment of draft IDPs in order

to influence and provide guidance during the finalisation process of their IDPs.

**Table 7:** Dates of adoption and submission of IDP

MUNICIPALITY	Adoption date of final IDP	Council Resolution number	Date submitted to MEC for Local Government
<b>City of Cape Town</b>	29-May-13	SPC 03/05/13	11-Jun-13
<b>West Coast DM</b>	07-May-13	13/05/07/6.1.1	03-Jun-13
Matzikama	28-May-13	5/1/3 – 2013/14	05-Jun-13
Cederberg	30-May-13	RB352/30-05-2013	12-Jun-13
Bergervier	28-May-13	RB 1155	04-Jun-13
Saldanha Bay	29-May-13	R11/3-13	06-Jun-13
Swartland	30-May-13	Item nr. 3.1	05-Jun-13
<b>Cape Winelands DM</b>	23-May-13	ITEM C.14.2	06-Jun-13
Witzenberg	29-May-13	Item 8.1.8	06-Jun-13
Drakenstein	24-May-13	760899	28-May-13
Stellenbosch	30-May-13	7,1	05-Jun-13
Breede Valley	30-May-13	C34/2013.	03-Jun-13
Langeberg	28-May-13	A2865	03-Jun-13
<b>Overberg DM</b>	29-Apr-13	Item A48	29-Apr-13
Theewaterskloof	28-May-13	C51/2013	03-Jun-13
Overstrand	29-May-13	Council resolution 5.5	03-Jun-13
Cape Agulhas	28-May-13	158/2013	29-May-13
Swellendam	29-May-13	Item A2353.	30-May-13
Eden DM	27-May-13	DC 494/05/13	06-Jun-13
Kannaland	30-May-13	KAN 25/05/13	03-Jun-13
Hessequa	28-May-13	Collab nr 752707	03-Jun-13
Mossel Bay	30-May-13	E71-05/2013	11-Jun-13
George	29-May-13	4,1	13-Jun-13
Oudtshoorn	31-May-13		31-May-13
Bitou	27-May-13	C/6/169/05/13	11-Jun-13
Knysna	30-May-13	M15/05/13	06-Feb-14
<b>Central Karoo DM</b>	27-May-13	Item 3.2	06-Jun-13
Laingsburg	30-May-13	Item 6	06-Jun-13
Prince Albert	28-May-13	BESLUIT 57/2013	06-Jun-13
Beaufort West	28-May-13	Item 2	06-Jun-13

Source: Annual IDP Assessment Process 2013/14

It should be noted that all municipalities in the Province adopted their final IDPs before 31 May 2013, with the exception of Oudtshoorn Municipality. The Municipality was politically unstable and had not adopted its budget either.

### 3.3 IDP ANALYSIS KEY FINDINGS

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

#### 3.3.1 Compliance in terms of section 26 of the MSA and its regulations

Most IDPs generally conform to the minimum requirements stipulated in section 6 of the MSA and its regulations. This means that most IDPs contained:

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

- i) Key performance indicators and performance targets determined in terms of Section 41 of the MSA.

#### 3.3.2 Inclusion of district, provincial and national policy imperatives in IDPs

Municipalities are beginning to benchmark their performance against the national Development Plan of 2030, national outcomes, Provincial Strategic Objectives and the Millennium Development Goals and have demonstrated adequate alignment.

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

#### 3.3.3 Aligning Budgets with priorities

Municipalities are fundamentally aligning their budgets with the priorities articulated in IDPs. Further analysis revealed that municipal IDPs are increasingly becoming more responsive to the needs expressed by communities and that the strategic priorities identified in IDPs are aligned to community needs.

#### 3.3.4 Linkages to the Performance Management Systems in municipalities

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

## CHAPTER 4: COMPLIANCE MONITORING

### 4.1 BUDGET SUBMISSION

In terms of section 24 of the MFMA, "The Municipal Council must at least 30 days before the start of the budget year consider approval of the annual budget". In addition, the accounting officer of a municipality must

submit the approved annual budget to the National Treasury and the relevant provincial treasury. The Western Cape municipalities have continued to retain the positive trend of approving and submitting the annual budget on time. The table below shows the three year trend in submitting the annual budget in compliance with section 24 of the MFMA.

**Table 8:** Submission of Annual Budget

MUNICIPALITY	Submission of Municipal budgets		
	2011/12	2012/13	2013/14
City of Cape Town	02-Mar-11	28-Mar-12	27-Mar-13
Matzikama	08-Mar-11	20-Mar-12	27-Mar-13
Cederberg	24-Mar-11	30-Mar-12	28-Mar-13
Bergviver	16-Mar-11	30-Mar-12	27-Mar-13
Saldanha Bay	09-Mar-11	30-Mar-12	28-Mar-13
Swartland	11-Feb-11	30-Mar-12	28-Mar-13
West Coast DM	23-Feb-11	20-Mar-12	28-Feb-13
Witzenberg	18-Mar-11	03-Apr-12	02-Apr-13
Drakenstein	01-Mar-11	27-Mar-12	28-Mar-13
Stellenbosch	25-Mar-11	30-Mar-12	28-Mar-13
Breede Valley	07-Mar-11	30-Mar-12	27-Mar-13
Langeberg	24-Feb-11	30-Mar-12	27-Mar-13
Cape Winelands DM	15-Mar-11	26-Mar-11	27-Mar-13
Theewaterskloof	04-Mar-11	30-Mar-12	28-Mar-13
Overstrand	23-Feb-11	28-Mar-12	28-Mar-13
Cape Agulhas	31-Mar-11	29-Mar-12	27-Mar-13
Swellendam	01-Apr-11	04-May-12	29-Mar-13
Overberg DM	14-Mar-11	27-Mar-12	27-Mar-13
Kannaland	31-Mar-11	30-Mar-12	28-Mar-13
Hessequa	27-Mar-11	30-Mar-12	28-Mar-13
Mossel Bay	18-Mar-11	29-Mar-12	28-Mar-13
George	01-Apr-11	29-Mar-12	28-Mar-13
Oudtshoorn	01-Apr-11	30-Mar-12	28-Mar-13
Bitou	05-Apr-11	30-Mar-12	27-Mar-13

Source: Provincial Treasury Database



MUNICIPALITY	Submission of Municipal budgets		
	2011/12	2012/13	2013/14
Knysna	24-Mar-11	29-Mar-12	28-Mar-13
Eden DM	31-Mar-11	29-Mar-12	28-Mar-13
Laingsburg	02-Apr-11	29-Mar-12	28-Mar-13
Prince Albert	09-Mar-11	22-May-12	28-Mar-13
Beaufort West	29-Mar-11	30-Mar-12	28-Mar-13
Central Karoo DM		17-Apr-12	02-Apr-13

#### 4.2 SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS (SDBIP)

Provisions regarding the Service Delivery and Budget implementation plan (SDBIP) are found in the Local Government Municipal Finance Management Act. According to the MFMA, an SDBIP is defined as a detailed plan approved by the mayor of a municipality in terms of Section 53(1)(c)(11) for implementing the municipality's delivery of municipal services and its Annual Budget, and which indicates:

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

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

Subsequent to the above, Section 19 of the Municipal Budget and Reporting Regulations (Regulations), in accordance with Section 21A of the Local Government: Municipal Systems Act, the Accounting Officer must make public the approved SDBIP within 10 days after the Mayor of a municipality has approved it.

Further to the above, according to Section 20(2) of the Regulations, the Accounting Officer must submit to the National Treasury and the relevant provisional treasury copies of the approved SDBIP in printed and electronic form within ten working days after the mayor has approved the plan.

All Western Cape municipalities have shown a positive trend by submitting the SDBIP as required by Section 20(2) of the MFMA Regulations. During the year under review, the SDBIPs were assessed by focussing on the compliance to legislation, quality of the document and linkages between the IDP and the budget. The assessment revealed the following:

- All municipalities have submitted their SDBIP to the Western Cape Provincial Treasury, although several have submitted later than the date stipulated in Sec 20(2) of the regulations;
- The SDBIPs submitted contained all relevant sections as required by Circular 13;



- ♦ Monthly projections on revenue to be collected per source;
- ♦ Monthly projections of expenditure and revenue for each vote;
- ♦ Quarterly projections of service delivery targets and performance indicators for each vote; and
- ♦ Ward information for expenditure, service delivery and detailed capital works plan broken down per ward over three years.

- Municipalities have included the general key performance indicators in the SDBIP as per Regulation 796;
- High level priorities in the IDP reflected in the top level SDBIP; and
- The performance indicators that are linked to the Strategic Objectives of the municipality.

*section 88 from any such entities;*

- (b) submit a report on such assessment to
- (v) *the mayor of the municipality;*
  - (vi) *the National Treasury; and*
  - (vii) *the relevant provincial treasury”.*

All Western Cape municipalities have complied in submitting their Mid-Year assessment reports 2013/14 financial year to the Provincial Treasury. Dates of submission of these reports are shown in table 9 below.

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

The MFMA section 72. (l) states that “The accounting officer of a municipality must, by 25 January of each year,

- (a) Assess the performance of the municipality during the first half of the financial year, taking into account-
- (i) *the monthly statements referred to in section 71 for the first half of the financial year*
  - (ii) *the municipality’s service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan:*
  - (iii) *the past year’s annual report and progress on resolving problems identified in the annual report: and*
  - (iv) *the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of*

**Table 9:** Submission of Mid-year assessment reports

MUNICIPALITY	Adoption date of final IDP
City of Cape Town	24-Jan-14
West Coast District	27-Jan-14
Matzikama	27-Jan-14
Cederberg	27-Jan-14
Bergrivier	27-Jan-14
Saldanha Bay	27-Jan-14
Swartland	24-Jan-14
Cape Winelands District	27-Jan-14
Witzenberg	27-Jan-14
Drakenstein	24-Jan-14
Stellenbosch	24-Jan-14
Breede Valley	21-Jan-14
Langeberg	27-Jan-14
Overberg District	27-Jan-14
Theewaterskloof	27-Jan-14
Overstrand	27-Jan-14
Cape Agulhas	28-Jan-14
Swellendam	27-Jan-14
Eden District	27-Jan-14
Kannaland	27-Jan-14
Hessequa	28-Jan-14
Mossel Bay	27-Jan-14
George	28-Jan-14
Oudtshoorn	27-Jan-14
Bitou	27-Jan-14
Knysna	27-Jan-14
Central Karoo District	27-Jan-14
Laingsburg	22-Jan-14
Prince Albert	27-Jan-14
Beaufort West	27-Jan-14

Source: Provincial Treasury Database

#### 4.4 SUBMISSION OF ANNUAL FINANCIAL STATEMENTS

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

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

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

- a) Fairly present the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities,

its business activities, its financial results and its financial position as at the end of the financial year; and

- b) Disclose the information required in terms of Section 123, 124 and 125.

In terms of Section 126(1) (a) of the MFMA, it is the responsibility of the Accounting Officer to comply with Section 122(1) within two months after the end of the financial year and to submit such statements to the Auditor General for auditing. All 30 municipalities in the Province have complied with Section 122(1) and Section 126(1). Western Cape municipalities are commended for complying with the provisions regarding the preparation of the Annual financial statements and submission thereof to the Auditor-General. The table below reflects the legislative compliance of municipalities in submitting their annual financial statements to Auditor General.

**Table 10:** Submission of AFS to Auditor General

MUNICIPALITY	Submitted to AGSA	Unaudited AFS - Date Submitted to AGSA (As per AFS submission schedule received from AG)
City of Cape Town	Yes	29-Aug-14
West Coast DM	Yes	29-Aug-14
Matzikama	Yes	28-Aug-14
Cederberg	Yes	29-Aug-14
Bergrivier	Yes	29-Aug-14
Saldanha Bay	Yes	29-Aug-14
Swartland	Yes	27-Aug-14
Cape Winelands DM	Yes	31-Aug-14
Witzenberg	Yes	29-Aug-14
Drakenstein	Yes	31-Aug-14
Stellenbosch	Yes	31-Aug-14
Breede Valley	Yes	29-Aug-14
Langeberg	Yes	31-Aug-14
Overberg DM	Yes	29-Aug-14
Theewaterskloof	Yes	31-Aug-14
Overstrand	Yes	31-Aug-14
Cape Agulhas	Yes	29-Aug-14
Swellendam	Yes	29-Aug-14
Eden DM	Yes	29-Aug-14
Kannaland	Yes	31-Aug-14
Hessequa	Yes	31-Aug-14
Mossel Bay	Yes	29-Aug-14
George	Yes	29-Aug-14
Oudtshoorn	Yes	28-Aug-14
Bitou	Yes	29-Aug-14
Knysna	Yes	29-Aug-14
Central Karoo DM	Yes	29-Aug-14
Laingsburg	Yes	29-Aug-14
Prince Albert	Yes	29-Aug-14
Beaufort West	Yes	29-Aug-14

Source: Provincial Treasury Database

#### 4.5 TABLING OF ANNUAL REPORTS

An Annual Report in relation to municipalities or municipal entities is a report contemplated in terms of Section 121 of the MFMA that requires municipalities or municipal entities for each financial year to prepare an Annual Report. The purpose of the report is to:

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

throughout the year by the municipality or municipal entity.

In terms of Section 127(2) of the MFMA, the Mayor of the municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. During the year under review, 27 of the 30 municipalities tabled their draft annual reports on time as required by the MFMA with the exception of Oudtshoorn, Beaufort West and Kannaland Municipalities. Table 4 below reflects the legislative compliance of municipalities in tabling their annual reports as per the MFMA requirements.

**Table 11:** Tabling of municipal annual reports

MUNICIPALITY	Tabling date in Council		
	2011/12	2012/13	2013/14
City of Cape Town	31-Jan-13	29-Jan-14	28-Jan-15
West Coast District	05-Dec-12	04-Dec-13	03-Dec-14
Matzikama	29-Jan-13	27-Jan-14	09-Dec-14
Cederberg	No information	30-Jan-14	11-Dec-14
Bergrivier	31-Jan-13	27-Jan-14	27-Jan-15
Saldanha Bay	22-Jan-13	23-Jan-14	28-Jan-15
Swartland	31-Jan-13	30-Jan-14	29-Jan-15
Cape Winelands District	25-Oct-12	26-Sep-13	04-Dec-14
Witzenberg	31-Jan-13	29-Jan-14	10-Dec-14
Drakenstein	27-Jan-13	31-Jan-14	28-Jan-15
Stellenbosch	31-Jan-13	29-Jan-14	28-Jan-15
Breede Valley	28-Jan-13	27-Nov-13	11-Dec-14
Langeberg	28-Jan-13	03-Dec-14	01-Dec-14
Overberg District	28-Jan-13	22-Jan-14	31-Oct-14
Theewaterskloof	24-Jan-13	22-Jan-14	21-Jan-15



MUNICIPALITY	Tabling date in Council		
	2011/12	2012/13	2013/14
Overstrand	23-Jan-13	22-Jan-14	23-Jan-15
Cape Agulhas	06-Dec-12	22-Jan-14	13-Jan-15
Swellendam	30-Oct-14	29-Jan-14	30-Jan-15
Eden District	28-Jan-13	28-Jan-14	30-Jan-15
Kannaland	01-Mar-13	24-Jan-14	31-Mar-15
Hessequa	31-Jan-13	10-Dec-13	03-Dec-14
Mossel Bay	23-Jan-13	23-Jan-14	23-Jan-15
George	04-Dec-12	29-Jan-14	28-Jan-15
Oudtshoorn	28-Jan-13	06-Feb-14	No information
Bitou	31-Jan-13	22-Jan-14	22-Jan-15
Knysna	24-Jan-13	30-Jan-14	29-Jan-15
Central Karoo District	No information	28-Jan-14	30-Jan-15
Laingsburg	24-Jan-13	23-Jan-14	22-Jan-15
Prince Albert	12-Dec-12	30-Dec-13	23-Jan-15
Beaufort West	31-Jan-13	31-Jan-14	05-Feb-15

Source: Municipal Oversight Report on Annual Report 2013/14

#### 4.6 OVERSIGHT REPORTS

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

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

- 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 Department of Local Government. Below is a table that illustrates municipal compliance with Section 129(1).

**Table 12:** Adoption of Oversight Report

MUNICIPALITY	Financial Year	Actual adoption date	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected	Annual report referred back for revision
City of Cape Town	2010/2011	28-Mar-12	✓			
	2011/2012	08-Mar-13	✓			
	2012/2013	26-Mar-14	✓			
	2013/2014	25-Mar-15	✓			
West Coast District	2010/2011	31-Jan-12	✓			
	2011/2012	28-Feb-13	✓			
	2012/2013	26-Feb-14	✓			
	2013/2014	12-Jan-15	✓			
Matzikama	2010/2011	27-Mar-12		✓		
	2011/2012	26-Mar-13	✓			
	2012/2013	31-Mar-14	✓			
	2013/2014	03-Feb-15	✓			
Cederberg	2010/2011	29-Mar-12		✓		
	2011/2012	31-Mar-13				
	2012/2013	31-Mar-14	✓			
	2013/2014	27-Mar-15	✓			
Bergrivier	2010/2011	22-Mar-12	✓			
	2011/2012	26-Mar-13	✓			
	2012/2013	25-Mar-14	✓			
	2013/2014	26-Mar-15	✓			
Saldanha Bay	2010/2011	29-Mar-12		✓		
	2011/2012	06-Mar-13		✓		
	2012/2013	10-Mar-14		✓		
	2013/2014	11-Mar-15		✓		
Swartland	2010/2011	29-Mar-12	✓			
	2011/2012	28-Mar-13	✓			
	2012/2013	25-Mar-15				
	2013/2014	26-Mar-15	✓			
Cape Winelands District	2010/2011	30-Mar-12	✓			
	2011/2012	21-Jan-13	✓			
	2012/2013	27-Feb-14	✓			
	2013/2014	26-Feb-15	✓			
Witzenberg	2010/2011	03-Apr-12	✓			
	2011/2012	25-Mar-13	✓			
	2012/2013	26-Mar-14	✓			
	2013/2014	25-Jan-15	✓			

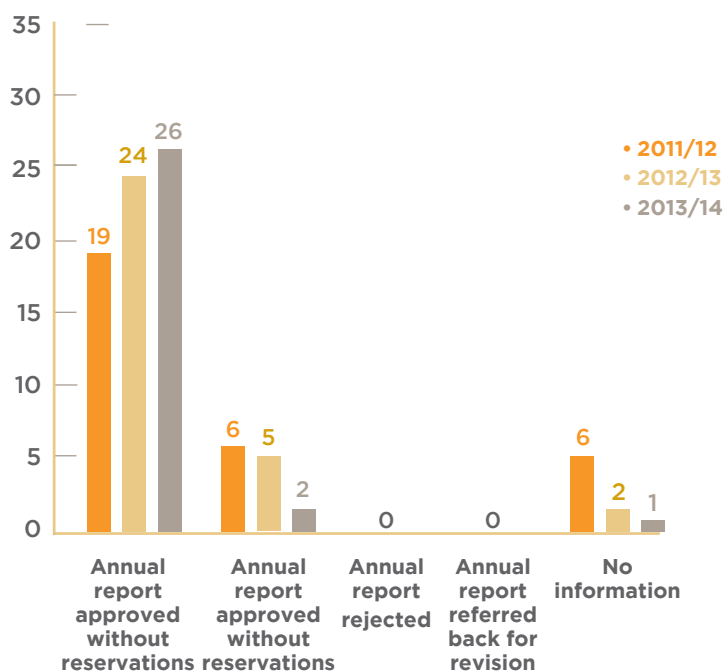


MUNICIPALITY	Financial Year	Actual adoption date	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected	Annual report referred back for revision
Drakenstein	2010/2011	20-Mar-12	✓			
	2011/2012	27-Mar-13	✓			
	2012/2013	31-Mar-14	✓			
	2013/2014	13-Mar-15	✓			
Stellenbosch	2010/2011	29-Mar-12		✓		
	2011/2012	27-Mar-13		✓		
	2012/2013	26-Mar-14		✓		
	2013/2014	25-Mar-15		✓		
Breede Valley	2010/2011	29-Mar-12		✓		
	2011/2012	28-Feb-13		✓		
	2012/2013	25-Feb-14	✓			
	2013/2014	09-Feb-15	✓			
Langeberg	2010/2011	28-Mar-12	✓			
	2011/2012	28-Feb-13	✓			
	2012/2013	25-Feb-14	✓			
	2013/2014	24-Feb-15	✓			
Overberg District	2010/2011	26-Mar-12		✓		
	2011/2012	08-Mar-13		✓		
	2012/2013	31-Mar-14	✓			
	2013/2014	23-Mar-15	✓			
Theewaterskloof	2010/2011	29-Mar-12		✓		
	2011/2012	20-Mar-13		✓		
	2012/2013	20-Mar-14		✓		
	2013/2014	19-Mar-15	✓			
Overstrand	2010/2011	28-Mar-12	✓			
	2011/2012	27-Mar-13	✓			
	2012/2013	20-Mar-14	✓			
	2013/2014	11-Mar-15	✓			
Cape Agulhas	2010/2011	08-Feb-12	✓			
	2011/2012	26-Mar-13	✓			
	2012/2013	10-Mar-14	✓			
	2013/2014	02-Feb-15	✓			
Swellendam	2010/2011					
	2011/2012	10-Mar-15	✓			
	2012/2013	31-Mar-14		✓		
	2013/2014	10-Mar-15	✓			

MUNICIPALITY	Financial Year	Actual adoption date	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected	Annual report referred back for revision
Eden District	2010/2011	30-Mar-12		✓		
	2011/2012	28-Jan-13	✓			
	2012/2013	26-Mar-14	✓			
	2013/2014	04-Mar-15		✓		
Kannaland	2010/2011					
	2011/2012					
	2012/2013					
	2013/2014					
Hessequa	2010/2011	30-Mar-12	✓			
	2011/2012	15-Mar-13	✓			
	2012/2013	26-Feb-14	✓			
	2013/2014	23-Mar-15	✓			
Mossel Bay	2010/2011	26-Mar-12	✓			
	2011/2012	28-Mar-13	✓			
	2012/2013	19-Mar-14	✓			
	2013/2014	23-Mar-15	✓			
George	2010/2011	29-Mar-12		✓		
	2011/2012	01-Mar-13	✓			
	2012/2013	26-Mar-14	✓			
	2013/2014	16-Mar-15	✓			
Oudtshoorn	2010/2011					
	2011/2012					
	2012/2013					
	2013/2014					
Bitou	2010/2011	29-Jun-12				
	2011/2012					
	2012/2013	27-Mar-14	✓			
	2013/2014	24-Mar-15	✓			
Knysna	2010/2011	13-Apr-12		✓		
	2011/2012	19-Mar-13		✓		
	2012/2013	03-Mar-14	✓			
	2013/2014	26-Mar-15	✓			
Central Karoo DM	2010/2011	15-Mar-12	✓			
	2011/2012	13-Mar-13	✓			
	2012/2013	27-Mar-14	✓			
	2013/2014	27-Mar-15	✓			

MUNICIPALITY	Financial Year	Actual adoption date	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected	Annual report referred back for revision
Laingsburg	2010/2011	28-Mar-12	✓			
	2011/2012	28-Mar-13	✓			
	2012/2013	27-Mar-14	✓			
	2013/2014	31-Mar-15	✓			
Prince Albert	2010/2011	27-Mar-12	✓			
	2011/2012	26-Mar-13	✓			
	2012/2013					
	2013/2014	23-Mar-15	✓			
Beaufort West	2010/2011	30-Mar-12		✓		
	2011/2012	30-Mar-13	✓			
	2012/2013	31-Mar-14	✓			
	2013/2014	31-Mar-15	✓			

Source: Municipal Oversight Report 2013/14

**Graph 7:** Compliance with adoption of Oversight Report

Source: Municipal Oversight Report 2013/14

The Annual Reports which were approved by council without reservations were reported in 26 municipalities. There were only two municipalities, Saldanha Bay and Eden District Municipalities, where the annual report was approved with reservation by council. This is an improvement as compared to 24 municipalities in the previous financial year. Oudtshoorn and Kannaland Municipality did not provide the information on the adoption of their 2013/14 Oversight Report.

## CHAPTER 5: 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 satisfy their basic needs. Municipalities, as a sphere of government, are the closest to communities and are tasked primarily with developing and implementing sustainable ways to meet community needs and improve the quality of their lives with the provision of basic services, i.e. water, electricity, sanitation and solid waste. Municipalities are at the forefront of attempts to achieve high levels of service delivery. Service delivery has assumed centre stage across the country, due to highly publicised protests within various communities. This has put greater pressure on municipalities to deliver on their mandates and to ensure effective service delivery.

The historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a delicate balance

between delivering and improving current services, maintaining existing infrastructure and extending the infrastructure to eradicate service delivery backlogs.

The Department of Local Government supports municipalities to ensure that they are able to deliver services to improve the lives of their citizens. The service delivery chapter attempts to give an indication of the service delivery performance of municipalities in the Western Cape during the municipal financial year ending June 2014. The primary source of information used was the Annual Reports of 2013/14, IDPs and the Quarterly Reports provided by municipalities.

### 5.1 SERVICE DELIVERY BACKLOGS

Within the Western Cape Province, municipal service delivery backlogs vary from one municipality to another. Municipalities have backlogs in different locations in the municipal area, especially in farms and privately owned lands. The table below depicts the service delivery backlogs per type of service for each municipality.

**Table 13:** Municipal Service Delivery Backlogs

MUNICIPALITY	Type of service				
	Housing	Water	Sanitation	Refuse removal (at least once a week at site)	Electricity (in house)
<b>City of Cape Town</b>					
Matzikama	-	Formal areas: 500	Formal areas: 4 168	-	-
Cederberg	-	Formal areas: 129 Informal areas: 920	Formal areas: 920 Informal areas: 920 Buckets: 141	-	-
Bergrivier	-	Formal areas: 96	Formal areas: 1 023	-	-
Saldanha Bay	-	Formal areas: 33	Formal areas: 117	-	-
Swartland	-	Formal areas: 156	Informal areas: 89 Formal areas: 1 645	-	-
Witzenberg	-	Formal areas: 105	Formal areas: 1 097	-	-
Drakenstein	-	Informal areas: 297	Informal areas: 1217	-	-



MUNICIPALITY	Type of service				
	Housing	Water	Sanitation	Refuse removal (at least once a week at site)	Electricity (in house)
Stellenbosch	-	Formal areas: 174	Formal areas: 1 126 Informal areas: 286 Buckets: 55 on privately owned land at Kreefgat in Jamestown		
Brede Valley	-	Formal areas: 414 Informal areas: 1 943	Formal areas: 1 621 Informal areas: 1 898	-	-
Langeberg	-	Formal areas: 250 Informal areas: 23	Formal areas: 1000 Informal areas: 473		
Theewaterskloof	-	Informal areas: 253 Formal areas: 295	Informal areas: 453 Formal areas: 880	-	-
Overstrand		Formal areas: 79	Formal areas: 263		
Cape Agulhas	-	Formal areas: 71	Formal areas: 284	-	-
Swellendam	-	Formal areas: 215	Formal areas: 558	-	-
Kannaland		Informal areas: 282	Formal areas: 5 Informal areas: 361 Buckets exist in Zoar	-	-
Hessequa	-	Formal areas: 270	Formal areas: 493 Buckets: 137	-	-
Mossel Bay	-	Formal areas: 268 Informal areas: 5	Formal areas: 310 Informal areas: 1000 Buckets: 113	-	-
George	-	Formal areas: 859 Informal areas: 314	Formal areas: 1 405 Informal areas: 283	-	-
Oudtshoorn	-	Informal areas: 740	Informal areas: 1 449	-	-
Bitou		Formal areas: 229	Formal areas: 313 Informal areas: 36 Buckets: 228 in rural areas	-	-
Knysna	Current needs for additional housing: 9149	Formal areas: 119	Formal areas: 352 Informal areas: 950 Buckets: 209	-	-

Source: Municipal Oversight Report 2013/14



MUNICIPALITY	Type of service				
	Housing	Water	Sanitation	Refuse removal (at least once a week at site)	Electricity (in house)
Laingsburg		Formal areas: 5	Sanitation: 170	-	-
Prince Albert	-	-	60 Buckets within urban edges. Approximately 14 houses on Transnet land		
Beaufort West		-	Bucket: 15 houses on transnet land	-	-

Source: Municipal Questionnaire, June 2014

While much has been achieved in the rollout of municipal infrastructure over the last decade, significant work remains to be done, both to eradicate backlogs in access to services and to ensure that services are properly operated and maintained over the long-term.

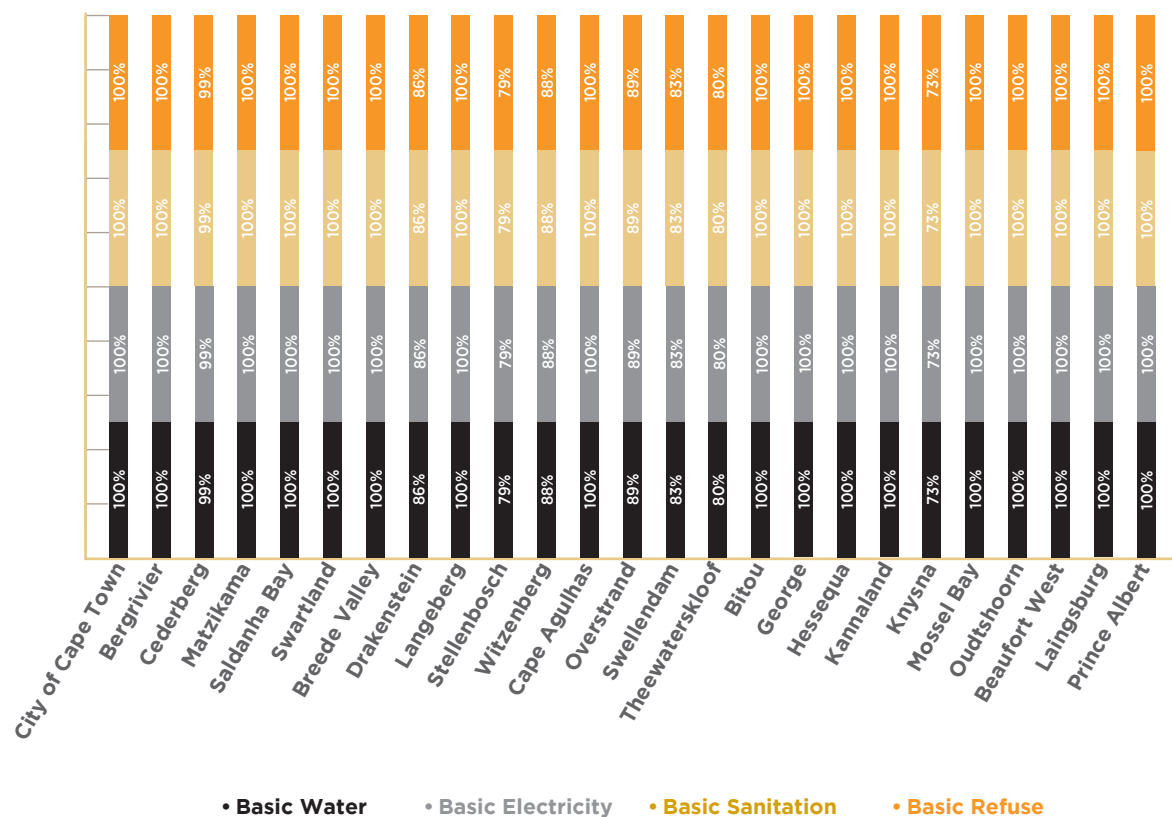
The eradication of service delivery backlogs is a continuous struggle for municipalities. This is exacerbated by the migration patterns and the influx of people into major towns seeking a better life. This has direct impact on the delivery of services and the escalating costs of service provision, infrastructure development and maintenance. The increasing number of backyard dwellers is also one of the challenges with which municipalities are faced. An analysis of annual financial statements indicates that most municipalities are reliant on capital grants to fund their capital expenditure and their revenue base is insufficient to generate enough funding for provision and maintenance of basic infrastructure. Aging service delivery infrastructure and utilities exert pressure on resources.

## 5.2 PROVISION OF BASIC SERVICE

During the year under review, there were 1 570 397 households in the Province. During the year under review, out of the total number of households provided above, only 33 695 households are reported to have no access to basic services. Based on the information provided by municipalities in their questionnaires, the percentage provision of basic services in the Province is described below:

- 98% of households are serviced with water;
- 98% of households are serviced with electricity;
- 98% of households are serviced with sanitation; and
- 98% of households are serviced with refuse removal on site.

The percentage of household access to the provision of basic services per municipality is shown in the following graph:

**Graph 8: Provision of Basic Services**

### 5.3 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 2000, after government announced its intention to provide free access to basic services in the fight against poverty. It requires that municipalities 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 had 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, 50 kWh of electricity, free sanitation and a weekly refuse removal.

Western Cape municipalities continued to provide nationally mandated free basic services to registered indigent households within their areas during the 2013/14 financial year. Out of 1 570 397 households in the Province, 627 521 are classified as indigent households, which translates to 40% of the total households.

During the year under review, there were 626 807 households with access to free basic water, 626 796 households with access to free basic electricity, 626 590 households with access to free basic sanitation and 627 452 households with access to free basic refuse removal. Over and above the national standards stipulated in the national indigent policy, municipalities in their policies have put procedures in place that allow their residents to receive more than what is required in terms of the national policy. Generally, municipalities

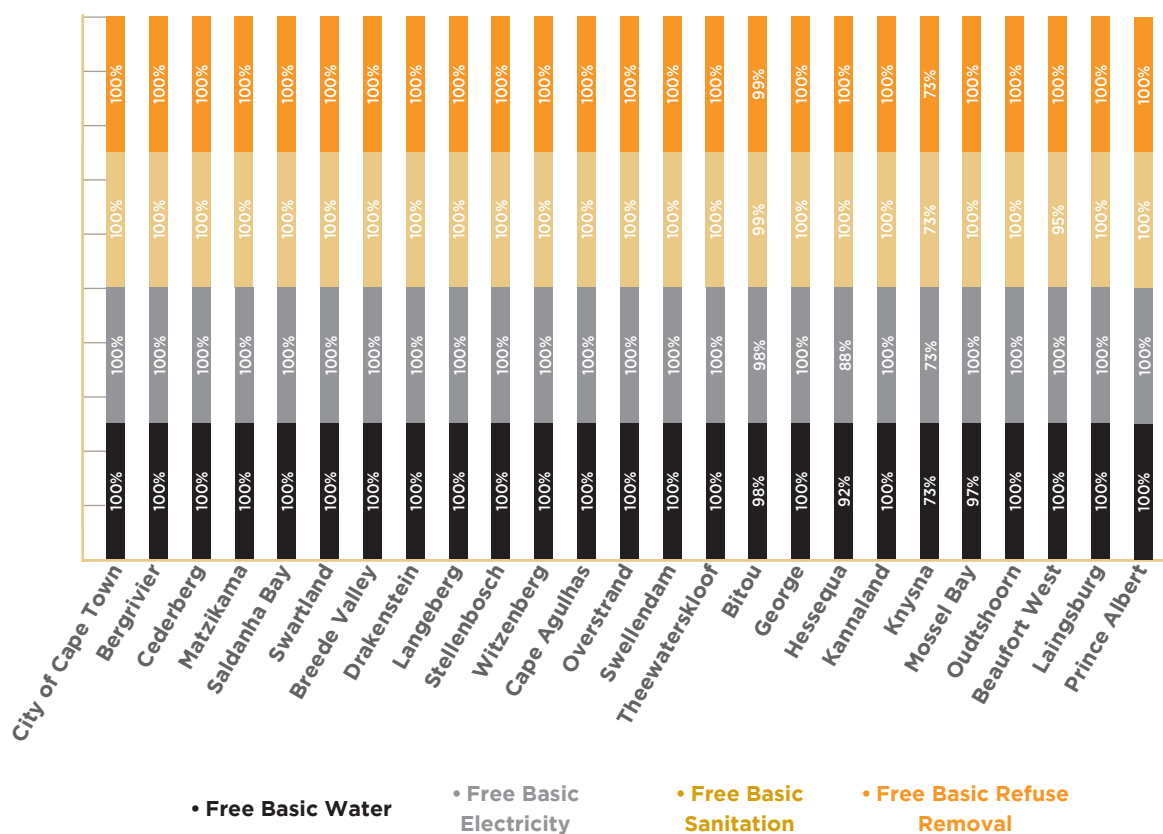


provided between 6kl up to 10kl of free basic water, 50kWh to 100kWh of free basic electricity, free basic sanitation and weekly refuse removal.

The City of Cape Town, including other local municipalities, provides free basic services (electricity, refuse removal, water, sanitation and rates) to residential properties via either the municipal value of the property or on application by those with limited income whose property values exceed the set

valuation levels. The procedure being used allows any resident who is required to pay for the afore-mentioned services, but whose gross monthly household income is R3 000 or less. The free basic services are funded from the National Government through the local government equitable share received in terms of the annual Division of Revenue Act (DORA). The municipality allocates additional funding from rates income to balance this expenditure. The graph below illustrates provision of free basic services by individual municipalities.

**Graph 9: Provision of Free Basic Services**



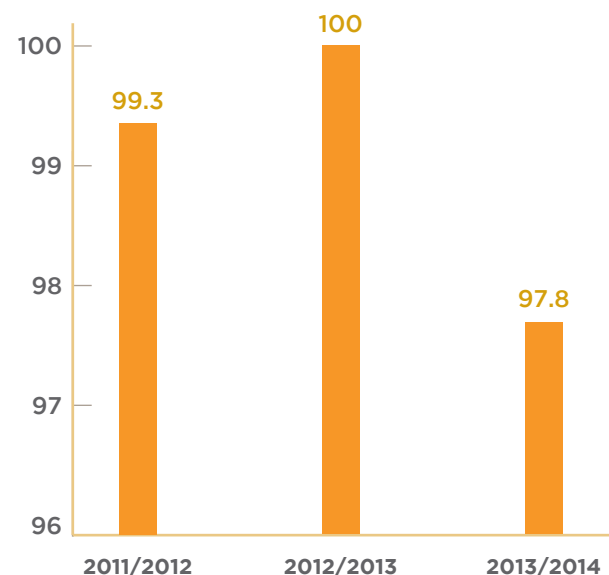
## 5.4 MUNICIPAL INFRASTRUCTURE GRANT

The Municipal Infrastructure Grant (MIG) is a national grant that enables municipalities to utilise their budgets and build basic infrastructure. It is part of the major reforms implemented by South African Government to improve service delivery in a coordinated manner. The key objectives of the MIG are to:

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

During the year under review, MIG expenditure at the end of June 2014 decreased to 97.8% as compared to 100% expenditure in the previous financial year. The decline in spending was due to the delays experienced in the construction of the Vredendal North sports facility project in Matzikama and the late transfer allocation of funds to Bergrivier Municipality which hindered the Municipalities from spending the funds within a short period. Both these challenges were dealt with, as the tender for the project in Matzikama was re-advertised and completed in the following financial year while the funds in Bergrivier were rolled over in the new financial year. The following graph depicts the three year expenditure trend on MIG.

**Graph 10:** Municipality Infrastructure Grant



Source: Department of Local Government  
MIG Report as at June 2014

## 5.5 MUNICIPAL BLUE DROP STATUS

According to the Blue Drop Report 2012, there were five municipalities in the Western Cape that were in the top 10 municipalities that have achieved a high blue drop status. The following municipalities, from sixth place, were City of Cape Town, Eden District Municipality, George Municipality, Bitou Municipality and Witzenberg Municipality. The following blue drop scores remained unchanged from the previous report as the updated blue drop status report has not been finalised by the Department of Water Affairs.

**Table 14:** Blue drop scores

WATER SERVICES AUTHORITY	Blue Drop 2012	Blue Drop 2011	Blue Drop 2010
City of Cape Town	98.14	97.61	98.2
Eden District Municipality	98.12	-	-
Bitou	97.74	96.12	97.7
Witzenberg	97.63	97.56	93.3
George	98.12	96.32	96.9
Overstrand	96.82	90.56	71.6
Drakenstein	96.29	95.72	91.7
Mossel Bay	95.68	95.27	84.5
Stellenbosch	95.56	95.74	94.9
Saldanha Bay	95.40	87.69	80.8
Swartland	95.24	92.89	68.6
Beaufort West	94.91	92.01	83.8
Bergrivier	90.60	85.2	62.7
Knysna	92.00	89.76	75.2
Breede Valley	89.02	85.93	74
Cape Agulhas	86.64	73.01	78.6
Swellendam	85.16	80.5	67.3
Cederberg	80.39	51.05	60
Theewaterskloof	71.50	75.41	49
Laingsburg	71.16	80.54	63.9
Matzikama	70.29	32.98	30.1
Prince Albert	70.08	70.72	55
Oudtshoorn	64.58	36.88	44.8
Langeberg	51.62	32.39	0
Hessequa	35.59	14.1	46.2
Kannaland	28.47	55.05	19.4

Source: Municipal Oversight Report on Annual Report 2013/14

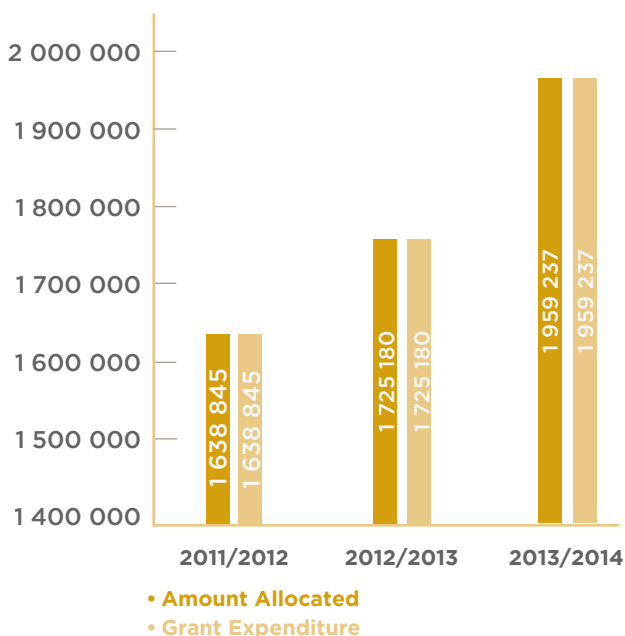
## 5.6 PROVISION OF HUMAN SETTLEMENT (HOUSING)

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 (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 the Municipality and the Provincial and National Departments responsible for Housing.

The Western Cape has continued with the positive trend of 100% expenditure on the housing grant. The number of houses built during 2013/14 financial year has decreased to 12 681 as compared to 13 128 in 2012/13 financial year. The number of serviced sites also decreased to 2 708 in 2013/14 as compared to 2 895 in 2012/13 financial year.

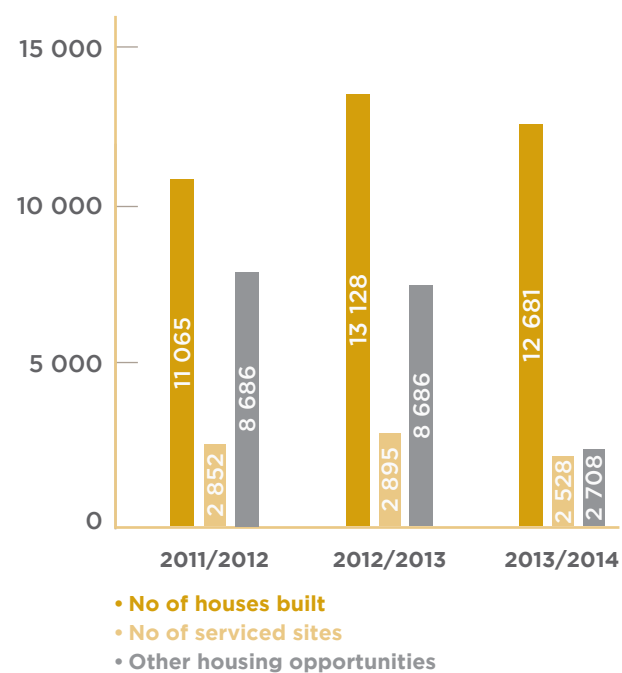
The Department of Human Settlements reported that a number of projects aimed at delivering top structures were delayed as a result of social unrest and administrative blocks. In order to mitigate the possible shortfall on the top structures a number of active PHP projects were accelerated. The following graphs illustrate the performance of Western Cape municipalities on housing grant expenditure and delivery on housing during the past three financial years.

**Graph 11: Housing Grant Expenditure**



Source: Department of Human Settlement Annual Reports; 2011/12, 2012/13 & 2013/14

**Graph 12: Housing Delivery**



Source: Department of Human Settlement Annual Reports; 2011/12, 2012/13 & 2013/14

The Western Cape Department of Human Settlement (WCHS) reported that the housing demand data of all 24 local municipalities was uploaded onto the Western Cape Housing Demand database since the inception of the system in 2012. The WCHS provided hands-on training to all municipalities in cleaning their historic housing demand data. The WCHS also commenced with enhancements to the Housing Demand Database platform and has partnered with the City of Cape Town to share lessons and develop the web-based platform further.

### 5.7 DISASTER MANAGEMENT

The aim of the Disaster Management Act, 2002 (Act No. 57 of 2002) is to ensure a uniform approach to disaster risk management in each sphere of Government. Sections in the Constitution of the Republic of South Africa that provide for disaster management include the Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005), the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), the Disaster Management Act, 2002 (Act No. 57 of 2002) and the National Disaster Risk Management Policy Framework of 2005. These sections provide for:

- the establishment, implementation and maintenance of an integrated rapid and effective disaster response system, post-disaster recovery and rehabilitation;
- the identification, assessment, classification and prioritisation of hazards and vulnerable elements;
- the development, implementation, monitoring and evaluation of disaster risk reduction (prevention, mitigation and preparedness) programmes, projects and measures; and
- the establishment, implementation and maintenance of systems and structures through and across the three spheres of government, the state-owned enterprises (SOEs), the Private Sector, non-governmental organisations (NGOs),

communities and individuals.

#### 5.71 STATUS OF DISASTER MANAGEMENT CENTRE

The Disaster Management Centre was officially opened during December 2005. The centre is fully functional with enhancements and improvements taking place annually as per budget availability.

The video feed from the Centre was connected to the monitors, which were installed throughout the administrative areas, and provides all staff a snapshot of what is happening throughout the Province with regards to AFIS and the weather services. An extra two smart screens were installed in the passage entrance way to the centre, which is utilised as a marketing and awareness tool for all role-players passing through the building. A plotter was also procured for the printing of maps.

Since 2005, the Western Cape Disaster Management (WCDM) has been utilising a telephone system which was installed and maintained by the Department of Health: Emergency Medical Service (EMS). During 2013/14, the Department of Health (Emergency Medical Services) procured an entire new system therefore the WCDMC decided to procure their own telecommunications system. The Department of Health EMS (Metro) has been located in the WCDMC since 2012; however, a newly renovated structure within the centre was erected for their special requirements.

Five of the six district and metro municipalities within the Province, have established fully functional centres. The Cape Winelands District Municipality (CWDM) is the only municipality that is still to establish a centre. The WCDMC has had many engagements with the district and has continued in providing hands on support. The official opening of the Cape Winelands District Municipality Centre was envisaged to take place on 6 June 2014.

### 5.7.2 STATUS OF INSTITUTIONAL CAPACITY

The Western Cape Disaster Management Centre (WCDM) has held four advisory steering committee meetings. Meetings were held in June, September and November 2013 and February 2014. These meetings were well represented by disaster management stakeholders and other relevant institutions, and there is an enthusiastic and active participation from most members.

The sub-committees that were established in 2012, complimentary to the Western Cape Advisory Forum, are meeting as the need arises. The Social Conflict Task Team has been meeting quarterly as the incidents of xenophobia increased in the past year. This WCDMC has also attended the provincial fire debriefs and supported the District Fire Brigade Services at their JOC for veld fires and attended meetings at the SAPS JOC during the farmworker unrests in the Western Cape.

The WCDM also partook in major special events that included the Manchester United vs. Ajax Cape Town soccer game at Greenpoint Stadium, 16 Days of Activism, KKNK, Two Oceans marathon and the Pick and Pay/Cape Argus Cycling Tour.

The WCDM is continually improving its communication to district advisory forums in an effort to improve effective and efficient coordination and will continually forge closer relationships with inter-governmental partners and Parastatals as expressed in the TOR. For example, SAPS, the Department of Agriculture, SALGA, the Department of Social Development, South African Weather Services, DWAF and Local Municipalities.

### 5.7.3 DISTRICT MUNICIPAL ADVISORY FORUMS

The following District Municipalities, namely Cape Winelands, Eden, Overberg, West Coast, and Central Karoo and the City of Cape Town Metropole have established Disaster

Management Advisory Forums. The Eden District has not been having their Disaster Management Advisory Forum meeting because they have been meeting the stakeholders on a regular basis regarding the drought situation. The PDMC supported the Overberg District in re-establishing the Disaster Management Advisory Forum.


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

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

### 5.7.4 STATUS OF DISASTER MANAGEMENT PLANS

During 2010/11, the WCDM compiled templates in order to assist role-players to develop and prepare disaster management and contingency plans. These same templates were once again provided to the municipalities and departments. Disaster management plans are working documents and it was not the intention of the WCDM to have the municipalities re-invent what they may already have but rather to review and update existing plans. Those municipalities that had not developed a plan were provided with hands on support by the WCDM. The following plans were updated/reviewed or developed:

- George ACSA Plan
- Provincial Flood Plan
- Beaufort West DM Plan
- Merweville Flood Evacuation Plan

- 
- Laingsburg Karoo Marathon Safety Plan
  - Beaufort West Water Crisis Contingency Plan
  - Laingsburg Hazmat Plan
  - Prince Albert DM Plan
  - Prince Albert Water Supply contingency plan
  - State Funeral Plan
  - Draft Integrated Eskom Electricity Interruption Plan

Western Cape Disaster Management provided input to the International Atomic Emergency Agency Emergency Preparedness Review. Further to this, the WCDM facilitated and finalised the sign off of agreements regarding the Koeberg Nuclear Power Station between the City of Cape Town and the neighbouring municipalities.

In terms of exercises, the WCDM participated in the following:

- City of Cape Town: Koeberg Station, Chevron, Khaya and Easi Gas exercises
- George: ACSA
- Beaufort West: Eskom

The Western Cape Disaster Management has been financially supporting the National Sea Rescue Institute and Lifesaving SA on an annual basis. For the year 2013/14, an amount of R369 000-00 was donated to each organisation.



## CHAPTER 6: FINANCIAL PERFORMANCE

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

The Municipal Finance Management Act of 2003 and the Municipal Property Rates Act of 2004 were introduced to provide municipalities with guidelines for the effective management of their revenue, expenditure, assets and liabilities and the handling of their financial processes. The aim is to resolve

financial problems of municipalities and to maximise their revenue potential. In following these guidelines, municipalities will become more accountable, financially sustainable and will ultimately drive the agenda of effective service delivery.

### 6.1 FINANCIAL PERFORMANCE

The total operating revenue budget for the 2013/14 financial year amounted to R36.9 billion, while the total operating expenditure budget amounted to R36.6 billion (excluding capital transfers and contributions), thus constituting a surplus of R254 million.

The following table shows the operating revenue and expenditure for the financial year 2011/12, 2012/13 and 2013/14.

Table 15: Performance against budget

MUNICIPALITY	Financial Year	Operating Revenue			Operating Expenditure		
		Budget	Actual	%	Budget	Actual	%
		R'000	R'000		R'000	R'000	
City of Cape Town	11/12	23 887 797	23 653 587	99,0	21 668 502	21 188 026	97,8
	12/13	27 635 438	27 363 454	99,0	24 436 317	23 919 728	97,9
	13/14	25 774 438	25 193 881	97,7	25 786 892	25 271 974	98,0
Matzikama	11/12	197 634	233 406	118,1	172 614	195 218	113,1
	12/13	208 354	241 074	115,7	207 576	200 435	96,6
	13/14	198 493	188 947	95,2	208 795	177 404	85,0
Cederberg	11/12	188 855	177 405	93,9	170 492	165 690	97,2
	12/13	248 337	169 429	68,2	168 354	171 388	101,8
	13/14	175 397	167 929	95,7	176 483	172 372	97,7
Bergrivier	11/12	173 901	163 387	94,0	172 139	199 742	116,0
	12/13	195 540	192 415	98,4	193 784	182 169	94,0
	13/14	205 528	208 602	101,5	211 776	202 356	95,6
Saldanha Bay	11/12	639 415	628 448	98,3	644 086	595 191	92,4
	12/13	726 881	609 126	83,8	723 456	671 981	92,9
	13/14	677 532	654 334	96,6	752 149	668 750	88,9
Swartland	11/12	373 479	347 714	93,1	422 570	352 685	83,5
	12/13	414 214	374 354	90,4	427 629	376 307	88,0
	13/14	429 715	399 125	92,9	484 411	429 358	88,6
West Coast DM	11/12	247 960	239 373	96,5	292 121	261 723	89,6
	12/13	259 437	290 250	111,9	261 637	253 347	96,8
	13/14	269 908	265 092	98,2	269 288	238 885	88,7

UNICIPALITY	Financial Year	Operating Revenue			Operating Expenditure		
		Budget	Actual	%	Budget	Actual	%
		R'000	R'000		R'000	R'000	
Witzenberg	11/12	342 935	353 876	103,2	289 868	288 485	99,5
	12/13	351 612	348 351	99,1	346 848	330 551	95,3
	13/14	400 250	374 759	93,6	403 311	351 925	87,3
Drakenstein	11/12	1 273 984	1 116 086	87,6	1 202 913	1 231 115	102,3
	12/13	1 422 256	1 391 166	97,8	1 440 220	1 387 655	96,4
	13/14	1 405 404	1 444 903	102,8	1 489 296	1 327 993	89,2
Stellenbosch	11/12	859 836	886 514	103,1	839 480	797 161	95,0
	12/13	969 124	993 829	102,5	931 081	923 943	99,2
	13/14	1 033 726	1 022 857	98,9	1 054 769	924 883	87,7
Breede Valley	11/12	556 240	549 760	98,8	612 016	604 726	98,8
	12/13	695 123	700 901	100,8	685 613	656 464	95,7
	13/14	690 750	656 270	95,0	712 517	662 322	93,0
Langeberg	11/12	406 253	372 048	91,6	405 569	332 125	81,9
	12/13	486 740	447 908	92,0	462 625	423 925	91,6
	13/14	455 593	413 791	90,8	455 327	415 543	91,3
Cape Winelands DM	11/12	376 542	318 798	84,7	357 442	310 048	86,7
	12/13	327 888	308 168	94	326 705	284 593	87,1
	13/14	346 353	334 574	96,6	356 130	310 234	87,1
Theewatersk-loof	11/12	344 653	303 101	87,9	284 409	323 811	113,9
	12/13	413 630	380 229	91,9	340 123	280 746	82,5
	13/14	355 124	339 332	95,6	471 375	303 608	64,4
Overstrand	11/12	640 249	615 146	96,1	728 432	762 273	104,6
	12/13	695 427	693 471	99,7	791 055	745 158	94,2
	13/14	744 735	741 488	99,6	827 491	807 894	97,6
Cape Agulhas	11/12	189 343	189 991	100,3	197 858	191 375	96,7
	12/13	234 831	226 165	96,3	223 732	213 725	95,5
	13/14	231 808	210 357	90,7	234 286	201 511	86,0
Swellendam	11/12	129 114	102 724	79,6	126 694	100 901	79,6
	12/13	147 114	170 150	115,7	159 313	138 824	87,1
	13/14	183 265	148 545	81,1	191 367	157 893	82,5
Overberg DM	11/12	106 188	101 874	95,9	113 775	100 382	88,2
	12/13	113 397	109 576	96,6	114 144	107 616	94,3
	13/14	123 727	128 880	104,2	127 170	123 791	97,3
Kannaland	11/12	87 800	62 010	70,6	87 517	61 299	70,0
	12/13	124 925	76 426	61,2	124 915	85 476	68,4
	13/14	112 080	81 158	72,4	155 746	81 687	52,4
Hessequa	11/12	272 330	275 164	101,0	268 093	261 820	97,7
	12/13	288 328	278 942	96,7	282 123	276 918	98,2
	13/14	280 257	275 237	98,2	290 145	269 202	92,8

MUNICIPALITY	Financial Year	Operating Revenue			Operating Expenditure		
		Budget	Actual	%	Budget	Actual	%
		R'000	R'000		R'000	R'000	
Gossel Bay	11/12	693 618	655 743	94,5	649 487	648 156	99,8
	12/13	755 747	703 700	93,1	713 196	589 709	82,7
	13/14	736 664	705 165	95,7	754 155	622 877	82,6
George	11/12	1 014 445	932 980	92,0	994 091	939 312	94,5
	12/13	1 084 006	1 036 378	95,6	1 019 256	1 005 269	98,6
	13/14	1 187 831	1 097 395	92,4	1 267 655	1 078 436	85,1
Gudtschoorn	11/12	393 926	358 048	90,9	395 739	366 371	92,6
	12/13	452 770	369 926	81,7	424 604	385 006	90,7
	13/14	422 014	391 137	92,7	421 659	416 660	98,8
Hantou	11/12	322 743	307 190	95,2	303 250	298 231	98,3
	12/13	380 896	376 845	98,9	340 469	322 533	94,7
	13/14	423 614	411 274	97,1	406 009	380 479	93,7
Komsna	11/12	506 550	543 560	107,3	467 234	697 400	149,3
	12/13	607 245	601 465	99,0	562 569	547 150	97,3
	13/14	521 593	517 455	99,2	521 240	526 452	101,0
Kroonstad DM	11/12	179 018	148 024	82,7	177 405	132 766	74,8
	12/13	176 273	168 312	95,5	175 337	136 074	77,6
	13/14	274 692	184 059	67,0	273 462	150 321	55,0
Kroonstad	11/12	45 710	39 857	87,2	45 710	38 266	83,7
	12/13	60 232	41 658	69,2	63 693	33 923	53,3
	13/14	39 697	34 513	86,9	49 741	46 043	92,6
Prince Albert	11/12	46 375	44 510	96,0	39 579	36 930	93,3
	12/13	48 848	41 511	85,0	39 320	39 335	100,0
	13/14	45 879	35 502	77,4	45 875	42 776	93,2
Riesfontein West	11/12	212 949	238 761	112,1	174 517	171 066	98,0
	12/13	253 752	241 288	95,1	193 370	195 175	100,9
	13/14	209 686	208 818	99,6	223 878	217 780	97,3
Sentral Karoo DM	11/12	56 119	51 221	91,3	55 894	52 201	93,4
	12/13	57 271	51 693	90,3	57 949	51 949	89,6
	13/14	57 896	57 431	99,2	56 889	57 037	100,3
TOTAL	11/12	34 765 961	34 010 306	97,8	32 359 496	31 704 495	98,0
	12/13	39 835 636	38 998 160	97,9	36 237 013	34 937 072	96,4
	13/14	38 013 648	36 892 807	97,1	38 679 287	36 638 445	94,7

Source: Consolidated Municipal Budgets Performance Report for period ending June 2014

## 6.2 CAPITAL EXPENDITURE

The following table shows the capital expenditure for the financial year 2012/13.

**Table 16:** Capital Expenditure

Municipality	Financial Year	Adjusted Budget	Actual expenditure	YTD Expenditure
		R'000	R'000	%
<b>City of Cape Town</b>	13/14	5 611 642	4 207 666	75,0
Matzikama	13/14	43 124	26 846	62,3
Cederberg	13/14	60 204	35 952	59,7
Bergrivier	13/14	31 510	25 900	82,2
Saldanha Bay	13/14	208 662	142 537	68,3
Swartland	13/14	91 531	68 352	74,7
<b>West Coast DM</b>	13/14	16 300	16 759	102,8
Witzenberg	13/14	60 860	63 973	105,1
Drakenstein	13/14	263 952	207 924	78,8
Stellenbosch	13/14	187 940	147 691	78,6
Breede Valley	13/14	142 011	124 687	87,8
Langeberg	13/14	57 412	51 338	89,4
<b>Cape Winelands DM</b>	13/14	8 255	5 533	67,0
Theewaterskloof	13/14	69 980	59 674	85,3
Overstrand	13/14	129 697	119 984	92,5
Cape Agulhas	13/14	26 345	27 872	105,8
Swellendam	13/14	29 630	19 928	67,3
<b>Overberg DM</b>	13/14	17 692	2 600	14,7
Kannaland	13/14	37 868	43 974	116,1
Hessequa	13/14	31 220	17 261	55,3
Mossel Bay	13/14	122 538	104 945	85,6
George	13/14	367 535	323 670	88,1
Oudtshoorn	13/14	43 424	40 660	93,6
Bitou	13/14	68 925	67 773	98,3
Knysna	13/14	84 932	72 440	85,3
<b>Eden DM</b>	13/14	6 935	619	8,9
Laingsburg	13/14	15 305	12 930	84,5
Prince Albert	13/14	24 019	24 286	101,1
Beaufort West	13/14	34 575	27 167	78,6
<b>Central Karoo DM</b>	13/14	330	325	98,6
<b>Total</b>	<b>13/14</b>	<b>7 894 352</b>	<b>6 091 268</b>	<b>77.2</b>

Source: Consolidated Municipal Budgets Performance Report for period ending June 2014

Actual capital expenditure for the period ending June 2014 amounted to R6.09 billion or 77.2 per cent of the adjusted budgeted amount of R7.89 billion. At the time of drafting the report, many municipalities indicated, however, that the capital expenditure was going to increase with the finalisation of the year-end procedures and outstanding transactions.

### 6.3 FINANCIAL POSITION

The table below shows the current assets and liabilities of municipalities together against the adjusted budget for the financial year 2013/14.

**Table 17:** Financial Position

Municipality	2013/14			
	Adjusted Budget	Total Current assets	Adjusted Budget	Total Current liabilities
	R'000	R'000	%	
<b>City of Cape Town</b>	11 425 726	9 877 671	8 166 244	8 139 526
Matzikama	30 917	32 543	48 761	66 006
Cederberg	52 577	45 014	30 091	25 424
Bergrivier	63 483	-1 452	52 624	-2 379
Saldanha Bay	532 427	529 987	122 291	143 177
Swartland	248 047	-3 056	66 548	11 791
<b>West Coast DM</b>	181 394	192 047	24 409	29 761
Witzenberg	72 482	69 784	87 705	30 049
Drakenstein	319 976	427 745	227 025	274 317
Stellenbosch	687 561	654 702	222 040	155 774
Breede Valley	225 553	215 381	123 937	152 700
Langeberg	121 627	106 311	80 174	59 359
<b>Cape Winelands DM</b>	479 968	471 324	24 796	32 928
Theewaterskloof	47 544	74 190	57 999	40 675
Overstrand	192 260	181 425	128 109	123 572
Cape Agulhas	28 347	41 058	14 156	23 120
Swellendam	32 271	10 835	33 036	17 565
<b>Overberg DM</b>	8 686	17 908	11 292	16 144

Municipality	2013/14			
	Adjusted Budget	Total Current assets	Adjusted Budget	Total Current liabilities
	R'000	R'000	%	
Kannaland	-	45 164	29 949	100 802
Hessequa	44 413	67 575	54 312	30 721
Mossel Bay	314 482	354 246	125 200	110 691
George	582 251	612 911	269 572	439 592
Oudtshoorn	93 879	57 229	56 930	54 873
Bitou	124 026	90 652	79 524	28 726
Knysna	117 550	-48 005	109 662	6 549
<b>Eden DM</b>	106 281	81 963	74 736	55 616
Laingsburg	12 564	11 613	10 302	8 160
Prince Albert	7 079	13 192	8 461	13 320
<b>Beaufort West</b>	37 867	72 859	35 661	92 937
<b>Central Karoo DM*</b>	5 568	3 997	10 793	10 832
<b>Total</b>	16 196 806	14 306 813	10 386 339	10 292 328

Source: Consolidated Municipal Budgets Performance Report for period ending June 2014

### 6.3 DEBT MANAGEMENT

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

**Table 18:** Debtors by service type

MUNICIPALITY	Water	Electricity	Property Rates	Waste Water Management
<b>City of Cape Town</b>	2 038 457	746 696	1 381 574	1 002 498
Matzikama	6 213	6 080	5 709	8 510
Cederberg	11 469	11 701	20 189	6 797
Bergrivier	7 524	10 892	12 803	5 810
Saldanha Bay	34 013	18 222	35 166	19 104
Swartland	5 474	14 589	9 169	6 032
<b>West Coast DM</b>	7 144	39	-	5
<b>Witzenberg</b>	42 242	16 605	15 280	19 252
Drakenstein	56 564	70 100	37 432	23 849
Stellenbosch	40 455	25 953	39 180	15 611
Breede Valley	11 690	23 496	16 823	16 570
Langeberg	3 987	15 388	6 861	3 726
Cape Winelands DM	-	-	-	-
<b>Theewaterskloof</b>	17 761	4 572	22 836	13 310
Overstrand	12 410	13 896	15 341	7 704
Cape Agulhas	3 869	7 343	4 535	1 262
Swellendam	12 134	7 376	4 396	5 203
<b>Overberg DM</b>	19	49	-	8
Kannaland	13 441	5 471	10 861	10 399
Hessequa	4 619	9 078	10 421	4 194
Mossel Bay	6 084	12 694	11 141	13 192
George	45 544	29 130	24 254	19 019
Oudtshoorn	24 761	16 009	17 826	17 625
Bitou	19 065	12 093	20 850	11 649
Knysna	20 614	20 577	42 942	7 074
<b>Eden DM</b>	-	-	-	-
Laingsburg	735	695	2 153	921
Prince Albert	3 041	1 083	513	2 105
Beaufort West	4 043	5 537	5 540	8 936
<b>Central Karoo DM</b>	-	-	-	-
<b>Total</b>	<b>2 453 104</b>	<b>1 105 364</b>	<b>1 773 796</b>	<b>1 250 364</b>

Waste Management	Property rental debtors	Interest on ar-rear debtor accounts	Recoverable unauthorised, irregular or fruitless and wasteful	Other
382 132	535 374	708 885	-	-336 510
6 163	366	-	-	11 509
4 124	44	-	-	-241
8 898	89	-	-	17 194
17 457	7 277	21 061	-	1 896
5 241	65	-	-	2 120
-	135	-	-	3
23 487	1 641	22 255	-	-3 344
44 859	12 013	-	-	8 582
14 596	19 109	-	-	3 874
10 569	4 969	7 112	-	6 597
2 921	2 070	-	-	7 565
-	-	-	-	-
17 398	-1	21 784	-	9 115
5 970	276	4 105	-	4 937
1 851	4	1 035	-	2 005
3 204	179	2 780	-	-577
11	223	2	-	1 224
10 660	127	7 546	-	2 477
2 155	-	1 201	-	2 788
5 924	322	-	-	11 530
13 638	230	9 044	-	6 092
15 519	-	-	-	16 049
11 760	-	-	-	3 264
8 083	4 357	-	-	2 387
-	3 651	-	-	8 374
560	377	560	-	14
1 605	-	-	-	374
6 243	102	-	-	21 612
-	-	-	-	558
<b>625 030</b>	<b>592 999</b>	<b>807 370</b>	<b>-</b>	<b>-187 592</b>



## 6.5 AUDITOR GENERAL REPORT

### 6.1.1 MUNICIPAL AUDIT OUTCOMES

Municipalities are audited by the Auditor General 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 Auditor General must audit and report on the accounts,

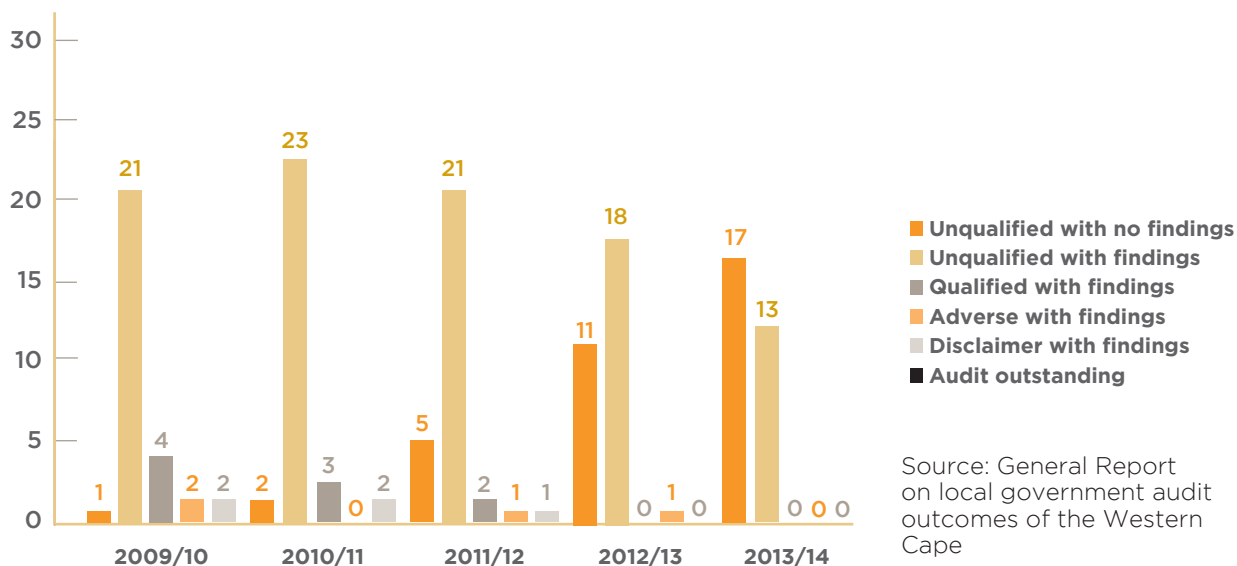
financial statements and financial management of each municipal entity". In addition, the MSA requires that the results of performance measures also be audited as part of a municipality's internal auditing processes. The following table shows the audit outcomes of the Western Cape municipalities for the past five years.

**Table 19:** Audit outcomes over five years

MUNICIPALITY	2009/10	2010/11	2011/12	2012/13	2013/14
<b>City of Cape Town</b>	Unqualified with no findings	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings
<b>West Coast District</b>	unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
<b>Matzikama</b>	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
<b>Cederberg</b>	Qualified with findings	unqualified with findings	Qualified with findings	unqualified with findings	unqualified with findings
<b>Bergervier</b>	unqualified with findings	unqualified with findings	Qualified with findings	unqualified with findings	unqualified with findings
<b>Saldanha Bay</b>	Qualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
<b>Swartland</b>	unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
<b>Cape Winelands District</b>	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
<b>Witzenberg</b>	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings
<b>Drakenstein</b>	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
<b>Stellenbosch</b>	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
<b>Breede Valley</b>	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings
<b>Langeberg</b>	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings

MUNICIPALITY	2009/10	2010/11	2011/12	2012/13	2013/14
<b>Overberg District</b>	unqualified with findings	Qualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Theewaterskloof	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings
Overstrand	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings
Cape Agulhas	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
Swellendam	Disclaimer with findings	Disclaimer with findings	Disclaimer with findings	unqualified with findings	unqualified with findings
<b>Eden District</b>	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
Kannaland	Adverse with findings	Disclaimer with findings	Adverse with findings	Adverse with findings	Unqualified with findings
Hessequa	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
Mossel Bay	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
George	Adverse with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
Oudtshoorn	Qualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Bitou	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
Knysna	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings
Central Karoo District	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Laingsburg	Qualified with findings	Qualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Prince Albert	Disclaimer with findings	Qualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Beaufort West	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings

Source: General Report on local government audit outcomes of the Western Cape

**Graph 13:** Audit outcomes over five years

## CHAPTER 7: LOCAL ECONOMIC DEVELOPMENT

### 7.1 DEVELOPMENT OF LOCAL ECONOMIC DEVELOPMENT STRATEGIES

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

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

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

- Assimilation of socio-economic conditions and needs;
- Establishment of the economic profile of the region;
- Selection of priorities;
- Development of policy thrusts;
- Formulation of strategic interventions;
- Formation of implementation plans;
- Programme and project development that addresses strategic objectives;
- Key performance areas for projects and programmes, including timeframes, targets and reporting mechanisms; and
- Indication of budget prioritisation and allocation to deliver on economic priorities.

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

**Table 20: Local Economic Development Strategies**

MUNICIPALITY	LED strategy reviewed/developed and implemented
<b>City of Cape Town</b>	The City has an Economic Growth Strategy that is updated and being implemented as part of their IDP.
<b>West Coast DM</b>	The district developed a regional economic development strategy in 2007 and reviewed it in the beginning of 2011.
<b>Matzikama</b>	The Local Economic Development (LED) strategy is currently under review. The Municipality conducted an LED Maturity assessment during 2014. The Matzikama Municipality was evaluated as one of the top four municipalities in the Western Cape as indicated through the outcomes of the assessment.
<b>Cederberg</b>	The medium-term LED strategy for the municipality was approved during May 2014.
<b>Bergervier</b>	The LED strategy was reviewed and implemented as part of the EPWP.
<b>Saldanha Bay</b>	The LED strategy was developed in April 2013 and is being implemented.
<b>Swartland</b>	The Municipality completed a Medium-Term Economic Development Strategy in February 2014, which is being implemented.
<b>Cape Winelands DM</b>	The Cape Winelands Regional Local Economic Development Strategy (CW-RLEDS) was adopted in October 2012 after an extensive consultative and strategy formulation process with relevant stakeholders and role-players. Various programmes were implemented during 2013/14 in respect of the CW-RLEDS.
<b>Witzenberg</b>	LED strategy along with the LED process plan was reviewed and is being implemented.
<b>Drakenstein</b>	The Municipality's LED strategy was reviewed and tabled to council in December 2014.
<b>Stellenbosch</b>	The LED strategy was completed and is being implemented.
<b>Breede Valley</b>	The LED strategy and process plan was completed and is being implemented.
<b>Langeberg</b>	The LED Strategy was developed and the draft was delivered by the Service Provider on 14 June 2013.
<b>Overberg DM</b>	The District's LED strategy was adopted by council in 2009. The Department of Economic Development and Tourism has committed to assist the District. The District's LED Maturity assessment conducted in 2014 revealed that the District's political and administrative leadership is committed to support and promote economic development and tourism.
<b>Theewaterskloof</b>	The LED strategy was reviewed and is being implemented.
<b>Overstrand</b>	The LED strategy along with the LED Process Plan is completely reviewed yearly and being implemented.
<b>Cape Agulhas</b>	The LED strategy and process plan was completed and is being implemented.
<b>Swellendam</b>	The reviewed LED strategy was adopted by council on 24 June 2014.
<b>Eden DM</b>	The Eden District Economic Development Strategy (DEDS) was developed and adopted by council in July 2012 and is relevant until June 2017.
<b>Kannaland</b>	

Source: Municipal Annual Reports 2013/14

MUNICIPALITY	LED strategy reviewed/developed and implemented
Hessequa	The LED Strategy was reviewed and updated through a PACA process, involving local sector role-players identifying and agreeing on key initiatives that would stimulate local growth, job opportunities and employment.
Mossel Bay	The LED strategy was reviewed and is being implemented.
George	The LED strategy was developed and is being implemented.
Oudtshoorn	The LED strategy was reviewed by June 2012
Bitou	The LED strategy implementation plan was adopted by council on 28 May 2014
Knysna	The municipality is in the process of reviewing its Economic Development Strategy as part of the ISDF process and will re-evaluate its approach towards facilitating economic growth in the area.
Central Karoo DM	The revised LED strategy submitted to council for approval by June 2014
Laingsburg	
Prince Albert	The strategy was reviewed with the help of the Department of Economic Affairs and Tourism. The document is to be work-shopped with Council in 2013/14.
Beaufort West	Beaufort West Municipality has an approved Local Economic Development strategy that was compiled during a comprehensive and transparent formulation process. However this plan has not been reviewed in three years,

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

need continuous revision, with comprehensive reviews taking place at least once every five years.

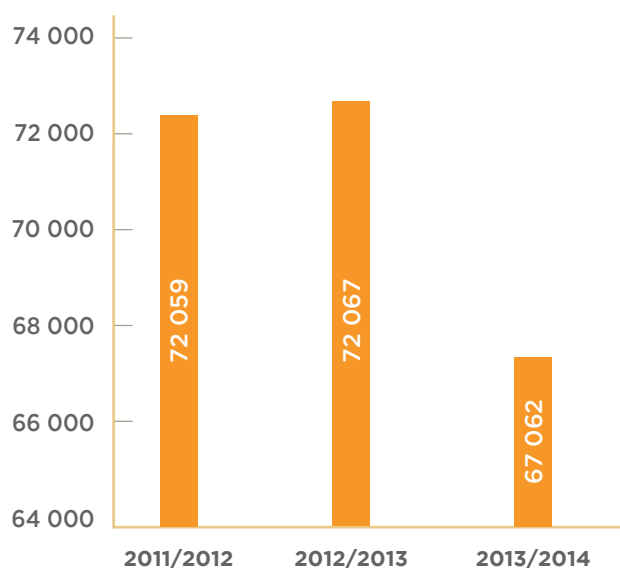
LED Fora were established in four of the five district municipalities. The LED forum in Central Karoo has not been established. Despite the establishment of forums in some districts, some have reported non-functionality of their forum. However, they are in the process of being revived. Their main reason for establishing such a forum is to expand the scale and scope of LED initiatives by systematically leveraging support from partners in localities and strengthening the oversight role in respect of LED. This would then lead to interactions within local communities, the private sector, organised businesses, sector development organisations, educational institutions and other support institutions that are rich in expertise, resources, relational capital and networks. The LED Forum provided the

opportunity for regions to achieve enhanced cooperation through the participation of various institutions and contribute towards the economic development of the region in such a way that all parties will benefit. With all the LED initiatives being implemented, Western Cape municipalities have managed to provide work or job opportunities to their local communities through their LED Strategies and Implementation Plan.

### JOB OPPORTUNITIES

The figure below shows the number of Expanded Public Works Programme (EPWP) job opportunities created by municipalities during the 2013/14 financial year.

**Graph 14:** Work opportunities (Incl. EWP)



Source: General Report on local government audit outcomes of the Western Cape

## PART C: PROVINCIAL INITIATIVE IN SUPPORTING MUNICIPALITIES

### CHAPTER 8: MUNICIPAL GOVERNANCE REVIEW AND OUTLOOK

The Western Cape Government initiated a Municipal Governance Review and Outlook (MGRO) process to monitor, support and capacitate municipalities in the province. The MGRO process facilitates a single-minded focus on good governance and the improvement of audit outcomes within local government. This process supports the Provincial Strategic Objective 12 – “Being the best run regional government in the world” and the national initiative Operation Clean Audit – realising clean audit outcomes by 2014.

The MGRO process is about actively assisting municipalities in further raising the level of their governance and, as a result, improving audit outcomes. In accomplishing this, it required the dedication and joint efforts of all Municipal Managers (MM), Municipal Chief Financial Officers (CFO), Municipal Chief Audit Executives (CAE), PT and DLG. Positive and lasting results can only be achieved if MMs take primary responsibility for driving this endeavour within their organisation. Each MM and his/her executive management team had to set annual stretched targets, which he/she believes can be realistically achieved for the year under review and future years. MGRO is an on-going process aspiring towards systematically achieving higher levels of governance maturity over the long-term.

The intention of the MGRO process is to develop a consolidated Municipal Governance Action Plan (MGAP) incorporating response strategies from municipalities, PT and DLG in addressing identified deficiencies between the current state and desired state. Municipal Managers and their management teams independently determined what was necessary to obtain clean governance and better audit results for their municipality, utilising their own information

and parameters already available together with the latest AG management reports. PT and DLG simultaneously determined what they deemed necessary to obtain clean governance and a better audit result per municipality, by developing governance maturity criteria.

The focus areas included in the Municipal, PT and DLG analysis were the following:

- PDOs;
- Supply Chain Management;
- Revenue Management;
- Cash Management;
- Assurance Management;
- Strategic leadership and BTO capacitation;
- Legal and Policy;
- Corporate Governance;
- AFS GRAP Compliance;
- Municipal Governance;
- Municipal Support and Capacity Building;
- Municipal Performance Monitoring;
- Public Participation;
- Disaster Management; and
- Municipal Infrastructure.

During September 2013, the provincial top management team met with senior officials of municipalities. During this process, Provincial Treasury provided municipalities with a municipal governance action plan (MGAP) tool, with the view of identifying governance challenges and forging single-minded action plans and processes to address the identified gaps. Subsequent to the September engagements, municipalities provided Provincial Treasury and the Department of Local Government with their completed governance action plans.

To build on the above, Provincial Treasury and

the Department of Local Government engaged with each municipality, except Oudtshoorn Municipality, between 17 February 2014 and 11 March 2014, on the following:

- Progress achieved by each municipality with the implementation of their respective MGAPs, as at 31 January 2014;
- Each municipality's 2012/13 audit outcome

and how to address challenges in the audit and management report;

- Assessments performed by Provincial Treasury and the Department of Local Government since September 2013; and
- A preview of progress by Provincial Treasury's and the Department of Local Government's support in the short, medium and long-term.

## 8.1 TRANSVERSAL FINDINGS IDENTIFIED BY PROVINCIAL TREASURY

**Table 21:** MGRO findings Identified within functional areas

MGRO FINDINGS PER FUNCTIONAL AREA	
FUNCTIONAL AREAS	ITEMS
<b>PRE-DETERMINED OBJECTIVES</b>	<p>The majority of municipalities responded positively by submitting their Annual Performance Reports with the Annual Financial Statements for Audit. There were improvements in the:</p> <ul style="list-style-type: none"> <li>(1) Usefulness and reliability of performance information; and</li> <li>(2) Compliance with laws and regulations.</li> </ul> <p>The biggest challenge remained the variance between planned targets and actual outputs due to targets and indicators not being suitably developed during the strategic planning process.</p>
<b>SUPPLY CHAIN MANAGEMENT</b>	<p>The system of delegations is not aligned to the requirements of section 79 of the MFMA.</p> <p>The structure of the SCM units did not give effect to all SCM functions.</p> <p>Demand management planning is not at an acceptable level in order to impact efficiencies within SCM.</p> <p>The record keeping systems did not provide for a proper audit trail with regard to all the SCM processes, thereby compromising the integrity and reliability of data.</p> <p>Awards were made to suppliers who did not submit a declaration on their employment by the state or their relationship to a person employed by the state as per the requirements of Municipal SCM Regulation 13 (c).</p> <p>Non-compliance with SCM regulation 36 in terms of the disclosure of deviations.</p> <p>Non-compliance with SCM Regulation 44 and 45 in terms of disclosure of people in the service of the state and close family members.</p>



### MGRO FINDINGS PER FUNCTIONAL AREA

FUNCTIONAL AREAS	ITEMS
REVENUE MANAGEMENT	Credit Control Policies were not updated and implementation thereof was not monitored by council. There were no effective monthly collection systems/procedures and billing systems within the municipalities are not effective. Creditors were sometimes not paid within 30 days due to insufficient funds within municipalities.
CASH MANAGEMENT	Compliance of bank reconciliations process still a challenge.
ASSURANCE MANAGEMENT	Risk management policy, strategy and implementation plans not in place or updated. Lack of dedicated staff to deal with risk management. Risk Management Committees have not been established. Internal audit methodologies have not been documented. Audit plans have not been detailed.
STRATEGIC LEADERSHIP AND BTO CAPACITATION	BTO officials are not compliant with the Municipal Regulations on Minimum Competency Regulations 2007. Municipalities are still challenged to implement all the requirements of the Financial Management Internship Programme. Municipalities are still challenged to upload all the required information timeously as per section 75 of MFMA.
LEGAL AND POLICY	Municipalities are still challenged in terms of their systems of delegation as required per section 79 of MFMA. There is a lack of complete and comprehensive sets of financial policies.
AFS GRAP COMPLIANCE	There are incomplete Fixed Asset Registers with errors which did not agree with AFS disclosures. Audit Files were not well prepared. There was non-compliance with prescripts per GRAP Reporting Framework: GRAP 12 – Inventories GRAP 16 – Investment Property GRAP 17- Property, Plant & Equipment GRAP 19- Provisions, Contingent Liabilities and Contingent Assets GRAP 25- Employee Benefits

## 8.2 TRANSVERSAL FINDINGS IDENTIFIED BY DEPARTMENT OF LOCAL GOVERNMENT

**Table 22:** MGRO findings identified within functional area

MGRO FINDINGS PER FUNCTIONAL AREA	
FUNCTIONAL AREAS	ITEMS
MUNICIPAL GOVERNANCE	<p>Most of the municipalities are politically stable and administratively functional.</p> <p>There are improvements in the overall political and administrative governance of municipalities.</p> <p>The biggest challenge remains the political and administrative interface.</p>
MUNICIPAL SUPPORT AND CAPACITY BUILDING	<p>Institutional Capacity is vital for successful service delivery. Most municipalities are able to perform their functions.</p> <p>The vacancy rates in technical posts is still of concern in some municipalities.</p> <p>The LGTAS programme is currently implemented in 8 municipalities.</p> <p>The majority of municipalities have not cascaded PMS to all levels.</p>
MUNICIPAL PERFORMANCE MONITORING	<p>All municipalities provide basic services and free basic services to its customers.</p> <p>Data Management remains a challenge for most municipalities.</p> <p>The issue of SMART indicators is a challenge.</p> <p>The lack of Standard Operating Procedures is a challenge in some municipalities.</p> <p>The cost of compliance remains an issue.</p>
PUBLIC PARTICIPATION	<p>Public Participation in some municipalities is still a challenge and the functionality of ward committees is of concern.</p> <p>Non-functionality of ward committees leads to communities taking their grievances to the street.</p> <p>Poor communication and accountability relationship with communities.</p> <p>The lack of communication policies are also of concern.</p>
DISASTER MANAGEMENT	<p>Disaster management capacity is a universal challenge for all DMs.</p> <ul style="list-style-type: none"> <li>• Lack of funding for Disaster Management;</li> <li>• There are unfunded mandates and the issue of wasteful and fruitless expenditure with regard to local municipalities;</li> <li>• A lack of capacity (Human Resources); and</li> <li>• The review of mutual aid agreements between district and local municipalities (CWDM/WCDM).</li> </ul>
MUNICIPAL INFRASTRUCTURE	<p>The aging infrastructure of municipalities remains a challenge.</p> <ul style="list-style-type: none"> <li>• Infrastructure Grant Expenditure is low;</li> <li>• Funding for bulk infrastructure remains a challenge; and</li> <li>• Maintenance of infrastructure is a challenge.</li> </ul>

### 8.3 SUPPORT PROVIDED BY PROVINCIAL TREASURY

PT, throughout the MGRO process, has emphasised the importance of a partnership between local and provincial government to formulate a consolidated action plan to achieve higher levels of governance maturity and the improvement of audit outcomes within local government. In light of the MGRO 2 findings identified by municipalities and the accompanying municipal action plans, PT has identified the following transversal support that will be implemented in the short-term to support municipalities.

- **Predetermined Objectives**

- Support provided through the Pre-Determined Objective Forum (PDOF).
- Provide further training on PDOs.
- Training on the development of indicators and targets, as well as performance reporting principles.

- **Supply Chain Management**

- On-going SCM training to SCM practitioners, user-departments and senior managers.
- Special SCM Interventions when needed.
- On-going Councilor Training on supply chain management.
- Quarterly SCM Forum Meetings focusing more on practical case studies.
- Issuance of best practice guidelines/templates.
- Exploring the PERSAL system to assist in detecting state officials. Further engagement with AG on requirements of SCM Regulation 44.
- Assistance and guidance via its helpdesk and SCM forums and focus group.
- Vendor Management focusing on Database Administration efficiencies,

SARS Compliance Compulsory Bid Forms and SCM Regulation 44.

- Demand Management focusing on the development of a Procurement Schedule, Expenditure Analysis and Procurement Strategy to assist with the implementation of procurement plans.

- **Asset Management**

- Support and assistance via the quarterly SCM Forum meetings on Asset Management best practices guidelines and latest legislative requirements.
- Support and assistance via the Provincial Treasury's SCM Helpdesk function.

- **Budget, Revenue and Expenditure Management**

- Municipalities will be assisted with the development of long-term financial plans and policies to ensure municipalities plan to stay financially sustainable and financially viable in the future.
- Municipalities will also be assisted with the development of budget-related policies and the implementation thereof to improve expenditure management.
- Monitor the 2013/14 budget implementation process of municipalities and, where necessary, provide hands-on support.
- Roll out various training programmes and technical support to capacitate the municipal staff and assist municipalities in progressing to the next level.
- Continue with Management Accounting Forum workshops.
- Municipal Intelligence Teams (MITs) quarterly engagements.

- **Cash Management**

- Finalised the USB - ED training initiative.
- On-going support will be provided through the In-Year Monitoring process by advising the municipality in terms of cash flow, external borrowings and investment management.

- **Risk Management**

- Perform risk management QAR readiness reviews.
- Develop and issue guidance on risk management MGRO findings.
- Respond to CRO forum requests.
- Monitor the application of the grant funding provided for risk management implementation.

- **Internal Audit**

- Perform internal audit QAR readiness assessments.
- Develop and issue guidance on transversal MGRO findings.
- Respond to CAE forum requests.
- Monitor the application of the grant funding provided for the implementation of internal audit.

- **Audit Committees (AC)**

- Provide support through the local government audit committee chair forum (LGACF).
- Provide support in the implementation of the combined assurance guideline.

- **Strategic Leadership**

- Monitored and supported compliance with the Municipal Minimum Competency Regulation.

- **Budget and Treasury Office (BTO) Capacitation**

- Provide support through workshops on the guideline on BTO structures

issued via PT circular 41 of 2013.

- Drive the implementation of the BTO structures guideline.

- **Delegations**

- Assessed and supported municipalities with the annual review of their system of delegations.

- **GRAP Compliant AFS**

- Facilitated Accounting Standards Board (ASB) workshop focusing on exposure draft (EDs) and improvements on GRAP standards.
- Monitor the Implementation of the corrective action on the Audit Findings.
- Monitor progress on compliance with GRAP Standards.
- Roll out training on GRAP Standards and SOPs.
- Monitor the helpdesk queries to address accounting issues raised by municipalities.
- Continue to provide a platform through Management Accounting Forums (MAF) for sharing best practices and knowledge.

#### 8.4 SUPPORT BY THE DEPARTMENT OF LOCAL GOVERNMENT

The Department of Local Government committed to support municipalities in an effort to promote a more effective, efficient and equitable provision of local services. Municipalities indicated that they struggle with several governance and service delivery issues. Municipalities identified a number of areas where cooperation with the Department has worked well, and emphasised the need for future cooperative initiatives. The Department has committed themselves to the following transversal support:

- **Municipal Governance**

- Support in the customisation of the

rules of order.

- Assistance to implement the compliance model.
- Support with the implementation of anti-corruption strategies.
- Assistance with whistle blowing frameworks.
- Assistance with the development of fraud prevention policies.
- Enforcement of by-laws.
- Assistance with systems of delegations.
- Continued assistance with MPACs.
- Assistance with councilor remuneration.
- Guidance on reporting lines related to fraud.

- **Municipal support and capacity building**

- Continued assistance with LGTAS.
- Assistance with performance management systems.
- Support with HR management and filling of critical posts.
- Assistance with ICT-related queries.
- Support with revenue enhancement strategies.
- Assistance with revenue recovery collection.
- Assistance with organisational redesign.
- Shared Service Initiatives.
- Support with MPR Amendment Bill.
- Assistance with Valuations Appeal Board

- **Municipal performance monitoring**

- Assistance with the development of Standard Operating Procedures (SOPs) in regard to Indicators.
- Support with the standardisation of reporting to NT and COGTA.
- Support with the Annual Report

template.

- Support with the development of an Integrated Reporting System.
- The development of an indicator database (PDOs) for all municipalities.

- **Integrated Service Delivery**

- Review of ward committee applications.
- Support with ward committee functionality.
- Updating of IGR structures.
- Development of a Public Participation Framework.
- Development of a Communication Framework.

- **Disaster Management**

- Support with the updating of risk assessments.
- Hands-on support to District Municipalities on contingency plans and risk assessments.

- **Infrastructure Development**

- Support with Bulk Infrastructure planning and implementation.
- Development of infrastructure and growth plans.

## CHAPTER 9: BACK TO BASICS

- Back to Basics is an approach that is a change of paradigm that focuses on serving the people and not political elites and organisations. At the most basic level, municipalities are expected to:
  - a) Put people and their concerns first and ensure constant contact with communities through effective public participation platforms.
  - b) Create conditions for decent living by consistently delivering municipal services to the right quality and standard. This includes planning for and delivery of infrastructure and amenities, maintenance

and upkeep, including the budgeting to do this. Ensure no failures in services and, where there are, restore with urgency.

c) Be well-governed and demonstrate good governance and administration - cut wastage, spend public funds prudently, hire competent staff, ensure transparency and accountability.

d) Ensure sound financial management and accounting, and prudently manage resources so as to sustainably deliver services and bring development to communities.

e) Build and maintain sound institutional and administrative capabilities administered and managed by dedicated and skilled personnel at all levels.

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

### 9.1 BACK TO BASICS GIVING PRACTICAL EFFECT

- In order to give practical effect to the implementation of the Back to Basics Programme in the Province, the following initial steps were taken:
- A Task Team consisting of key role-players was established, including COGTA,

MISA, SALGA, and DLG (as well as other sector Departments on an ad-hoc basis).

- A Terms of Reference for the Task Team was developed and workshopped with all relevant stakeholders.
- Ten Municipalities in the Western Cape were identified as Back to Basics municipalities.
- A decision was taken that diagnostics would be completed at each B2B municipality to determine their needs/gaps in terms of the five pillars of the programme.
- The buy-in of each Municipal Manager was obtained before any diagnostic visits were conducted at each of these municipalities.
- Through current monitoring initiatives, Municipalities in the Western Cape were categorised in terms of a predetermined set of criteria. Through these criteria, ten Municipalities were identified, which would be assisted through the Back to Basics Programme, namely:
  1. Beaufort West;
  2. Cape Agulhas;
  3. Cederberg;
  4. Central Karoo DM;
  5. Kannaland;
  6. Laingsburg;
  7. Matzikama;
  8. Oudtshoorn;
  9. Prince Albert; and
  10. Swellendam.

### 9.2 BACK TO BASICS EXISTING SUPPORT INITIATIVES IN THE PROVINCE

- In the Western Cape, the majority of the Back to Basics municipalities identified already have customised Municipal Support Plans. Through these Municipal Support Plans, all support initiatives from provincial and national sector departments are implemented and monitored on a continuous basis. Provincial resources are aligned to the

projects identified in these Municipal Support Plans. The Back to Basics Programme gave the Province an opportunity to evaluate and re-focus current support initiatives in terms of the five pillars of the programme.

### 9.3 BACK TO BASICS IMPLEMENTATION PROGRESS

The Official Launch of the Back to Basics Programme in the Western Cape took place in March 2015 at the Provincial Coordinating Forum. Diagnostic assessments were completed at all ten identified Municipalities, which included the following:

- Municipalities were visited by key officials from the National Department of Cooperative Governance and Traditional Affairs, The Western Cape Department of Local Government, Provincial Treasury, South African Local Government Association, Municipal Infrastructure Support Agent, as well as other sector departments.
- The Department of Local Government and the relevant municipalities made presentations on the municipal context based on the five Back to Basics pillars.
- Thereafter all information was interrogated through robust conversation by all sectors for accuracy.
- The findings of these engagements formed the basis of the Back to Basics Action Plans.

### 9.4 BACK TO BASICS KEY FINDINGS OF DIAGNOSTICS

- **Putting People First:**
  - Functionality of Ward Committees (Wards on privately owned land).
  - Lack of a Public Participation Strategy.
  - Lack of a Communications Strategy.
- **Basic Services:**
  - High water losses.

- Aging Infrastructure.
- Co-funding of Infrastructure Grants unaffordable.
- Cost of new Waste Management sites.

- **Good Governance:**

- Establishment and Functionality of MPAC.
- Councilor Training, including Roles and Responsibilities.
- Cost of Gazetting of By-Laws too high.

- **Capacity Building:**


- Attraction and Retention of skilled personnel.
- Organisational Redesign

- **Sound Financial Management:**

- Long-Term Financial Plan.
- Revenue Enhancement Strategy.
- Outdated Billing System.
- Review of Funding model for Equitable Share.

### 9.5 BACK TO BASICS SUPPORT PLANS

- Based on the findings of the diagnostic assessments, Back to Basics Action Plans were developed for nine of the ten identified municipalities (except Oudtshoorn Municipality). The projects identified through these Back to Basics Action Plans were endorsed by all Sector Departments involved, including COGTA, DLG, PT, SALGA and DEA&DP. These Back to Basics Action Plans identified clear projects in terms of the five pillars of the Back to Basics programme. A Municipal Assessment was later conducted at the Oudtshoorn Municipality and the findings formed part of the blueprint for a more comprehensive Municipal Support Plan for the Municipality.
- The Municipal Support Plans were also submitted to municipalities to be tabled



at Municipal Council meetings to ensure buy-in into the Back to Basics process. Quarterly Municipal Steering Committee Meetings are held to monitor progress on the implementation of the Back to Basics projects and serve as a mechanism to hold all involved accountable for delivery.



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Western Cape | Local Government  
Private Bag x9076 | 80 St. George's Mall, Waldorf Building, Cape Town, 8000  
Tel: 021 483 8986 | Fax: 021 483 0632  
Provincial website: [www.westerncape.gov.za](http://www.westerncape.gov.za)

To obtain additional copies of this document, please contact:  
Directorate: District and Local Performance Monitoring  
e-mail: [Kosie.Haarhoff@westerncape.gov.za](mailto:Kosie.Haarhoff@westerncape.gov.za)



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