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PROVINCIAL NOTICE

The following Provincial Notice is published for general information.

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DIRECTOR-GENERAL

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**Western Cape
Government**

Local Government

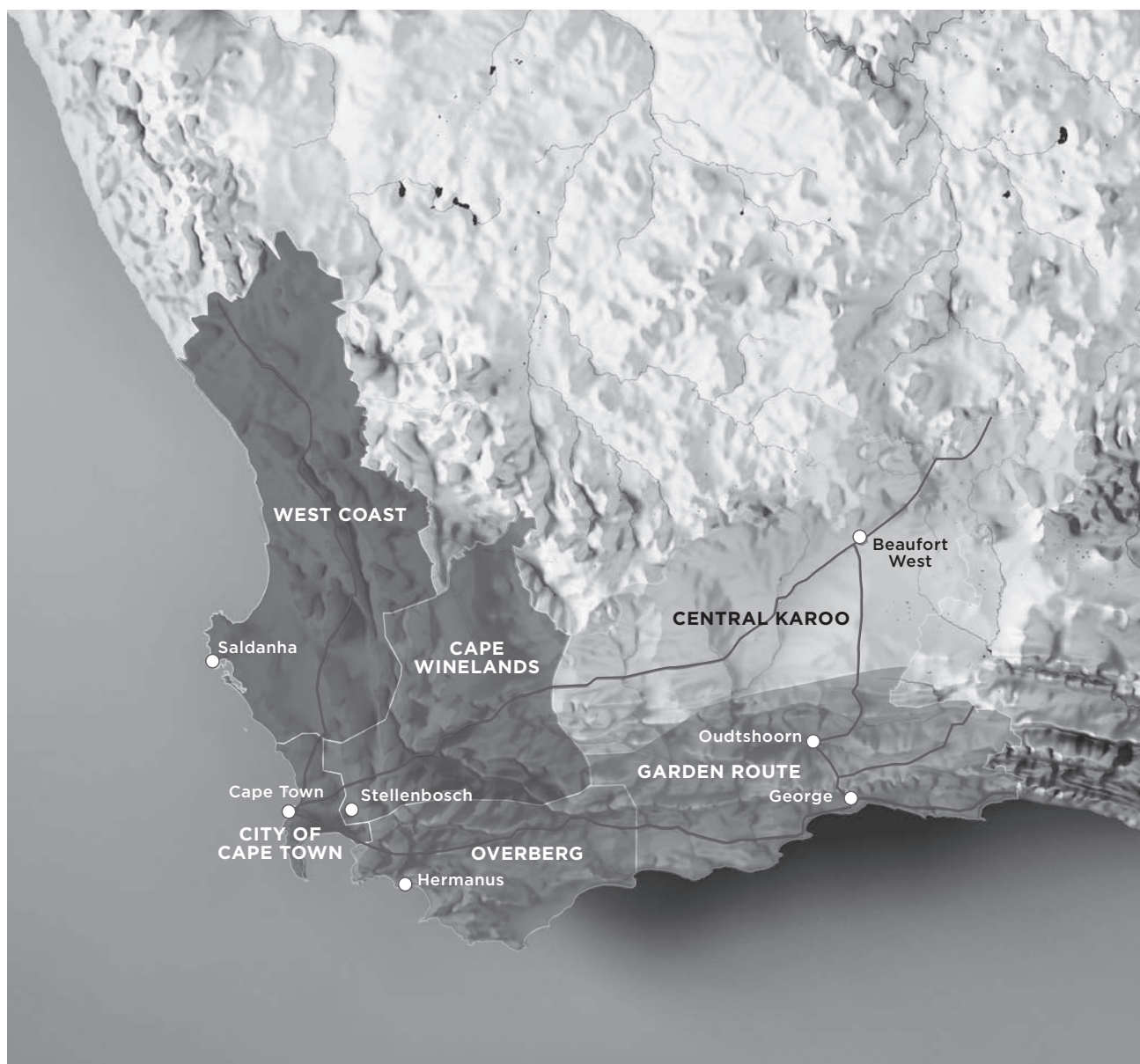
FOR YOU

Annual Consolidated **Municipal Performance Report**



DEPARTMENT OF LOCAL GOVERNMENT

2021/22



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LIST OF ACRONYMS

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

MINISTER'S FOREWORD

Municipalities in the Western Cape, with their diverse landscape and unique challenges are entrusted with the vital task of enhancing the lives of every citizen within their bounds in a developmental and sustainable manner.

This Consolidated Municipal Performance Report encapsulates the efforts of municipalities toward improving governance, service delivery and economic conditions for the betterment of citizens. It reflects on the performance of municipalities and seek to provide remedial actions. It further identifies key interventions rolled out by Government to support municipalities with their legislative mandate. This report is completed in compliance with my legislative obligations as reflected in Section 47 of the Municipal Systems Act 32 of 2000.

The Constitution of South Africa, requires that Provincial Government monitor and support municipalities to manage their own affairs, exercise their powers and perform their functions. In the Western Cape, municipalities worked collaboratively with provincial government and private sector, forming valuable partnerships toward a shared vision and outcome.

Like any vibrant democracy, municipalities grappled with complexities and hurdles in the political and administrative arenas. It is however evident in the number of unqualified audit opinions expressed by the Auditor General, that there is improvement in the level of commitment, resilience and endurance of municipalities in the Western Cape.

As we observe the performance of municipalities during the 2021/22 financial year, may this document serve as a source of reflection and a call to action to all of society and government to combine their efforts and support municipalities to provide affordable and sustainable services to the people.



Anton Bredell
Minister for Local Government, Environmental Affairs
and Development Planning

EXECUTIVE SUMMARY

Municipalities in the Western Cape have made significant progress, striving towards improved living conditions and economic prospects for residents. While challenges persist, the commitment to responsible governance and development remains.

Municipalities have a constitutional responsibility towards communities to provide a government that is democratic and accountable in nature. To this end, municipalities have ensured that all political and governance structures have been put in place.

Section 152 of the constitution further requires that municipalities ensure the provision of services to communities and encourage the involvement of communities and community organisations in the matters of local government. The ward committee system and other public participation measures ensures that citizens are represented and included in decision making.

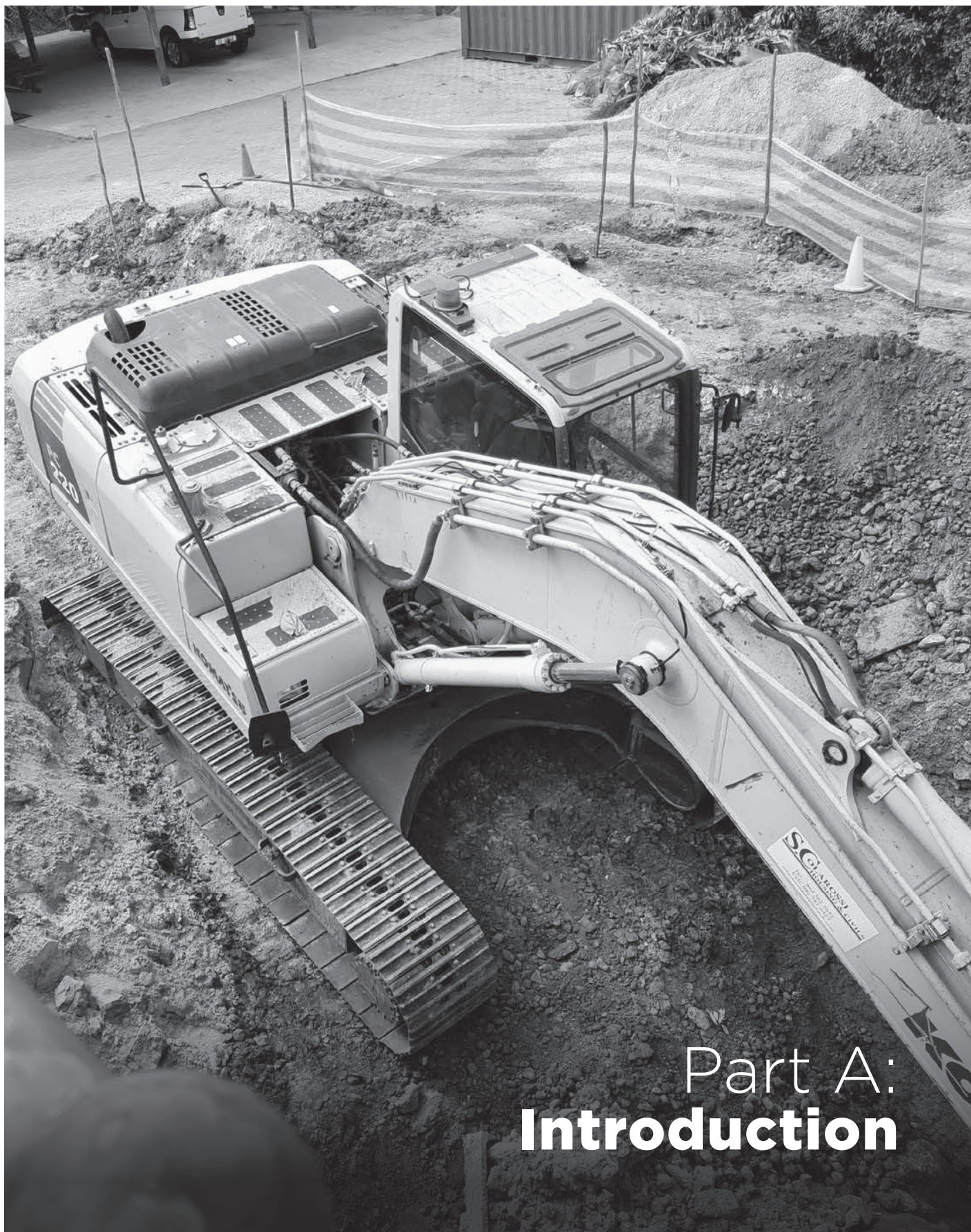
The aftermath of Covid 19 and the ensuing lockdown has brought many opportunities for innovation and adapting to the changing needs of communities to the extent that some councils have now opted for virtual meetings to effectively improve functionality.

Communities continued to access government services and information through Thusong Service Centres and the Community Development Workers located in various municipalities. This enabled empowerment in communities aimed at improving access to services and economic opportunities across municipalities.

The provision of basic services has a direct impact on the quality of life of communities in the Western Cape. Municipalities are at the coalface of service delivery and are faced with historical backlogs in the provision of basic infrastructure and housing as well as the maintenance of existing infrastructure. Municipalities have maintained good service delivery conditions overall.

While the City of Cape Town had shown an improvement with a clean audit, six municipalities had received unqualified audits with findings. The Auditor General have identified various areas of concern, including inadequate performance indicators, deficiencies in project delivery, irregular expenditure, and incomplete reporting. She has however reported good controls in municipalities overall, which positively impacted and resulted in 21 municipalities obtaining a clean audit opinion.

“Municipalities are at the coalface of service delivery and are faced with historical backlogs in the provision of basic infrastructure and housing as well as the maintenance of existing infrastructure.”



BACKGROUND AND PURPOSE OF THE REPORT

The 2021/22 Consolidated Annual Municipal Performance report is compiled in in terms of Section 47 of the Municipal Systems Act (MSA) which places an obligation on the MEC for Local Government to annually compile and submit to the Provincial Legislature and the National Minister a consolidated report on the performance of municipalities in the Province. The purpose of the report is to identify municipalities that are under-performing and propose remedial actions to be taken. It offers a comprehensive view of the province's operational, social and environmental successes and challenges experienced for the financial year 2021/22.

"The purpose of the report is to identify municipalities that are under-performing and propose remedial actions to be taken. It offers a comprehensive view of the province's operational, social and environmental successes and challenges experienced for the financial year 2021/22."

This report is hugely informed by the reports compiled by municipalities in terms of Section 46 of the MSA. In terms of the same section, municipalities are required to prepare for each financial year a performance report reflecting the performance of the Municipality during that financial year with set targets compared with previous financial years and measures taken to improve performance.

The Local Government Municipal Systems Act, 2000 (Act 32 of 2000) established a framework for planning, performance management systems, effective use of resources and organisational change. This Act requires that all municipalities prepare an Integrated Development Plan (IDP) which sets a five-year strategic plan that enables municipalities to achieve service delivery and development goals for their municipal areas in an effective and sustainable way. These municipal annual performance form part of the municipality's annual report obligation in terms of Chapter 12 of the Municipal Finance Management Act.

Section 47 of the MSA further requires that this Consolidated Annual Municipal Performance report be published in the Provincial Gazette and a copy of the report must be submitted to the National Council of Provinces.

The Statutory annual reporting process are presented in the table below that outlines the key responsibilities and due dates for submission:

Table 1: Statutory annual report process

REPORT	APPLICABLE LEGISLATION	RESPONSIBLE ENTITY/ PERSON	BY WHEN
Submission of financial statements	MFMA Section 126(1)	Municipalities	31 August (2 months after the end of a financial year)
Auditor-General to audit financial statements and submit report	MFMA Section 126 (4)	Auditor-General	30 November (within 3 months after receiving financial statements)
Draft annual report to be prepared	MFMA Section 121 (1)	Municipal Manager	31 December (within 6 months after the end of the financial year)
Tabling of municipal annual report to council	MFMA Section 127 (3)	Mayor	31 January (within 7 months after the end of the financial year)
Make annual report public and invite the local community to make representations	MFMA Section 127 (5)	Accounting Officer of municipality	After tabling

REPORT	APPLICABLE LEGISLATION	RESPONSIBLE ENTITY/ PERSON	BY WHEN
Submit annual report to PT and MEC for Local Government	MFMA Section 127 (5)	Mayor	After tabling
Adopt an oversight report containing the council's comments	MFMA Section 129 (1)	Council	By no later than 31 March (within 2 months after the tabling)
Copies of minutes of the council meeting during which the annual report was adopted and the oversight report must be submitted to the AG, PT and the MEC	MFMA Section 129 (2b)	Accounting Officer of municipality	Within 7 days after the meeting during which the oversight report was adopted
Submit oversight report and annual report to the Provincial Legislature	MFMA Section 132 (1)	Accounting Officer of municipality	Within 7 days after the meeting during which the oversight report was adopted
Monitor submission process of municipal annual reports to the Provincial Legislature	MFMA Section 132 (3)	MEC for Local Government	From 1 February to mid-April
Drafting of Consolidated Municipal Performance Report and submission to MEC	MSA Section 47	Head of Department (Local Government)	No timeframe in legislation – Only possible after receipt of all AG reports, municipal annual reports and municipal oversight reports
Submit consolidated municipal performance report to Provincial Legislature and Minister of Cooperative Governance	MSA Section 47	MEC for Local Government	As soon as possible after receipt of all municipal annual reports, including municipal performance reports and the oversight reports of the councils



WESTERN CAPE POPULATION AND SOCIO-ECONOMIC OVERVIEW

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

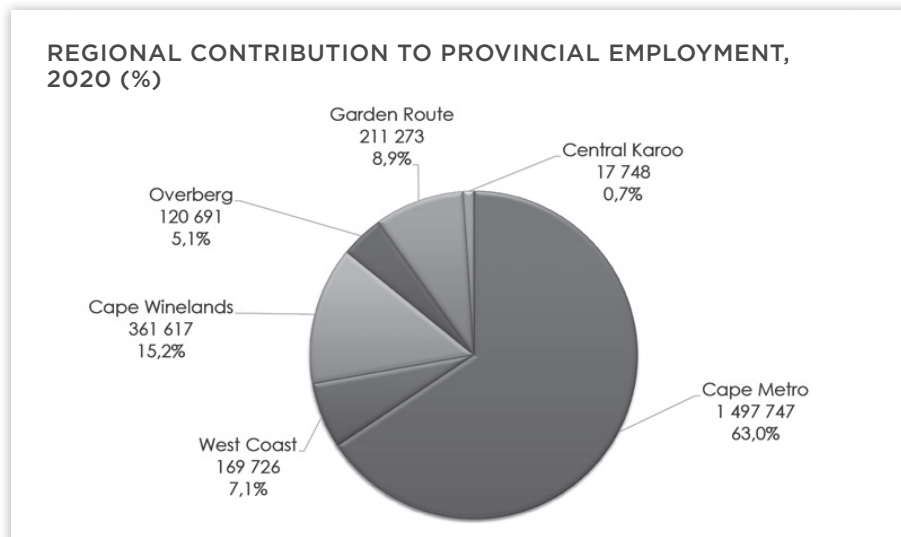
According to the Provincial Economic Review and Outlook (PERO) for 2021, in-migration and improved health outcomes are the main causes of the Western Cape's ongoing demographic transformation. The demand for public services, particularly those in the social sector like education, healthcare, the expansion of housing choices, and access to basic amenities in the Province, is still being driven by the relatively high levels of in-migration.

The Western Cape saw a net increase of 292 521 residents between 2016 and 2020. Currently, 7.1 million people call the Western Cape home, making up 11.8% of all South Africans.

According to the Provincial Economic Review and Outlook, the Western Cape Gini Coefficient increased from 0.60 to 0.63 between 2012 and 2020. The Western Cape made improvement in human development, with the HDI rising from 0.709 to 0.769 over the same time period, in contrast to the worsening of income inequality (PERO, 2021).

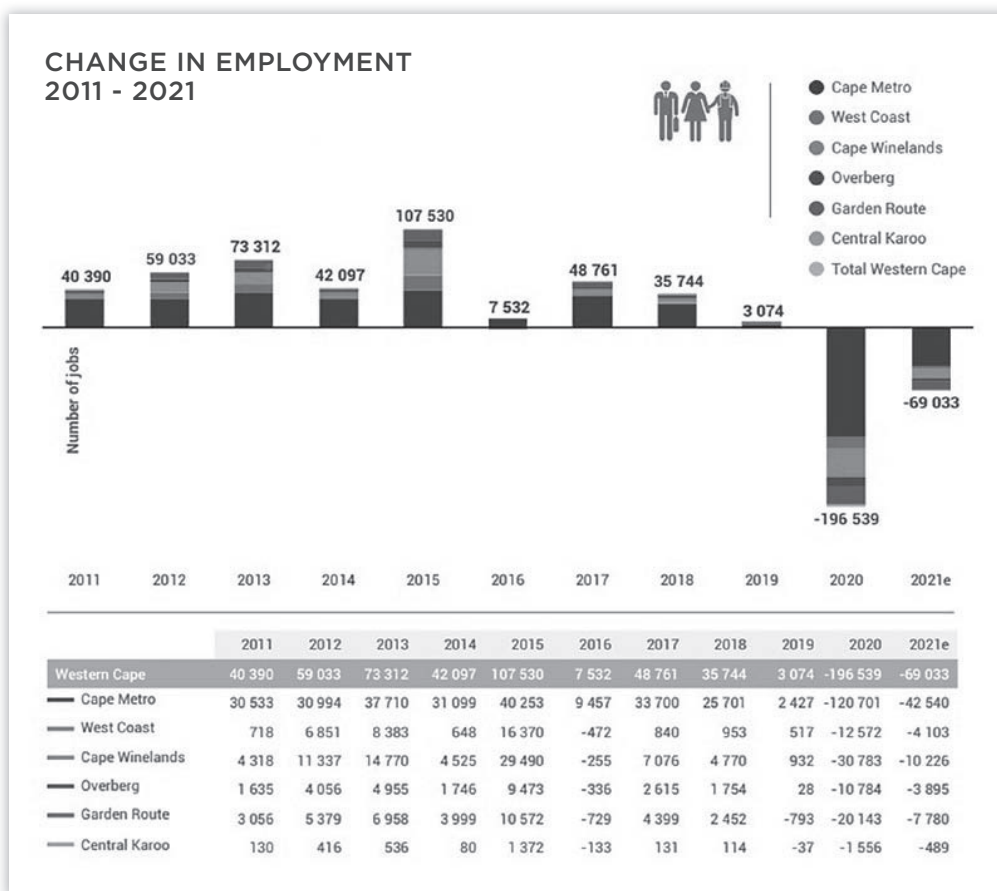
The table below reflects the population per region as depicted in the municipal annual reports of 2021/22.

Graph 1: Regional contribution to provincial employment



WESTERN CAPE REGIONAL CONTRIBUTION TO PROVINCIAL EMPLOYMENT

According to the PERO 2021, the Cape Metro area contributed the largest share to provincial employment at 63.0 percent in 2020. This was followed by Cape Winelands District and Garden Route District, contributing 15.2 percent and 8.9 percent respectively. The West Coast District and Overberg District contributed 7.1 percent and 5.1 percent respectively, while Central Karoo District contributed the least to employment in the Province at 0.7 percent.



Source: Quantec Research, 2022 (e denotes estimate)

Between 2011 and 2013, there were a year-on-year increases in Provincial employment, which increased jobs from 40 390 in 2011 to 73 312 in 2013. These recoveries can be attributed to the high GDP growth rates recorded during the same period, as well as recoveries in the labour market following the global financial crisis. Furthermore, the high number of jobs created in 2013 can be ascribed to the roll-out of public infrastructure initiatives during the year.

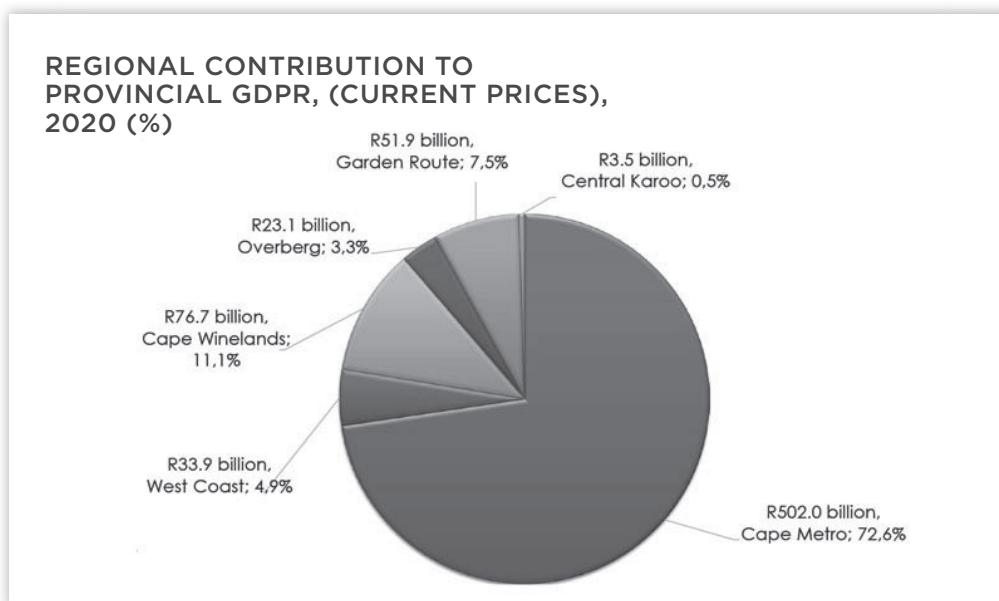
Despite recording a slowdown in new employment opportunities in 2014, Provincial employment increased substantially in 2015, with 107 530 jobs created during the year.

“According to the PERO 2021, the Cape Metro area contributed the largest share to provincial employment. This was followed by Cape Winelands District and Garden Route District.”

The Cape Metro area with 40 253 jobs, contributed the largest share to this increase, followed by CWD and WCD with 29 490 and 16 370 jobs created respectively.

In 2016, all regions apart from the Cape Metro area recorded declines in employment opportunities. However, provincial employment still increased by 7 532 jobs during the year. The slowdown in new employment opportunities was most likely due to the continued drought conditions throughout the Province, amplified by the Western Cape's reliance on the agriculture sector as a source of employment.

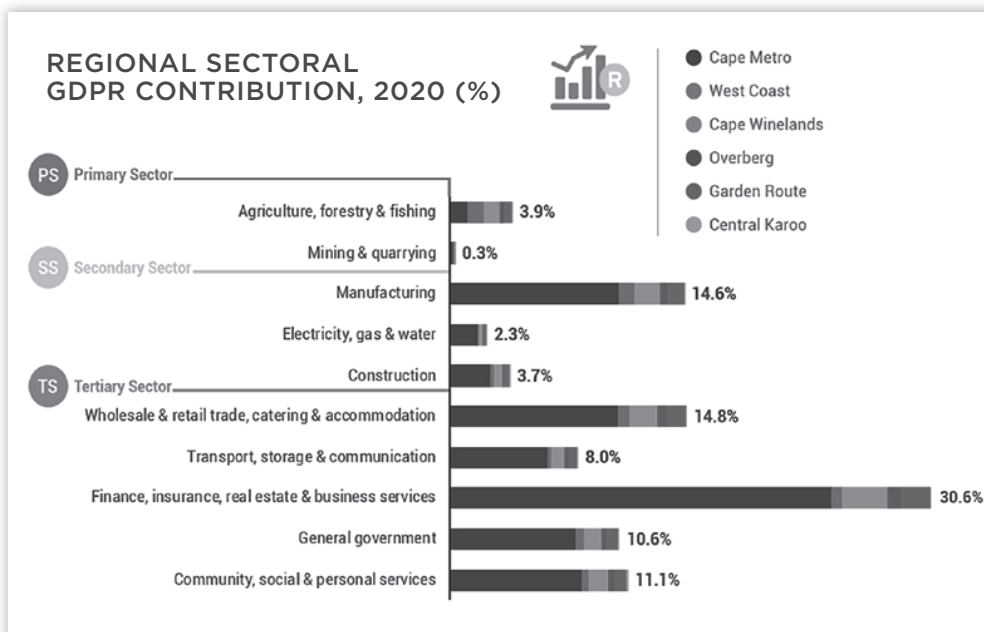
Graph 2: Regional Contribution to GDP



Source: Quantec Research

With a contribution of R502.0 billion, the Cape Metro area contributed the largest share to total Gross Domestic Product per Region (GDPR) in the Province in 2020 at 72,6 percent. The Cape Winelands District (CWD) contributed the second-largest share to Provincial GDPR during the same year, with a contribution of 11,1 percent. This was followed by the Garden Route District (GRD) and West Coast District (WCD), with contributions of 7,5 percent and 4,9 percent respectively in 2020. Valued at R3,5 billion in 2020, the Central Karoo District (CKD) was the smallest contributor to the Provincial economy (0,5 percent) (MERO 2022, Quantec Research 2022).

“The Cape Metro area contributed the largest share to total Gross Domestic Product per Region (GDPR) in the Province in 2020. The Cape Winelands District (CWD) contributed the second-largest share the same year. This was followed by the Garden Route District (GRD) and West Coast District (WCD),”



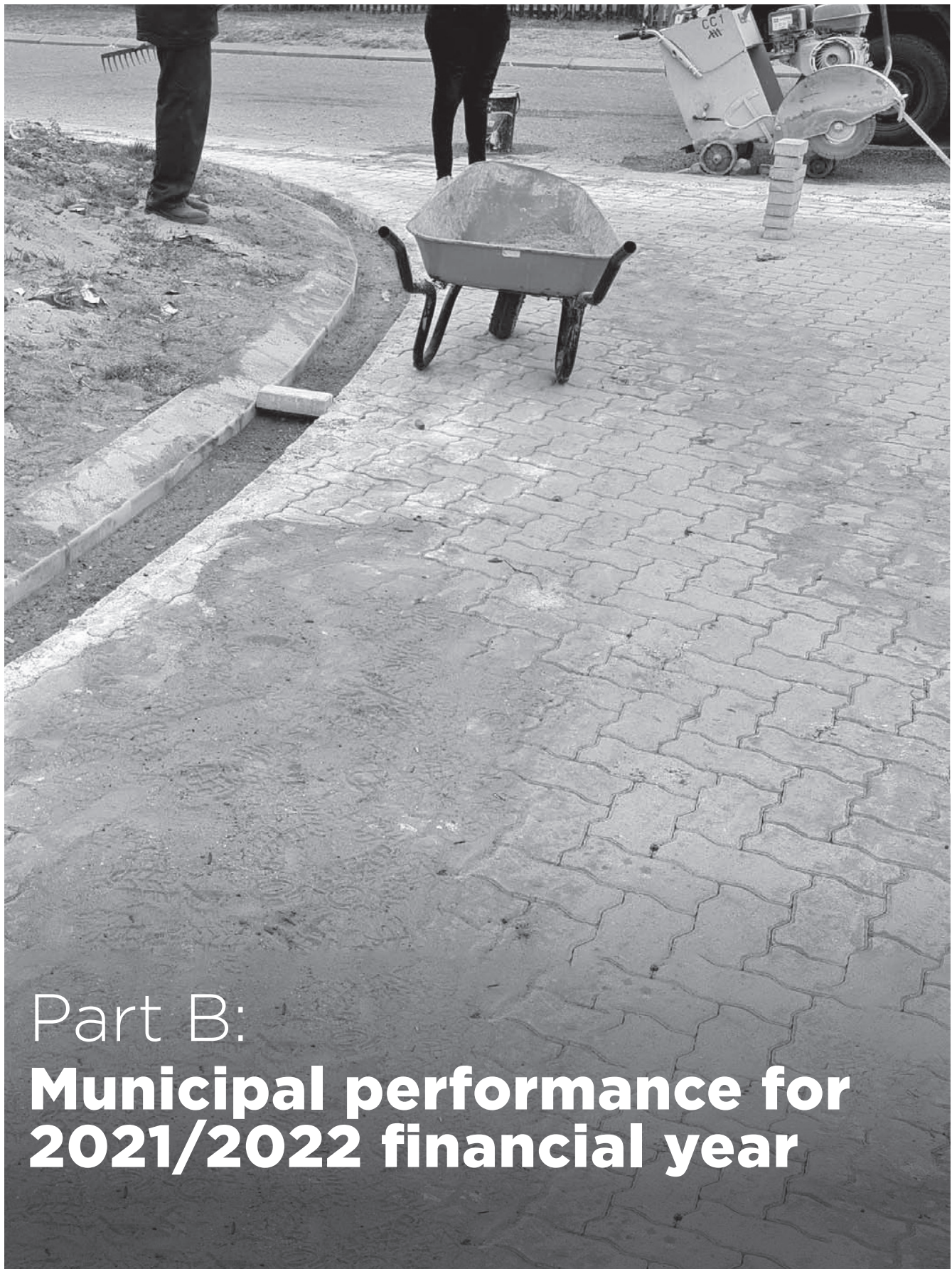
Source: Quantec Research, 2022

In the Province, the finance sector was the leading contributor to GDP at 30,6 percent in 2020. This was followed by the trade sector (14,8 percent) and the manufacturing sector (14,6 percent). The two largest contributing sectors were concentrated in the Cape Metro area, the CWD and the GRD. Contribution to growth measures the relative impact of each sector on total growth in the Province and is a function of the relative size of each sector combined with the growth over a specific period.

Between 2017 and 2021, the Western Cape economy is estimated to have expanded by 0.3 percent on average, with finance, agriculture and community services sectors making the largest contributions to growth. The relatively smaller agriculture sector expanded by 4.2% on average over the same period.

“Between 2017 and 2021, the Western Cape economy is estimated to have expanded by 0.3 percent on average, with finance, agriculture and community services sectors making the largest contributions to growth.”





Part B:

Municipal performance for 2021/2022 financial year

CHAPTER 1: GOVERNANCE

1.1 INSTITUTIONAL ARRANGEMENT AND CAPACITY BUILDING

1.1.1 Political Governance

According to Section 151(3) of the Constitution the council of a municipality has the right to govern, on its own initiative, the local government affairs of the local community.

Section 53 of the Municipal Systems act further provides that a Municipality define the roles and responsibilities of each political structure and each political office bearer of the municipality.

A municipality is established by the MEC for local government by means of a Section 12 notice, referring to Section 12 of the Municipal Structures Act. Among other things, this notice determines the choice between having an Executive Mayor, Executive Committee or no separate Executive at all. The Western Cape municipalities have opted for the option of a Mayoral Committee system.

Municipal Council's role is to govern municipalities in a democratic and accountable manner, to perform legislative and executive functions and generally fulfil its roles and responsibilities as set out in the Constitution. Municipal Councils are the highest authority within the municipality, whose responsibility it is to focus on legislation, decision-making, oversight and participatory roles.

Section 160(3) of the Constitution prescribes the way Council takes decisions. A quorum of all Councillors must be present to take any decision and most of the votes cast results in legal decision. The exception to this rule is that when any of the following issues are determined, it is determined by a decision taken upon a supporting vote of a majority of all its members:

- The passing of bylaws;
- The approval of budgets;
- The imposition of rates and other taxes, levies and duties; and
- The raising of loans.

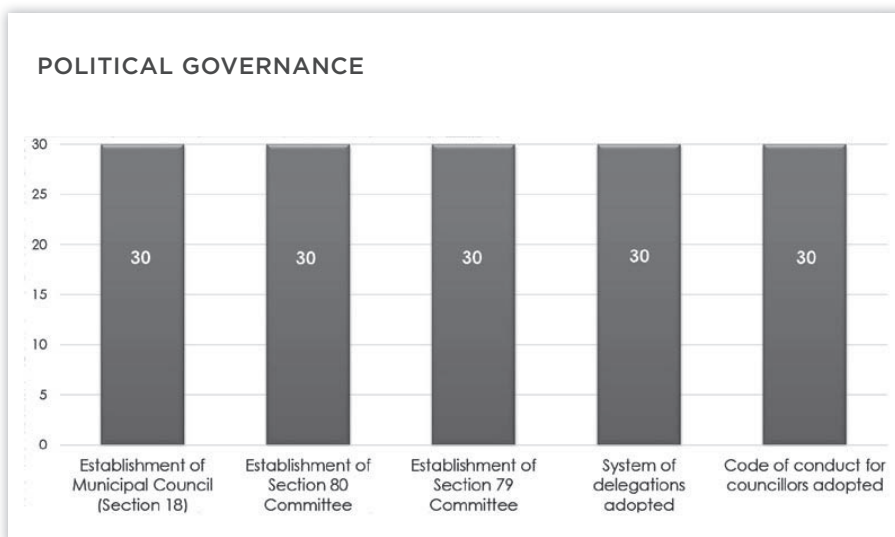
Councils have delegated executive functions of the Executive Mayor. The Executive Mayor is supported by a Mayoral Committee with each member holding a portfolio with specific functions. An Executive Mayor may delegate specific responsibilities to each member of the Mayoral Committee. Any powers and duties delegated to the Executive Mayor by the Municipal Council must be exercised and performed by the Executive Mayor together with other members of the Mayoral Committee.

"Municipal Council's role is to govern municipalities in a democratic and accountable manner, to perform legislative and executive functions and generally fulfil its roles and responsibilities as set out in the Constitution."

For the 2021 Local Government Elections, there were 844 Council seats across the Western Cape Province. Majority seats are held by The Democratic Alliance with a total number of 432 seats across the province. The African National Congress has obtained a total number of 190 seats while the rest of the parties share 222 remaining seats.

The table below depicts the compliance to the establishment of political committees and related policy documents.

Graph 3: Political Governance



Source: Independent Electoral Commission Website

In order to achieve a well-maintained political governance that strengthens administrative governance and oversight, municipalities must ensure that they are focussed on applying professional risk management principles, anti-corruption strategies and effective monitoring of internal auditing functions. Municipalities must schedule fixed monthly meetings for all Section 80 Committees as well as fixed meetings for the Municipal Public Accounts Committee.

Based on the information obtained from the annual reports, all 30 municipalities have adopted their system of delegations in line with Section 59 of the Municipal Systems Act, ensuring the maximisation of administrative and operational efficiency. The respective Codes of Conduct were adopted in accordance with the Municipal Systems Act.

1.1.2 Administrative Governance

Section 54A of the Municipal Systems Act requires of Council to appoint a Municipal Manager. By law, the Municipal manager is the head of administration as well as the Accounting Officer. He has extensive statutory and delegated powers and duties. He is the chief advisor of the municipality and must advise and enforce decisions of the political office-bearers of the municipality. He is also required by Section 60(b) of the MFMA to provide guidance on compliance with the Act.

"In order to achieve a well-maintained political governance that strengthens administrative governance and oversight, municipalities must ensure that they are focussed on applying professional risk management principles, anti-corruption strategies and effective monitoring of internal auditing functions."

Municipalities must, within their administrative and finance capacities establish and organise their administration to be responsive to the needs of local communities. For that to be achieved, key structures of the municipality must be in place and strategic vacancies must be filled. Western Cape municipalities are commended for the 10% vacancy rate of its Sec 57 managers and that except for Cederberg, Knysna, Oudtshoorn and Central Karoo municipalities, all Sec 56 posts have been filled.

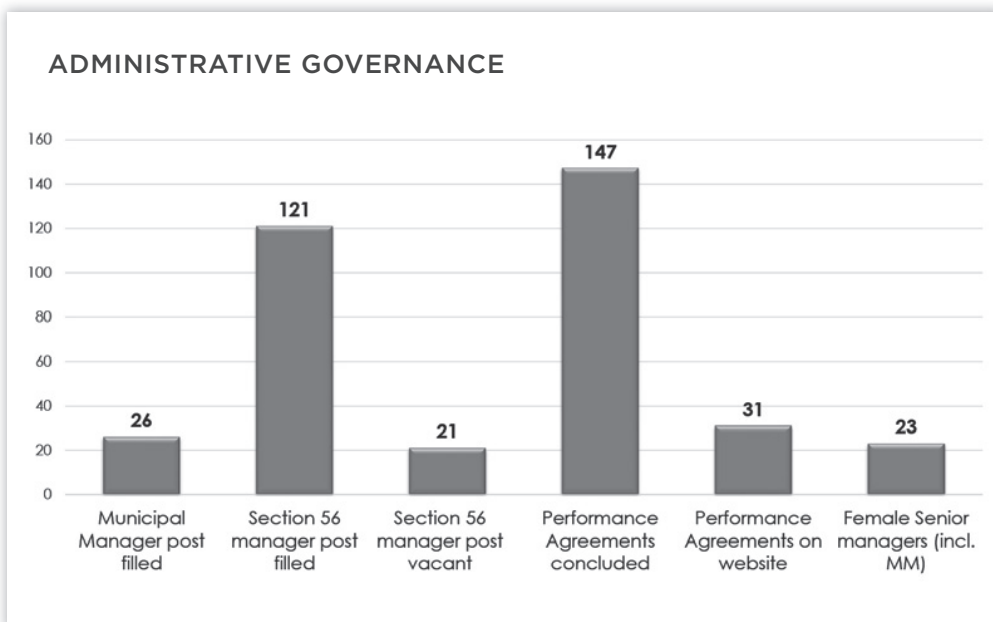
The Local Government Municipal Systems Act 2000 and Regulation 805 of August 2006 requires that the Municipal Manager and the Managers reporting directly to the Municipal Manager enter into Annual Performance Agreements.

Section 53(3)(b) of the MFMA requires that the performance agreements of the municipal manager, senior managers and any other categories of officials as may be prescribed, are made public no later than 14 days after the approval of the municipality's service delivery and budget implementation plan. Copies of such performance agreements must be submitted to the council and MEC for local government in the province.

All Municipal Managers and managers directly accountable to the Municipal Managers in the Western Cape have signed and submitted performance agreements to the MEC for Local Government.

"Municipalities must, within their administrative and finance capacities establish and organise their administration to be responsive to the needs of local communities."

Graph 4: Administrative Governance



1.1.3 Capacity Building

Capacity building at municipalities is crucial in achieving effective service delivery. It is the primary objective of Human Resource Management to provide an innovative service that addresses administrative functioning as well as Skills development.

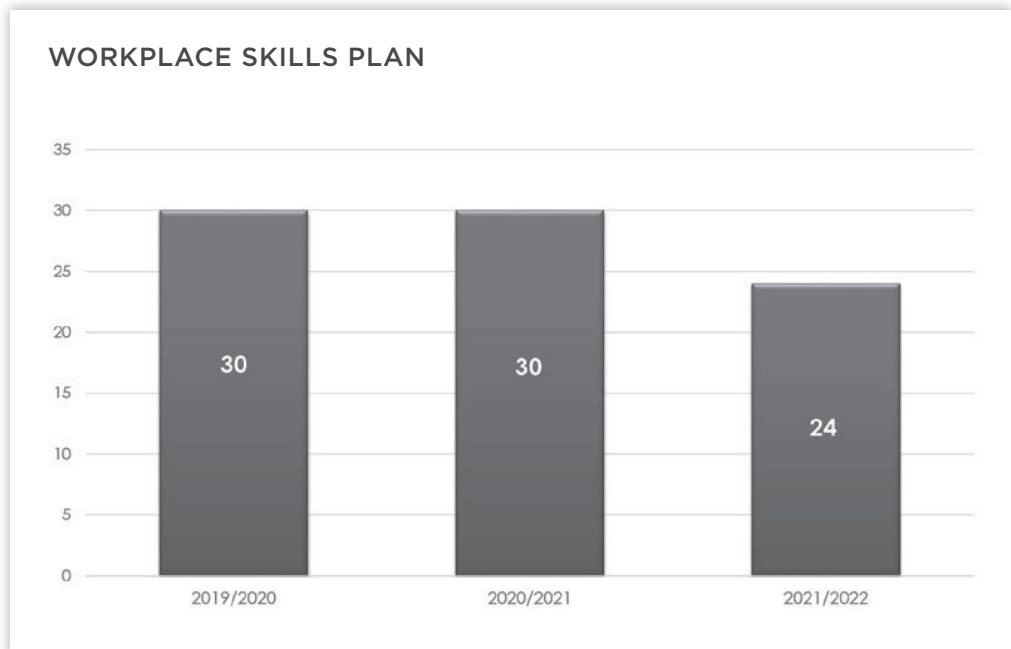
The Skills Development Act and the Municipal Systems Act require that employers supply employees with the necessary training to develop its human resource capacity.

“Capacity building at municipalities is crucial in achieving effective service delivery.”

Municipalities are required to submit to the Local Government SETA their Workplace Skills Plans and implementation reports at the end of the financial period. To promote skills development and capacity building, municipalities provide various learning and development opportunities to employees such as Municipal Minimum Competency training, learnerships as well as short courses such as Project Management training, End User Computing, Supply Chain Management and Local Government Accounting Certificate, amongst others.

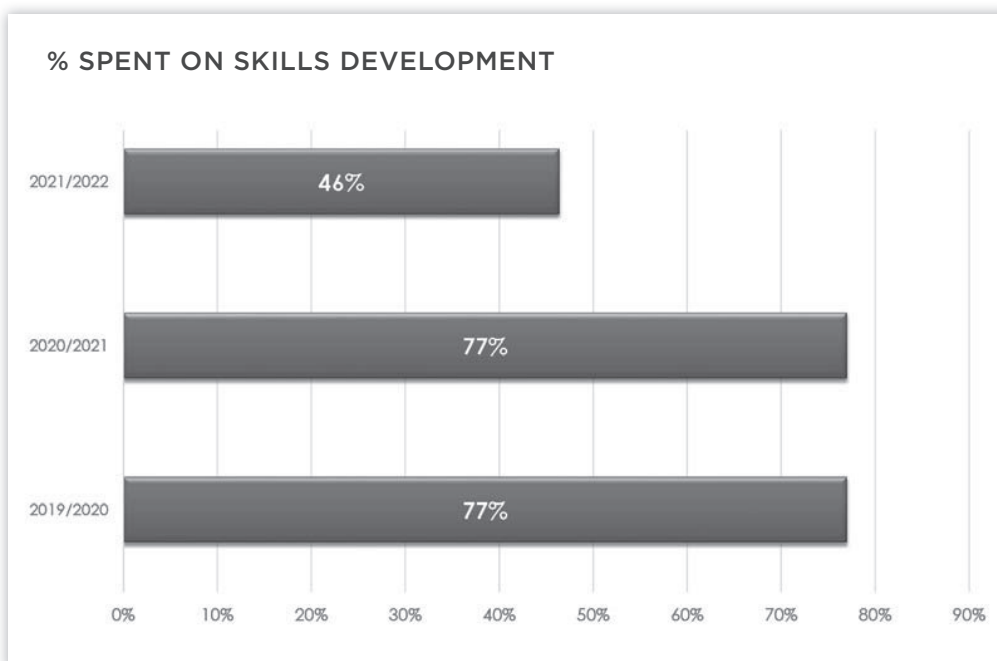
As indicated in the graph below, municipalities have regressed in terms of complying with the requirements of the Local Government: Municipal Planning and the Performance Management Regulations of 2001 and section 43 of the MSA. Twenty-four (24) municipalities have submitted their workplace skills plans to the Local Government SETA.

Graph 5: Workplace Skills Plan



Source: Municipal Annual Reports 2021/22

Furthermore, in this financial year, an average spending of 46% of municipal personnel budgets was achieved, compared to an average of 77% of municipal budgets spent on skills development in the previous financial year,

Graph 6: *Percentage spent on skills development*

Source: *Municipal Annual Reports 2021/22*

Graph 6 below depicts the number of personnel trained over the three-year period. During the 2021/2022, municipalities ensured that about 6 974 employees are empowered with skills. This is a significant drop compared to the previous two (2) financial periods as indicated below.

Graph 7: *Capacity Development training*

Source: *Municipal Annual Reports 2021/2022.*

“During the 2021/2022, municipalities ensured that about 6 974 employees are empowered with skills.”

CHAPTER 2: ACCOUNTABILITY

2.1 COMMUNITY PARTICIPATION

Section 16(1) of the Municipal Systems Act states that a municipality must develop a system of municipal governance that complements formal representative governance with a system of participatory governance. Section 18(1) further states that a municipality must supply its community with information concerning municipal governance, management and development amongst other things.

A key requirement for achieving good governance is effective public participation. Such participation is necessary for:

- The preparation, implementation and review of the IDP;
- Establishment, implementation and review of the performance management system;
- Monitoring and review of performance, including the outcomes and impact of such performance; and
- Preparation of the municipal budget.

Public participation allows for constituents to monitor the actions of their elected officials and encourages the community to play an active role in the performance of their municipality. This enables citizens to assess whether their interests are considered, and their needs met.

2.1.1 Ward Committees

Ward committees are established in terms of the Municipal Systems Act, 2000, and the Municipal Structures Act, 1998. The purpose of a ward committee is:

- To encourage better participation from the community and to inform council decisions;
- To make sure that there is effective communication between the Council and the community; and
- To assist the ward councillor with consultation and feedback to the community.

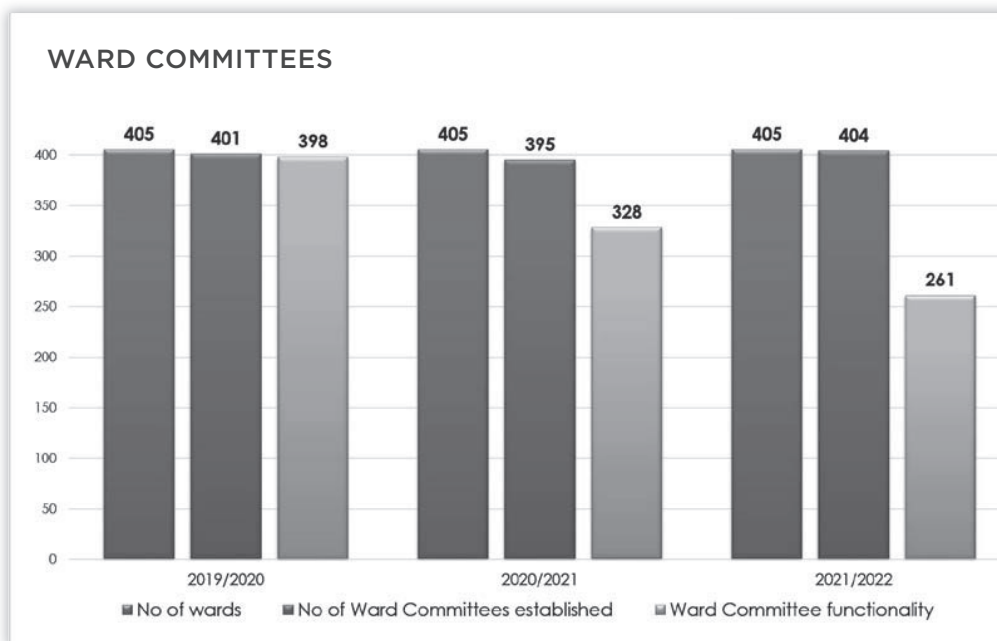
The ward committees are elected by the community they serve and must ensure that residents' inputs are considered during planning and decision-making processes at local government level. Ward committees act as an advisory body to the ward councillor which serves as the chairperson of the ward committee.

These committees must strive to provide information to communities, convening meetings, ward planning, service delivery, IDP formulation and performance feedback to communities.

“Public participation allows for constituents to monitor the actions of their elected officials and encourages the community to play an active role in the performance of their municipality.”

The table below provides information on the establishment of ward committees and their functionality.

Graph 8: Ward Committees



Source: Municipal Annual Reports 2021/22

The graph above indicates that there are 405 wards in the Western Cape and 404 ward committees established. There is one ward in Beaufort west municipality that has no ward committee. Of the 404 ward committees established 311 are functional. The drop in functionality is attributed to the local government elections that affected several ward committees.

2.1.2 Citizen Participation and Community Development Workers Programme

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

At the end of the 2021/22 financial year, CDWs also continued to provide support to small scale initiatives aimed at improving access to economic opportunities across the municipalities and contributed significantly towards making a positive impact on the lives of citizens.

"The ward committees are elected by the community they serve and must ensure that residents' inputs are considered during planning and decision-making processes at local government level."

2.1.3 Information Communication Technology (ICT)

Information and Communication Technology enables efficient delivery of services and seek to innovate and resolve business impediments experienced by the municipality. Telephone and internet services are critical services to enable prompt yet effective interaction between the municipality and its residents.

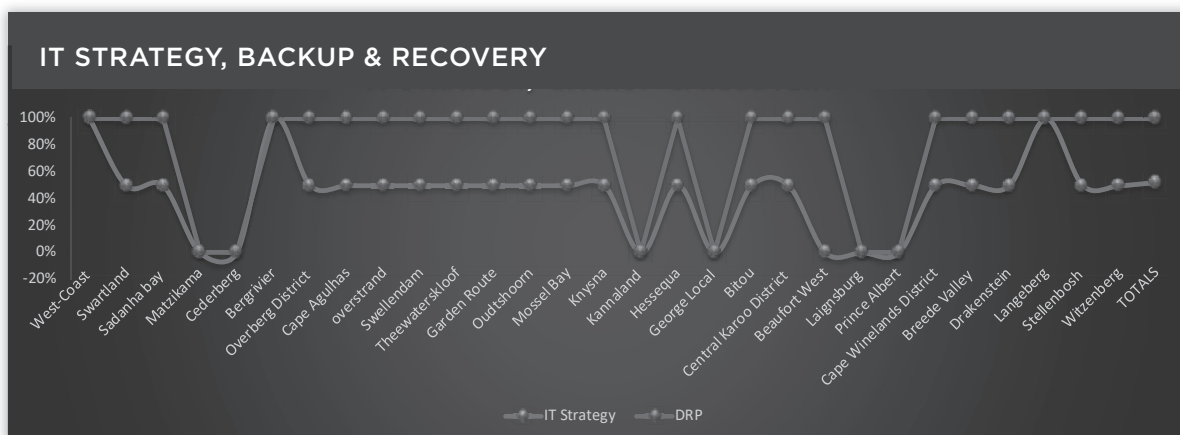
Table 4 below provides a brief synopsis of the ICT landscape in municipalities, with a determinative focus on:

- Municipal obligations for enabling public participation through publication of specific information;
- Establishment of a properly aligned and functioning ICT strategy;
- Risk management mechanisms, in the form of Disaster Recovery Plan;
- Security mechanisms employed for security municipal data and ICT infrastructure; and
- The establishment of governance structures for ICT's value delivery.

As we can see from the table below, municipalities have no issues with regulated publications and thus do publish all necessary information in their respective websites for use by the public. The main areas of concern pertain to a lack of ICT Strategy, development of a functional Disaster Recovery system as well as the establishment of structures for effective ICT governance. The highlighted challenges tend to prevail more in the West Coast District and Central Karoo District municipalities.

Table 2: The ICT landscape in municipalities

	WEST COAST	SWARTLAND	SALDANHA BAY	MATZIKAMA	CEDERBERG	BERGRIVER	OVERBERG DISTRICT	CAPE AGULHAS	OVERSTRAND	SWELLENDAM	THEEWATERSKLOOF	GARDEN ROUTE DISTRICT	ODTSHOORN	MOSSELBAY	KNYSNA	KANNALAND	HESSEQUA	GEORGE LOCAL	BITOU	CENTRAL KAROO DISTRICT	BEAUFORT WEST	LAINGSBURG	PRINCE ALBERT	CAPE WINELANDS DISTRICT	BREEDER VALLEY	DRAKENSTEIN	LANGEBERG	STELLENBOSCH	WITZENBERG	TOTALS
Website Publication	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
IT Strategy	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	X	X	X	✓	✓	✓	✓	✓	✓	75.86
DRP	N/A	✓	✓	X	X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	68.97
Server Room Security	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	89.66
IT SteerCom	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	86.21
VOIP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	93.10
Broadband	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	96.55
%MUN TOTAL	86	100	100	71	57	86	100	100	100	100	100	100	100	100	100	43	100	71	100	100	86	86	29	100	100	100	86	100	86	87.19

Graph 9: IT Strategy, Backup and Recovery

Through the power of the internet, municipalities have been able to change from the Public Switched Telephone Network (PSTN) to the Voice over Internet Protocol (VoIP) resulting in cuts in their respective telephone costs by fifty percent (50%) on average.

Through the Western Cape Government Broadband Project, all (except Witzenberg) Municipal administrative buildings have been linked to VoIP. In addition, there is around 1351 Wi-Fi hotspots across the entire province which continue to provide internet connectivity to citizens.

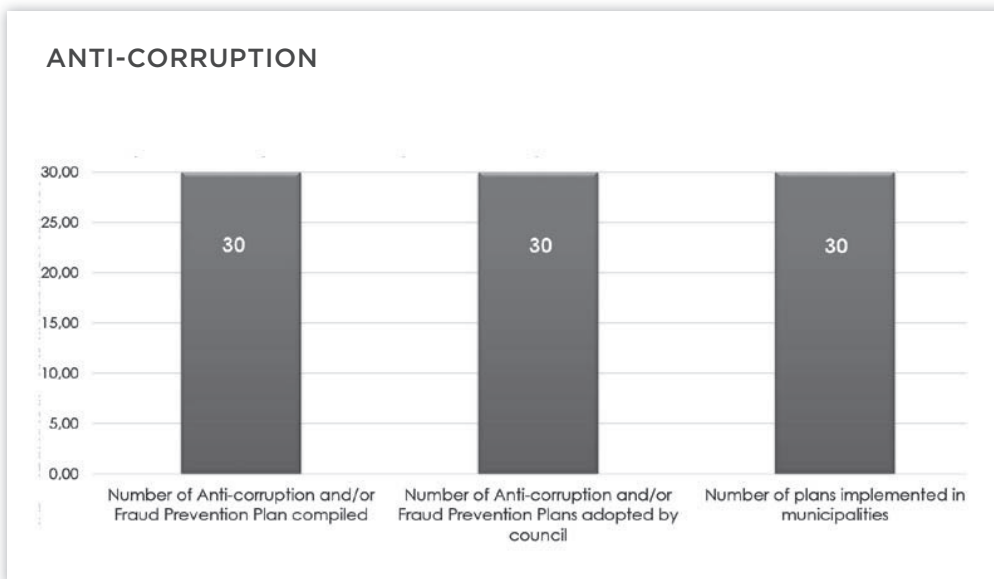
2.2 CORPORATE GOVERNANCE

2.2.1 Anti-Corruption and Fraud Prevention

Section 6(2)(c) of the Municipal Systems Act states that the municipality must take measures to prevent corruption while section 83(1)(c) of the same act refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption.

The MFMA further places certain reporting obligations on the Accounting Officer as a means of ensuring that fraud and corruption is combated. The MFMA requires of Accounting Officers to take steps to ensure the implementation of proper mechanisms and separation of duties in the supply chain management system to minimise the likelihood of fraud, corruption, favouritism and unfair irregular practices. Section 112(1)(m)(1) places emphasis on section 115(1) and states that the municipality must institute measures to combat fraud and corruption, favouritism, and unfair and irregular practices in municipal supply chain management. Section 83(1) of the MSA provides guidance as to how a municipality can ensure that competitive bidding is achieved when it decides to provide a municipal service through a service delivery agreement with a service provider.

“A municipality must take measures to prevent corruption plus implement effective bidding structures to minimize the possibility of fraud and corruption.”

Graph 10: Anti-corruption and Fraud prevention plans

Source: Municipal Annual Reports 2021/22

The graph above shows the status and implementation of Anti-corruption and Fraud Prevention Plans in municipalities. No new strategies were developed during 2021/22. All Municipalities in the Province have effectively adopted and implementing anti-corruption and fraud prevention plans.

2.2.2 Risk Management

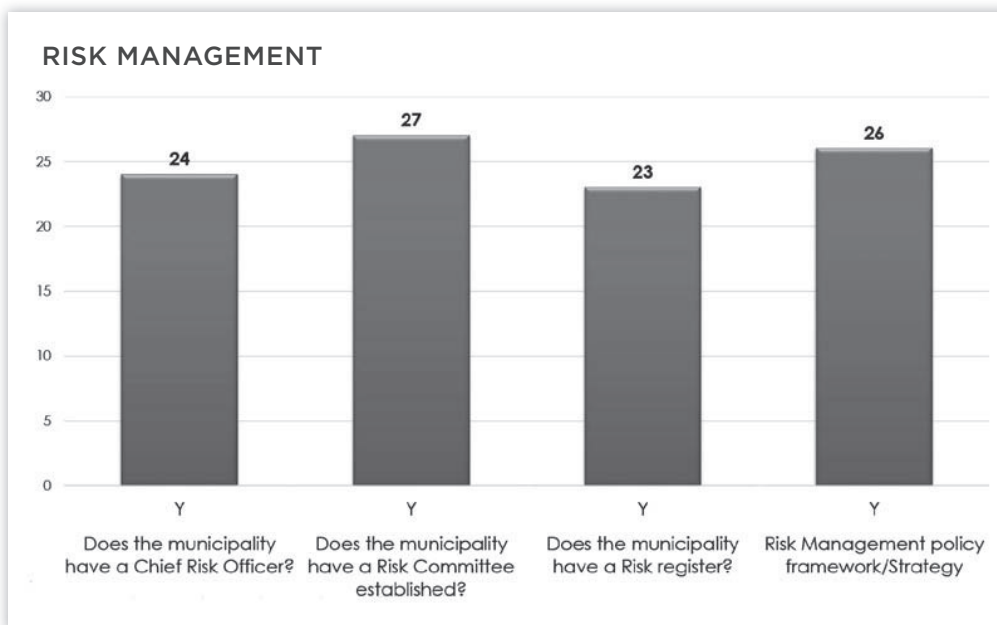
Section 62(1)(c) of the MFMA stipulates that the Accounting Officer is responsible for managing the financial affairs of the municipality and must ensure that the municipality has and maintains an effective, efficient and transparent system of financial and risk management and internal control.

Risk management is a systematic and formalised process through which risks are identified, assessed, managed and monitored in order to mitigate its negative effects on the municipality's service delivery capacity. Municipalities need to ensure that Risk Management Units are functional and that:

- Chief Risk Officer appointed;
- Risk Committee is established;
- Risk register in place; and
- Risk Management Policy / Strategy formulated.

The graph below, illustrates the number of municipalities fulfilling the risk management functions.

Graph 11: Risk Management



Source: Municipal Annual Reports 2021/22

During the year under review, 24 municipalities had appointed CRO's and 27 municipalities had reported to have Risk Management Committees established and functioning effectively. Due to capacity constraints in municipalities, some municipalities are using the Internal Audit Unit to fulfil the responsibilities of risk management.

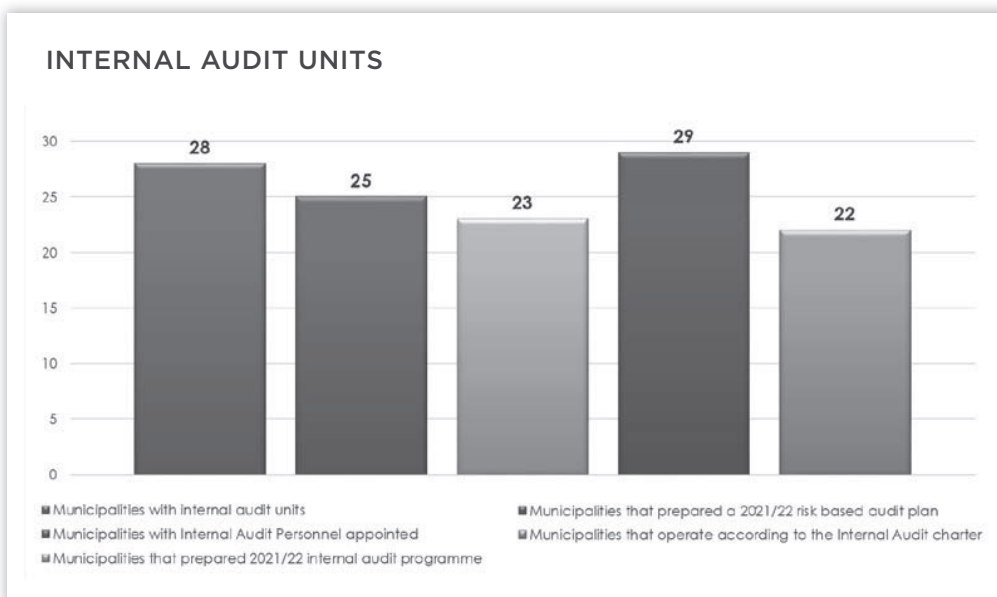
Only 23 municipalities have risk registers that are monitored and reported against on a quarterly basis. 26 municipalities have developed risk management policy frameworks/strategies which have been adopted by the Municipal Council.

2.2.3 Internal Audit Units and Audit Committees

According to Section 165 of the MFMA, an Internal Audit Unit is an independent function that administratively reports to the Municipal Manager and functionally reports to the Audit and Performance Audit Committee. Internal Audit Units in municipalities play an important role in strengthening the financial management control environment.

For effectiveness, Internal Audit Units in municipalities must be adequately staffed with appropriately qualified officials and must have a well-informed risk-based annual audit plan approved by the Audit Committee and supported by the Municipal Manager and the Municipal Council. In addition, they should be guided by an Internal Audit Charter that is supported by the Audit Committee, Municipal Manager and the Municipal Council.

“During the year under review, 24 municipalities had appointed CRO's and 27 municipalities had reported to have Risk Management Committees established and functioning effectively.”

Graph 12: Internal Audit Units

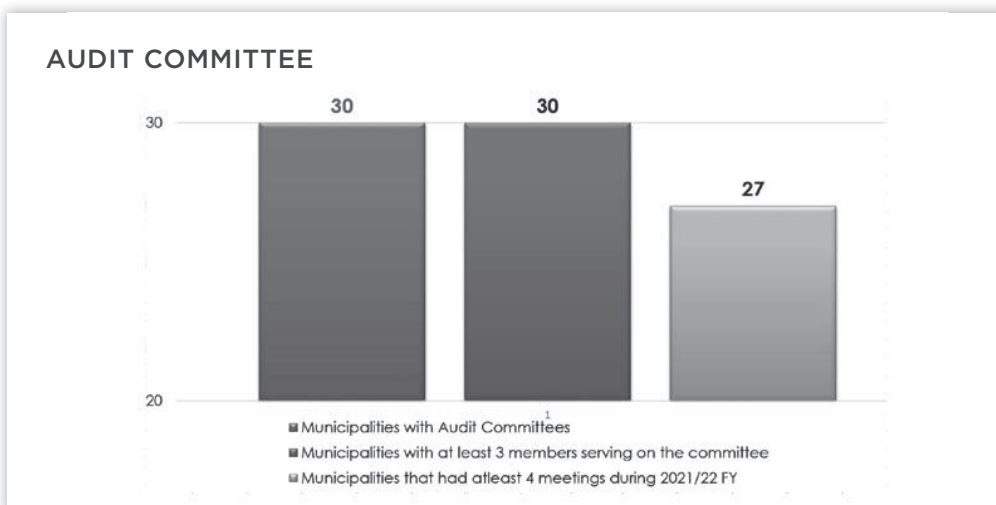
Source: Municipal Annual Report 2021/22

The graph above, shows that twenty-eight (28) municipalities were reported to have Internal Audit units in place. Twenty-five (25) municipalities appointed a dedicated person to drive the internal auditing function while others are assisted by a service provider.

It was also reported that twenty-three (23) municipalities have prepared their 2021/22 internal audit programme, while twenty-nine (29) municipalities have prepared their risk-based audit plans. Only twenty-two (22) municipalities were reported to operate their audits in accordance with their Internal Audit Charter.

In terms of the MFMA section 166, an Audit and Performance Audit Committee must be established as an independent committee that adopts its own formal terms of reference which is regularly updated and approved by Council. The Audit committee must consist of a minimum of three members who have adequate qualifications and experience and the ability to provide independent appraisal function. These members must mostly be non-municipal employees. The committee must at least meet four times a year, additional special meetings may be called as the need arise.

“An Audit and Performance Audit Committee must be established as an independent committee that adopts its own formal terms of reference which is regularly updated and approved by Council.”

Graph 13: *Audit Committee*

Source: *Municipal Annual Report 2021/22*

Audit committees with at least three (3) members have been established in all municipalities in the Western Cape Province and are functioning as required. In the current financial year, twenty-seven (27) municipalities have had at least four meetings during the 2021/22 financial year.

2.2.4 Council Oversight

Section 129(1) of the MFMA requires all municipalities to table and adopt an Oversight Report on their Annual Report. The Council of a municipality or are to annually consider the Annual Report by no later than two months from the date on which the Annual Report was tabled to Council in terms of Section 127(2).

The Oversight Report must be adopted and contain all comments made by council 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 has been adopted must be submitted by the Accounting Officer to the Auditor General, relevant Provincial Treasury and the Department of Local Government.

The table below provides a status of compliance of all municipalities in line with the above requirements:

“Audit committees with at least three (3) members have been established in all municipalities in the Western Cape Province and are functioning as required.”

Table 3: Annual Report Tabling and Oversight report

MUNICIPALITY	FINANCIAL YEAR	ANNUAL REPORT TABLING	OVERSIGHT REPORT ADOPTION	ANNUAL REPORT APPROVED WITHOUT RESERVATIONS	ANNUAL REPORT APPROVED WITH RESERVATIONS	ANNUAL REPORT REJECTED
City of Cape Town	2019/2020	31-Mar-21	27-May-21			
	2020/2021	27-Jan-22	31-Mar-22			
	2021/2022	26-Jan-23	29-Mar-23			
West Coast DM	2019/2020	25-Aug-21	26-Aug-21			
	2020/2021	25-Aug-21	20-Jan-22			
	2021/2022	24-Aug-22	18-Oct-22			
Matzikama	2019/2020	29-Jun-21	No info	No info	No info	No info
	2020/2021	25-Jan-22	29-Mar-22			
	2021/2022	31-Jan-23	23-Mar-23			
Cederberg	2019/2020	31-Mar-21	31-May-21			
	2020/2021	31-May-22	05-Apr-22			
	2021/2022	13-Mar-23	31-May-23			
Bergrivier	2019/2020	30-Mar-21	25-May-21			
	2020/2021	29-Mar-21	31-May-22			
	2021/2022	24-Jan-23	28-Mar-23			
Saldanha Bay	2019/2020	1-Apr-21	27-May-21			
	2020/2021	27-Jan-22	23-Mar-22			
	2021/2022	30-Jan-23	22-Mar-23			
Swartland	2019/2020	11-Mar-20	29-Apr-21			
	2020/2021	27-Jan-22	31-Mar-22			
	2021/2022	26-Jan-23	30-Mar-23			
Cape Winelands DM	2019/2020	25-Mar-21	27-May-21			
	2020/2021	27-Jan-22	24-Mar-22			
	2021/2022	26-Jan-23	23-Mar-23	No info		
Witzenberg	2019/2020	28-Apr-21	28-Apr-21			
	2020/2021	No info	No info	No info	No info	No info
	2021/2022	25-Jan-23	25-Jan-23			
Drakenstein	2019/2020	27-Mar-21	31-May-21			
	2020/2021	26-Jan-22	10-Mar-22			
	2021/2022	31-Jan-23	16-Mar-23			
Stellenbosch	2019/2020	31-Mar-21	26-May-21			
	2020/2021	28-Jan-22	23-Mar-22			
	2021/2022	31-Jan-23	3-Mar-23			
Breede Valley	2019/2020	30-Mar-21	28-Apr-21			
	2020/2021	1-Dec-21	7-Dec-21			
	2021/2022	25-Nov-22	15-Dec-22			
Langeberg	2019/2020	30-Mar-21	25-May-21			
	2020/2021	22-Feb-22	22-Feb-22			
	2021/2022	6-Dec-22	8-Feb-23			

MUNICIPALITY	FINANCIAL YEAR	ANNUAL REPORT TABLING	OVERSIGHT REPORT ADOPTION	ANNUAL REPORT APPROVED WITHOUT RESERVATIONS	ANNUAL REPORT APPROVED WITH RESERVATIONS	ANNUAL REPORT REJECTED
Overberg District	2019/2020	29-Mar-21	24-May-21			
	2020/2021	31-Jan-22	28-Mar-22			
	2021/2022	30-Jan-23	27-Mar-23			
Theewaterskloof	2019/2020	30-Mar-21	31-May-21			
	2020/2021	25-Jan-22	30-Mar-22			
	2021/2022	25-Jan-23	23-Mar-23			
Overstrand	2019/2020	31-Mar-21	26-May-21			
	2020/2021	26-Jan-22	30-Mar-22			
	2021/2022	31-Jan-23	29-Mar-23			
Cape Agulhas	2019/2020	30-Mar-21	24-May-21			
	2020/2021	14-Dec-21	17-Mar-22			
	2021/2022	31-Jan-23	24-Mar-23			
Swellendam	2019/2020	31-Mar-21	10-May-21			
	2020/2021	31-Jan-22	23-Mar-22			
	2021/2022	24-Jan-23	24-Mar-23			
Garden Route District	2019/2020	30-Oct-20	29-Mar-21			
	2020/2021	28-Sep-21	10-Dec-21			
	2021/2022	24-Aug-22	14-Dec-22			
Kannaland	2019/2020	No info	No info			
	2020/2021	28-Feb-22	No info	No info	No info	No info
	2021/2022	31-Jan-23	No info			
Hessequa	2019/2020	31-Mar-21	24-May-21			
	2020/2021	7-Feb-22	22-Mar-22			
	2021/2022	25-Jan-23	13-Mar-23			
Mossel Bay	2019/2020	30-Mar-21	27-May-21			
	2020/2021	25-Jan-22	31-Mar-22			
	2021/2022	3-Feb-23	27-Mar-23			
George	2019/2020	31-Mar-21	6-May-21			
	2020/2021	31-Jan-22	28-Mar-22			
	2021/2022	31-Jan-23	30-Mar-23			
Oudtshoorn	2019/2020	30 Mar-21	7-Jun-21			
	2020/2021	31-Jan-22	18-Mar-22			
	2021/2022	31-Jan-23	29-Mar-23			
Bitou	2019/2020	No info	No info			
	2020/2021	31-Mar-22	31-Mar-22			
	2021/2022	31-Jan-23	31-Mar-23	No info		
Knysna	2019/2020	29-Apr-21	31-May-21			
	2020/2021	28-Feb-22	28-Apr-22			
	2021/2022	31-Jan-23	23-Mar-23			

MUNICIPALITY	FINANCIAL YEAR	ANNUAL REPORT TABLING	OVERSIGHT REPORT ADOPTION	ANNUAL REPORT APPROVED WITHOUT RESERVATIONS	ANNUAL REPORT APPROVED WITH RESERVATIONS	ANNUAL REPORT REJECTED
Central Karoo District	2019/2020	No info	No info			
	2020/2021	28-Jan-22	No info	No info	No info	No info
	2021/2022	25-Jan-23	16-Mar-23	No info	No info	No info
Laingsburg	2019/2020	31-Mar-21	5-May-21			
	2020/2021	24-Jan-22	25-Mar-22			
	2021/2022	31-Jan-23	29-Mar-23			
Prince Albert	2019/2020	No info	No info			
	2020/2021	28-Jan-22	29-Mar-22			
	2021/2022	28-Jan-23	31-Mar-23	No info	No info	No info
Beaufort West	2019/2020	31-Mar-21	31-May-21			
	2020/2021	30-Jan-22	28-Mar-22			
		31-Jan-23	No info	No info	No info	

Source: Municipal Annual Reports 2021/22

“Municipal Annual Reports of 25 municipalities were approved without reservations. None of the Annual reports were rejected by Council.”

As indicated, all Annual reports and Oversight reports of the municipalities were adopted in accordance with Section 129(1) of the MFMA except six (6) municipalities whose information could not be obtained at the time of drafting the report. Municipal annual reports of 25 municipalities were approved without reservations. West Coast, Cederberg, and Laingsburg municipalities are the only three (3) municipalities whose Annual report were approved with reservations. None of the Annual reports were rejected by Council.



CHAPTER 3: SERVICE DELIVERY

3.1 SERVICE DELIVERY PERFORMANCE

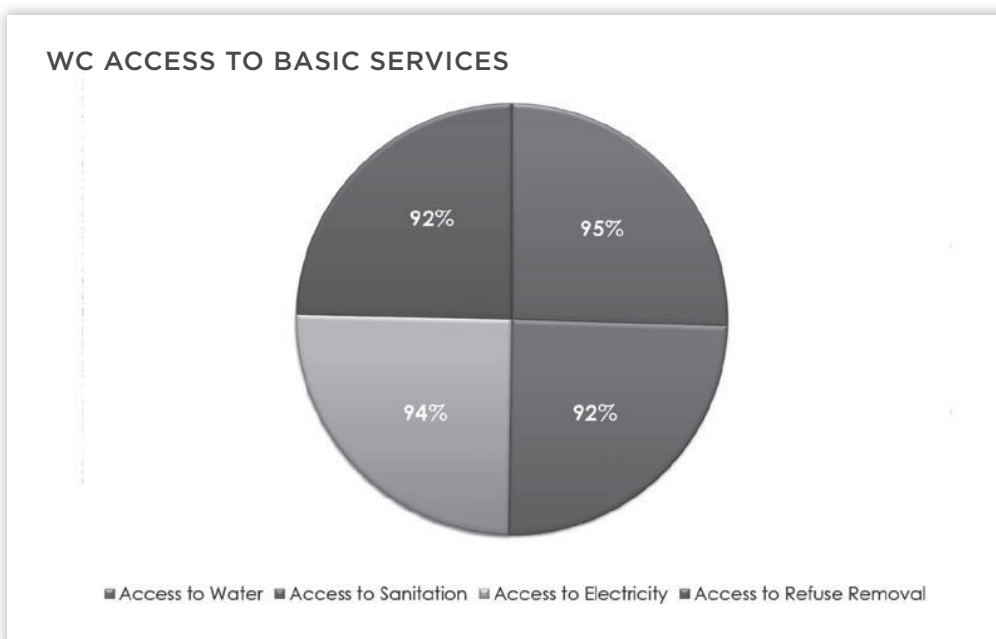
According to the South African Constitution, municipalities are tasked with ensuring that all inhabitants have access to the necessities of life, including basic services. The quality of life for people is directly and immediately impacted by these services. The basket of services needed for a dignified living must include access to drinkable water, sanitation, garbage collection, and energy.

Municipalities must strike a delicate balance between providing and improving current services, maintaining existing infrastructure, and extending this infrastructure in order to eliminate the historical backlog in the provision of basic infrastructure for service delivery.

The relatively high levels of in-migration continue to drive up the demand for public services, especially access to basic and free basic services. This is further exacerbated by the rapid population growth.

The graph below depicts the overall level of basic services provided by municipalities to households in the Western Cape:

Graph 14: WC Access to Basic Services



Source: Municipal Annual Reports 2021/2022

“Municipalities are tasked with ensuring that all inhabitants have access to the necessities of life, including basic services. The quality of life for people is directly and immediately impacted by these services.”

3.1.1 Provision of Basic Services

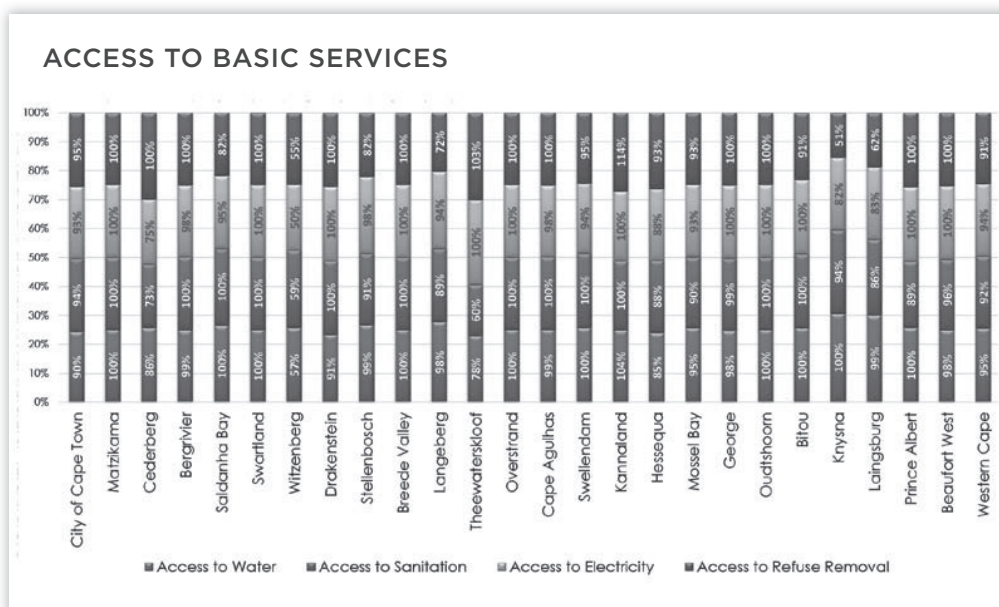
“A primary responsibility of local government is to provide basic services, which directly helps disadvantaged households break the cycle of poverty.”

A primary responsibility of local government is to provide basic services, which directly helps disadvantaged households break the cycle of poverty. A healthy and safe environment depends on essential utilities including water, power, wastewater treatment, and rubbish removal.

It is more difficult to supply enough basic services as a result of immigration, urbanization, an increase in land invasions, vandalism of infrastructure, and illegal electrical connections.

The tables below depict the provision of basic services in municipalities in the Western Cape.

Graph 15: Access to Basic Services



Source: Municipal Annual Reports 2021/2022

The Province has exceptionally high levels of basic services, as seen in the table above, with several municipalities reporting 100% availability of water, sanitation, power, and refuse removal.

According to Bitou Municipality, their level of waste services was impacted by a waste compactor vehicle that had broken down. They are however investigating possibilities to increase the budget for repair or replacement of equipment, to address this challenge.

Theewaterskloof Municipality sighted limited access to water at only 78%. In March/ April 2022 Grabouw experienced a water crisis. This crisis led to the department identifying issues related to water purification and reticulation. The main pumps at the Water Treatment Works are being upgraded by Technical Services. In addition, their Community Services installed a new lime feeder and telemetry instruments were repaired and upgraded. They have also cleaned 8 reservoirs that supply drinking water.

According to the City of Cape Town there is an increasing number of sewer spillages due to underinvestment in refurbishment of pump stations and pipe replacement, vandalism, and disposal of foreign objects into manholes. Three wastewater treatment plants have reached capacity due to rapid development, with significant investment in these areas planned for the next five years.

Cederberg Municipality indicated that there is currently no infrastructure to purify drinking water to pass as acceptable standards of water as per SANS 241. There is also the issue of unwillingness of farmers at Lamberts Bay to allow the Municipality to develop additional boreholes on their land.

According to Witzenberg Municipality the reason for their low percentage in access to water is due to vandalism at various water reservoirs, various sewer pump stations and WWTW's and infrastructure which is a great concern especially during load shedding.

3.1.2 Provision of Free Basic Services

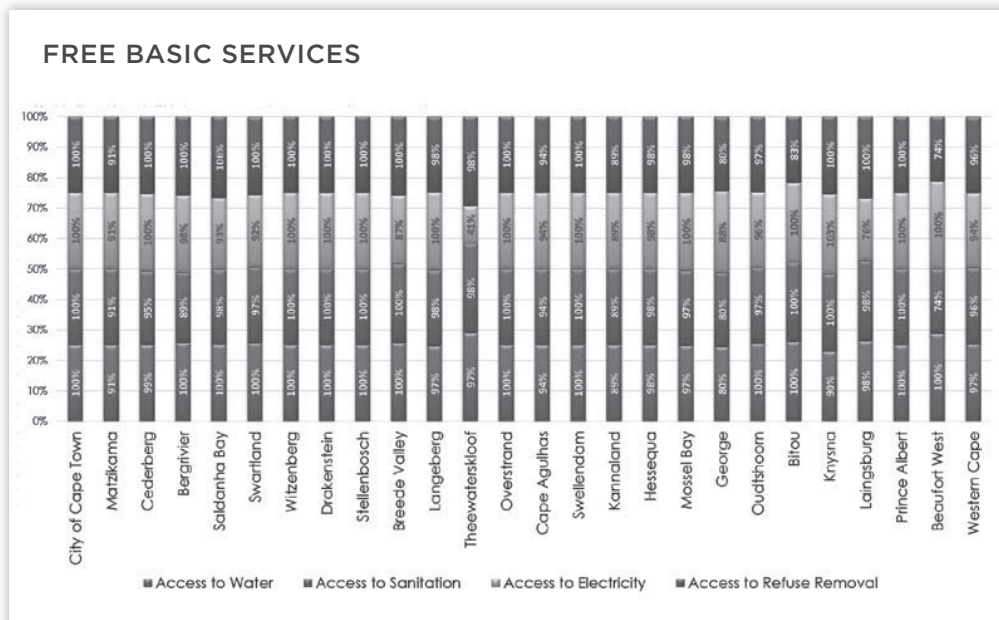
In an attempt by National Government to address the plight of the poor and ensure that all citizens have access to basic services, the Free Basic Services Programme was created. The National Indigent policy was adopted in 2005, after government announced its intention to provide free access to basic services in the fight against poverty. It required municipalities to adopt indigent policies and draw up registers of indigent households that are within their jurisdiction. The policy provided for a social package which provides indigent households with free basic services, which includes 6kl of water, 50kWh of electricity, free sanitation and weekly refuse removal.

Western Cape municipalities have continued to provide the nationally mandated free basic services to registered indigent households within their areas. Over and above the national standards stipulated in the national indigent policy, some municipalities have put procedures in place in their policies that allow their residents to receive more than what is required in terms of the national policy.



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

Graph 16: Free Basic Services



Source: Municipal Annual Reports 2021/2022

“Western Cape municipalities have continued to provide the nationally mandated free basic services to registered indigent households within their areas.”

According to George Municipality they experienced flooding events in November 2021 to December 2021 which had an extreme impact on the bulk water infrastructure. This created challenges for the Municipality and resulted in more manpower and overtime expenditure. The rapid expansion of George results in higher water demand.

Theewaterskloof Municipality is providing 70kwh electricity to indigent households and have broaden the scope of indigent support to include deemed indigent category. The Municipality provides free basic electricity to all registered indigent households excluding households in Eskom areas.

3.1.3 Municipal Infrastructure Grant

The Municipal Infrastructure Grant (MIG) is a national grant that enables municipalities to carry out capital projects and to lengthen the lifespan of assets. It is one of the major reforms implemented by the South African Government to improve service delivery in a coordinated manner. The key principles guiding the design of the MIG are outlined below:

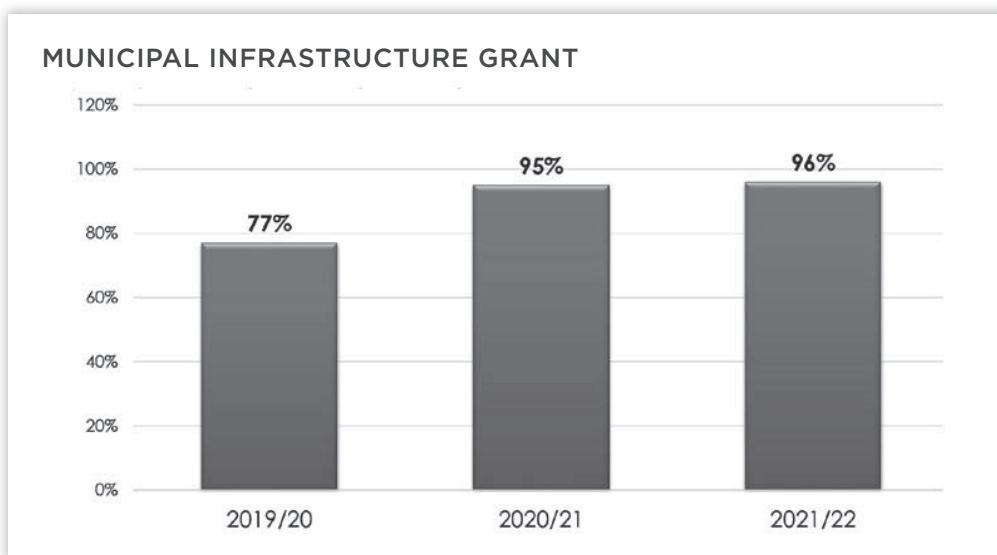
- Focus on the infrastructure necessary for a basic level of service: The MIG programme aims to provide only basic infrastructure;
- Target the poor: The program aims to provide services to the poor, so funds will be directed to reach them;
- Maximize economic benefits: The programme will be managed to ensure that the local economic spin-offs from providing infrastructure are maximized, including employment creation and the development of local businesses;
- Equity in the distribution and use of money: In order to make consistent progress

- toward closing the infrastructure gap, the method for funding distribution must ensure that the poor have fair access to such funds;
- e. Decentralization of spending authority within the bounds of national standards;
 - f. It is better to make decisions on the prioritization of local infrastructure expenditure at the municipal level, subject to the following conditions:
 - i. the operating finance and management arrangements must be in place;
 - ii. unexpected repercussions should be kept to a minimum; the grant must encourage sound management practices rather than the opposite;
 - iii. there must be some degree of national and provincial influence over capital spending, articulated through clear norms, standards, and spending requirements;
 - g. Effective use of resources: Resources must be put to the best use feasible to increase access to essential services at the lowest possible cost. The following is implied by this:
 - i. Incentives and conditions must ensure that grant funds are mixed with other funds to prevent leakage to non-eligible households and service levels;
 - ii. The mechanism for allocating funds must be straightforward and simple enough to monitor; and
 - iii. The results of municipal spending must be simple to evaluate.
 - h. Predictability and transparency: According to the medium-term budgeting approach, funds should be distributed to individual municipalities on a three-year basis. Year-to-year modifications should be limited to those based exclusively on clearly specified criteria.

"The Municipal Infrastructure Grant (MIG) is a national grant that enables municipalities to carry out capital projects and to lengthen the lifespan of assets."

The table below depicts the MIG performance in the Western Cape for the last three years.

Graph 17: *Municipal Infrastructure Grant*



Source: *Western Cape MIG Expenditure Report as of June 2022*

The original MIG allocation for the Western Cape was promulgated in the 2021/22 DoRA at an amount of R 454 428 000. The cumulative year-to-date overall provincial expenditure performance achieved is 95.84% as at end June 2022.

3.1.4 Provision of Human Settlements (Housing)

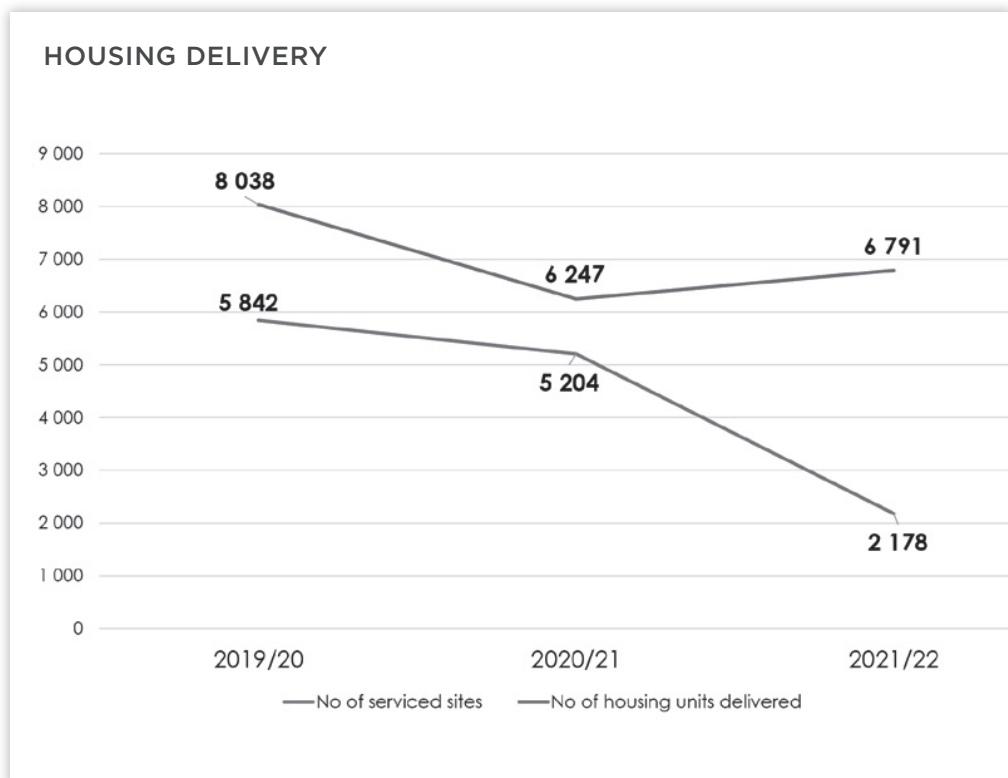
Housing is a concurrent national and provincial competency under Part A of Schedule 4 of the Constitution. The Housing Act of 1997 (Act 107 of 1997) outlines the duties of municipalities with regard to housing provision. Housing is directly related to the supply of essential services, making it a complicated task that requires close coordination between municipalities and the Provincial and National Departments in charge of housing.

The Western Cape Province has maintained the encouraging trend of spending more than 100% of its Human Settlement Development Grant allocation. The Department of Human Settlements was able to fulfill its goal by giving Western Cape inhabitants housing opportunities by implementing various initiatives.

In its quest execute the mandate as provided in Section 26 of the Constitution, the Western Cape Department of Human Settlements delivered a total of 11 495 housing opportunities in line with the MTSF 2019-2024 aspirations.

Graphs 16 illustrate the delivery of housing and serviced sites while Graph 17 illustrate the related grant expenditure against the Division of Revenue Act for the past three financial years.

Graph 18: Housing Delivery



Source: Department of Human Settlements Annual Report 2021/2022.

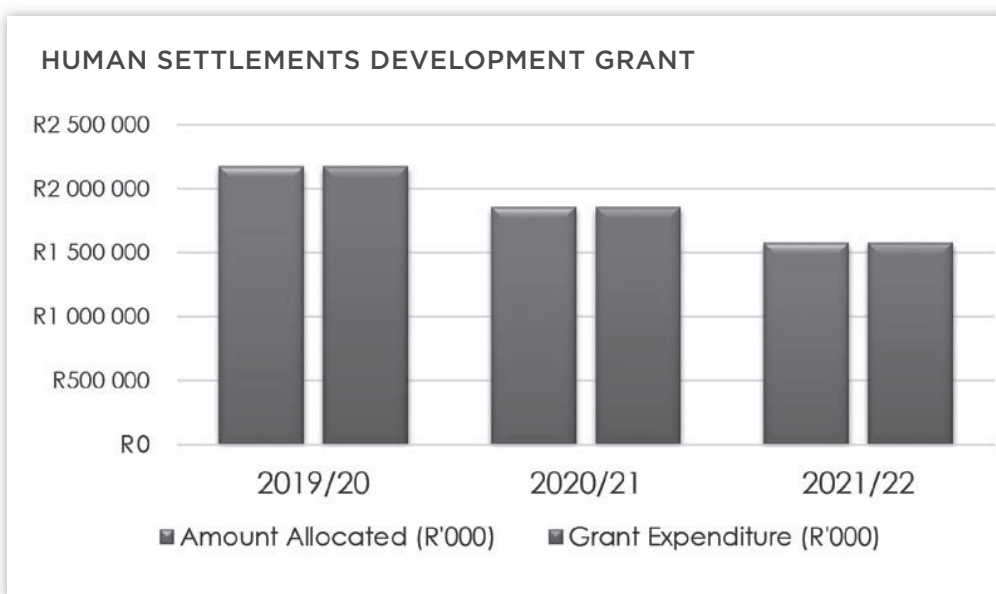
“Housing is directly related to the supply of essential services, making it a complicated task that requires close coordination between municipalities and the Provincial and National Departments in charge of housing.”

The Department of Human Settlements delivered 2 178 service sites against a target of 6 324. The Department further transferred 6 791 title deeds against a target of 8 110.

The challenges encountered during the year under review contributed to the non-achievement of targets on sites and units. The Department is consciously making efforts to ramp up the transfers of post-2014 title deeds by centralizing the function with a view to dedicate resources for better execution and attainment of the target.

Further challenges include, community disruptions and lack of co-operation, contractor cashflow problems and work stoppages due to intimidation by construction cartels.

Graph 19: Human Settlement Grant Expenditure



Source: Department of Human Settlements Annual Report 2021/2022

The table above, depicts the changes in expenditure year-on-year with a significant drop in the allocation for the 2021/22 financial year. Despite the worthwhile investment, human settlement development performance suffered greatly because construction activities which were severely affected by various factors such as poor contractor performance, delays with Supply Chain Management (SCM) and work stoppages due to intimidation by construction cartels.

3.2 DISASTER MANAGEMENT

The mission of the Western Cape Provincial Disaster Management Centre is to co-ordinate effective disaster management preparedness, intergovernmental fora and recovery, to co-ordinate the reduction of potential risks posed by hazards and to improve the Fire and Rescue Services capability. The purpose is to manage disaster management at provincial and local level to ensure the establishment of effective and efficient disaster management mechanisms.

The Western Cape Provincial Disaster Management Centre has a Western Cape Disaster Management Framework, which outlines the implementation of the Act and the National Disaster Management Framework of 2005. The Western Cape, Disaster Management Centre, embarked on the fourth phase of reviewing and updating the Western Cape Disaster Management Framework, considering the amendments to the Disaster Management Act 16 of 2015.

“The mission of the Western Cape Provincial Disaster Management Centre is to co-ordinate effective disaster management preparedness, intergovernmental fora and recovery, to co-ordinate the reduction of potential risks posed by hazards and to improve the Fire and Rescue Services capability.”

The focus of the Disaster Management Centre is to provide financial and technical support to district and local municipalities in the Province to undertake disaster risk assessments. To date, all district municipalities and local municipalities have developed Disaster Risk Assessments.

The WC: PDMC supported the metro and district municipalities’ stakeholder engagements intending to render support and foster partnerships. All District Municipalities in the Western Cape, namely, Cape Winelands, Garden Route, Overberg, West Coast and Central Karoo District Municipalities, as well as the City of Cape Town, have established Disaster Management Advisory Forums and committees to drive the implementation of disaster management within their respective jurisdictional areas. The WC: PDMC attends advisory forums and supports the various platforms with the requested interventions. During the 2021/22 reporting period, COVID-19 was still high on everyone’s radar.

The Western Cape has moderate GIS-related human resources across the province, specifically within the Department of Local Government.

Disaster Risk Reduction ensures that disaster management stakeholders develop and implement plans and risk reduction programmes to be included in the Municipal Integrated Development Plan. Disaster Risk Reduction is premised on the theory that resources invested today can prevent human and financial losses that outweigh the initial investment many times over.

CHAPTER 4: FINANCIAL MANAGEMENT

4.1 FINANCIAL PERFORMANCE

The financial performance shows how well financial resources are managed and financial goals achieved. The analysis of financial performance often involves the comparison of financial ratios, trends over time, and benchmarking against similar municipalities. This enables stakeholders to make informed decisions and take the necessary actions to improve financial governance.

4.1.1 Performance against budget

Budget performance evaluates how well the Municipality adheres to its planned budget and how effectively it is managing its financial resources throughout a specific period.

Analysing budget performance helps municipalities to understand their financial health, make informed decisions, and improve budget practices for the future. It's a crucial part of financial management and accountability.



Table 4 below summarises the operating revenue and expenditure per Municipality through efficiency ratios and identifies municipalities with surplus/deficit budgets. It further illustrates the differences in scale of the various municipal budgets in the Province.

Table 4: Operating Revenue and Expenditure

MUNICIPAL FINANCIAL PERFORMANCE						
MUNICIPALITY	2020/21			2021/22		
	OPERATING REVENUE	OPERATING EXPENDITURE	EFFICIENCY RATIO 2020/21	OPERATING REVENUE	OPERATING EXPENDITURE	EFFICIENCY RATIO 2021/22
City of Cape Town	42,527,468	41,604,697	2%	48,765,723	45,862,538	6%
Matzikama	405,560	389,378	4%	441,422	451,763	-2%
Cederberg	303,880	326,605	-7%	345,502	384,866	-11%
Bergrivier	386,696	419,175	-8%	425,195	417,021	2%
Saldanha Bay	1,195,153	1,109,695	7%	1,288,463	1,232,468	4%
Swartland	922,707	782,393	15%	994,607	912,254	8%
West Coast DM	413,689	400,287	3%	482,893	480,073	1%
Witzenberg	624,221	643,873	-3%	767,281	695,921	9%
Drakenstein	2,608,797	2,660,568	-2%	2,649,870	2,624,204	1%
Stellenbosch	1,832,501	1,832,501	0%	2,042,353	1,925,898	6%
Breede Valley	1,124,231	1,073,724	4%	1,188,006	1,135,989	4%
Langeberg	812,043	777,702	4%	963,356	859,085	11%
Cape Winelands DM	407,811	357,063	12%	390,528	363,563	7%
Theewaterskloof	562,312	550,524	2%	548,525	519,020	5%
Overstrand	1,292,896	1,220,441	6%	1,516,190	1,495,800	1%
Cape Agulhas	326,264	294,437	10%	421,218	388,923	8%
Swellendam	299,743	271,603	9%	327,193	324,716	1%
Overberg DM	251,663	240,871	4%	267,817	244,441	9%
Kannaland	144,003	147,220	-2%	197,488	211,494	-7%
Hessequa	549,863	496,535	10%	619,590	559,710	10%
Mossel Bay	1,215,444	992,674	18%	1,405,249	1,567,263	-12%
George	1,980,635	1,910,189	4%	2,407,173	2,382,746	1%
Oudtshoorn	577,585	613,744	-6%	656,046	676,202	-3%
Bitou	773,476	767,133	1%	854,536	806,588	6%
Knysna	849,224	919,584	-8%	968,084	1,025,937	-6%
Garden Route DM	387,191	408,510	-6%	395,802	409,349	-3%
Laingsburg	86,865	92,327	-6%	80,953	101,289	-25%
Prince Albert	78,575	72,203	8%	81,392	80,434	1%
Beaufort West	293,109	239,547	18%	302,860	328,767	-9%
Central Karoo DM	114,053	68,814	40%	103,190	99,644	3%

Source: Municipal Annual Reports 2021/22

“According to Provincial Treasury, Western Cape municipalities’ operating revenue amounted on aggregate to R70.66 billion or 96 per cent of their total aggregated adjusted revenue budget of R73.59 billion.”

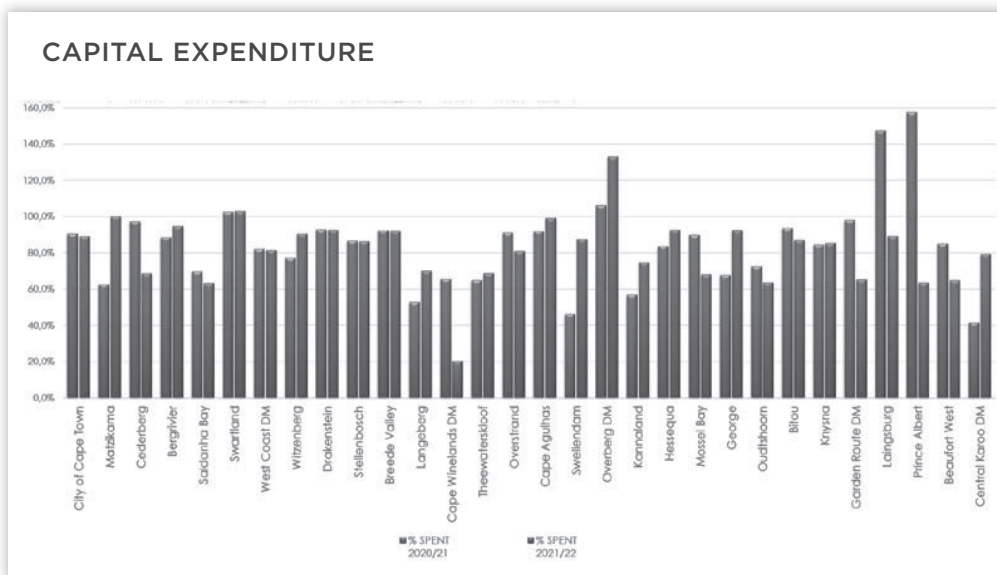
The table above depicts the percentage operating revenue vs expenditure surplus. It is also a reflection of how effective municipalities resources are managed as the efficiency ratio indicates the municipalities expenses as a percentage of their revenue. As indicated in the graph, the Matzikama, Cederberg-, Kannaland-, Mosselbay-, Oudtshoorn-, Knysna-, Garden Route District-, Laingsburg- and Beaufort West Municipality had reported operating deficits for the period ended June 2022.

According to Provincial Treasury, Western Cape municipalities' operating revenue amounted on aggregate to R70.66 billion or 96 per cent of their total aggregated adjusted revenue budget of R73.59 billion. This represents a year-on-year decrease in terms of percentage performance from 97.7 per cent in June 2021 and 97.1 per cent in June 2020. 3. Aggregated operating expenditure amounted to R66.42 billion or 88.4 per cent against the total aggregated adjusted budget of R75.16 billion. This represents a year-on-year nominal increase when compared to the R60.28 billion reported in June 2021 and R56.56 billion in June 2020. However, slightly regressed in terms of percentage performance when compared to the 90.7 per cent reported in June 2021 and the 89.6 per cent reported in June 2020. (Provincial Treasury Consolidated Municipal Budgets Performance Report for the period ending: 30 June 2022).

4.1.2 Capital Expenditure

The table below depicts the percentage of capital budget spent by municipalities over the last two(2) years.

Graph 20: Capital Expenditure



Source: Municipal Annual Reports 2019/20, 2020/21 and 2021/22

The aggregated capital expenditure as at 30 June 2022 amounted to R7.36 billion or 76.8 per cent against the aggregated adjusted capital budget of R9.58 billion. (Provincial Treasury Consolidated Municipal Budgets Performance Report for the period ending: 30 June 2022).

"The aggregated capital expenditure as at 30 June 2022 amounted to R7.36 billion or 76.8 per cent against the aggregated adjusted capital budget of R9.58 billion."

As indicated in the table above, twelve (12) municipalities have under spent by more than 20% of its adjusted capital budgets at the end of the 2021/22 financial year. Notwithstanding this, there has been an overall improvement in capital expenditure across municipalities year-on-year from 2020/21 to 2021/22.

4.1.3 Debtors

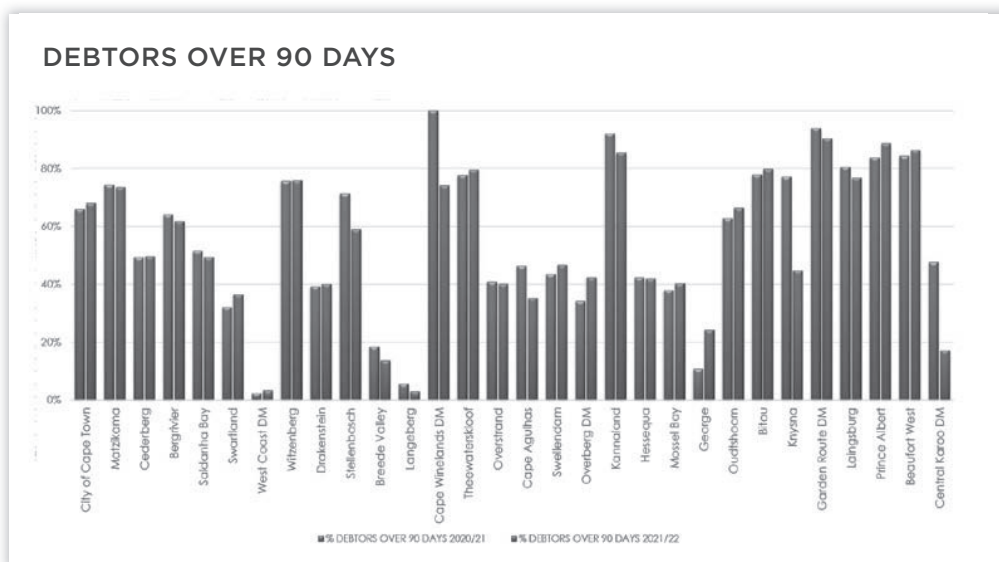
The MFMA requires of municipalities to develop and implement effective revenue collection systems that are consistent with their credit control and debt collection policy as well as the requirements set out in section 95 of the Municipal Systems act that aims to ensure adequate customer care and management.

Section 96 of the Municipal Systems Act further requires of municipalities to collect all money due and payable to them subject to the act and other applicable legislation.

According to the Provincial Treasury, municipalities reported total consumer debtors of R12.66 billion in June 2022, an increase of 7.4 per cent when compared to the balance reported in June 2021. Debtors older than 90 days were reported at R8.65 billion or 68.3 per cent of the total debt, reflecting a Year-on-Year (YOY) increase of 7.7 per cent from R8.03 billion in June 2021. Five (5) municipalities reported collection rates below 90 per cent and could face cash flow challenges. (Provincial Treasury Consolidated Municipal Budgets Performance)

Graph 20 below provides a picture of the amount of debt owed to municipalities older than 90 days in comparison with the total amount of debt due.

Graph 21: Debtors over 90 days



Source: Provincial Treasury Consolidated Municipal Budgets Performance Report for the period ending: 30 June 2022 and Municipal Annual Reports 2019/20, 2020/21 and 2021/22

According to Provincial Treasury, the City of Cape Town reported debtors outstanding for longer than 90 days amounting to R5.58 billion or 68 per cent of the total debtors of

R8.21 billion. The City wrote off R4 billion in historical debt for the 2021/22 financial year.

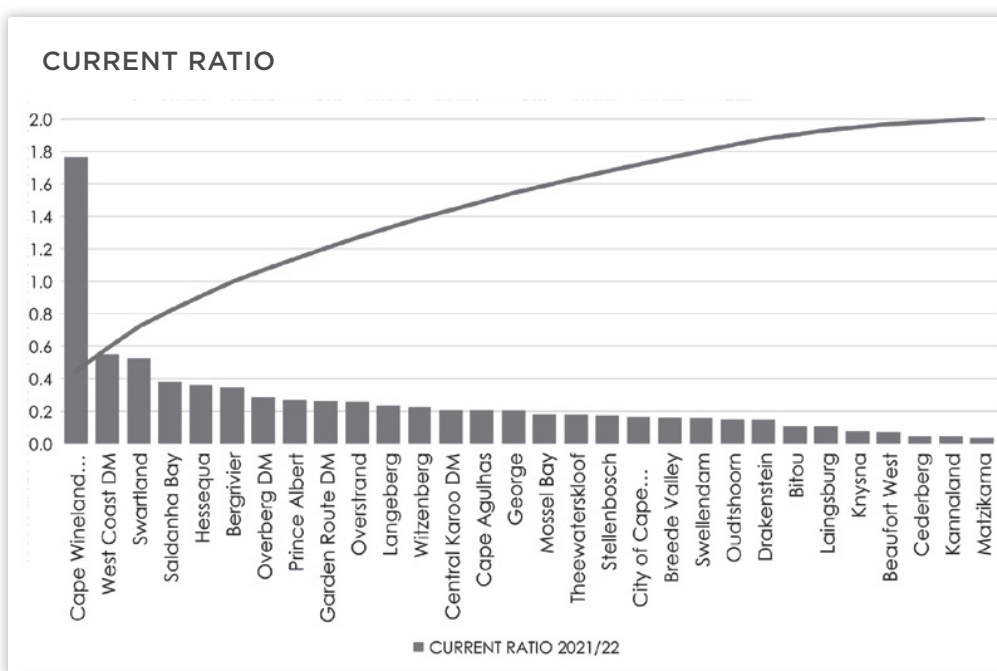
As indicated in the graph above, most municipalities have high levels of debtors older than 90 days which is evident of a culture of non-payment by debtors. Municipalities must continue to implement their credit control and debt collection policies and by-laws and ensure they closely manage their cash flows to ensure financial sustainability.

4.1.4 Assets

Current assets refer to those resources that a Municipality expects to use or convert into cash while current liabilities refer to obligations of the Municipality expected to be settled within the financial year.

The current ratio is a financial metric used to assess the Municipality's short-term liquidity and ability to cover its short-term liabilities with its current assets. It is a key indicator of a municipality's financial health in the short term. A ratio above one (1) shows that a Municipality should be able to comfortably meet its short-term obligations. Conversely, a current ratio below one (1) suggest that a Municipality may have difficulty covering its short-term liabilities indicative of financial risk.

Graph 22: Current Ratio



Source: Municipal Annual Reports and Audited Annual Financial Statements 2019/20, 2020/21 and 2021/22

According to the Audited Annual Financial Statements for the financial year 2021/22, fifteen (15) municipalities reported current ratios below the NT norm of

1.5-2:1. The Knysna, Beaufort West, Cederberg, Kannaland and Matzikama municipalities achieved a current ratio below 1, suggesting financial risk.

"Current assets refer to those resources that a Municipality expects to use or convert into cash while current liabilities refer to obligations of the Municipality expected to be settled within the financial year."

4.2 AUDITOR GENERAL REPORT

When a Municipality receives a clean audit opinion, it means that its financial statements are free from material misstatements and that it has been presented fairly in accordance with applicable accounting standards. This implies that their financial records are accurate, complete and reliable. A clean audit opinion also means that the Municipality complied with legislation that applies to it and, where transgressions did occur, they were rare or not material.

These accountability reports enable municipal stakeholders such as council, communities, community organisations, national and provincial government and any other party with an interest in the Municipality, to establish how the Municipality is doing and take necessary actions or precautions.

A clean audit is, however, not always an indicator of good service delivery and does not always correlate directly to the lived experience of all the communities in a municipal area. Good governance and clean audits do however provide a solid foundation for service delivery and ensuring the delivery of quality services (Auditor General Report, 2021).

Audit outcomes are based on the audits performed by the Auditor General on the quality of financial statements and performance reports as well as on compliance with key legislation. These outcomes fall into the following categories:

A financially unqualified opinion with no findings (clean audit) means the municipality produced quality financial statements free of material misstatements (in other words, errors or omissions that are so significant that they affect the credibility and reliability of the financial statements) and produced quality performance reports that measure and report on performance in a manner that is useful and reliable and complied with key legislation.

A financially unqualified opinion with findings means the municipality was able to produce quality financial statements but struggled to produce quality performance reports and/or to comply with all key legislation.

A financially qualified opinion with findings means the municipality's financial statements contained material misstatements that were not corrected before the financial statements were published. The municipality also had challenges with the quality of the performance report and/or compliance with key legislation.

The financial statements of a municipality with an adverse opinion with findings included so many material misstatements that AG disagreed with virtually all the amounts and disclosures in the financial statements.

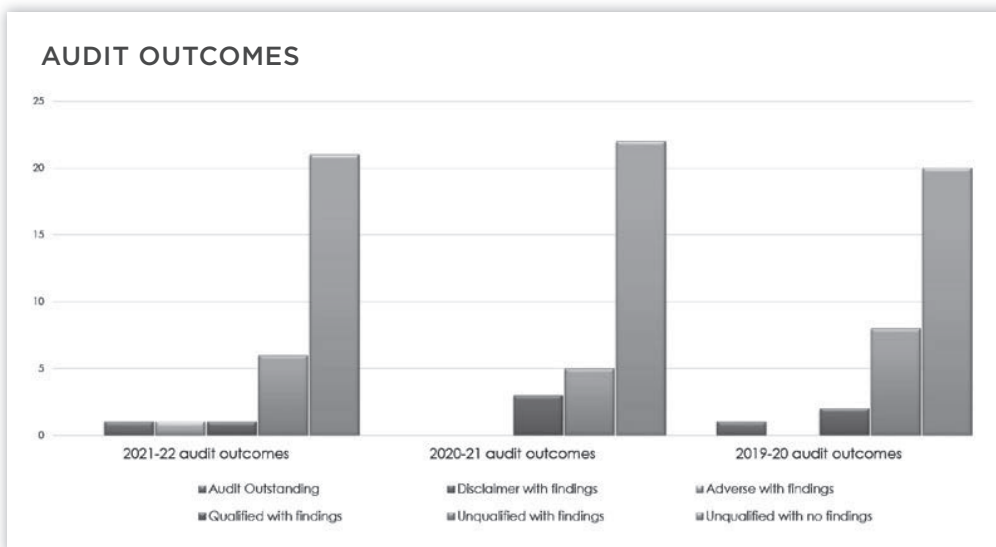
A municipality with a disclaimed opinion with findings could not provide AG with evidence for most of the amounts and disclosures in the financial statements. AG were unable to conclude or express an opinion on the credibility of the financial statements.

Municipalities with adverse and disclaimed opinions are typically also unable to provide enough supporting documentation for the achievements they report in their performance reports and do not comply with key legislation.

“When a Municipality receives a clean audit opinion, it means that its financial statements are free from material misstatements and that it has been presented fairly in accordance with applicable accounting standards. This implies that their financial records are accurate, complete and reliable.”

The graph below reflects the status of audit outcomes of municipalities in the Western Cape:

Graph 23: WC Audit Outcomes for the Period 2018 – 2021



Source: Auditor General MFMA Audit Report 2022

According to the Auditor General report, municipal managers and their senior management maintained good controls through well-capacitated and competent staff. This positive impact manifested itself in 21 municipalities obtaining a clean audit opinion. These municipalities account for 94% of the province's R84,50 billion expenditure budget. Nineteen of these 21 municipalities sustained their clean audit opinion from last year, with the Cape Winelands and Overberg districts being the only regions in which all municipalities sustained their clean audit outcomes.

The Auditor General further commended Prince Albert Municipality and City of Cape Town for improving to a clean audit opinion. In the case of Prince Albert, this improved outcome was due to the newly appointed chief financial officer improving the implementation and monitoring of sound internal controls. City of Cape Town Metro prevented material non-compliance with contract management legislation from recurring by implementing a proactive system of accountability with a zero-tolerance culture towards noncompliance.

For the 2021/22 financial year, all municipalities submitted their financial statements by the legislated date, including Kannaland and Laingsburg local municipalities that had a history of not submitting on time.

The Auditor General Report indicated that the improvement in audit outcomes over the last few years did not continue in 2021-22, as material compliance findings were reported at nine municipalities (30%), up from eight municipalities (27%) last year, mainly because leadership did not effectively monitor compliance with legislation. As a result, three municipalities (10%) lost their clean audit status. Most of the AG findings were in the areas of non-compliance with supply chain management legislation and the failure to prevent unauthorised, irregular, and fruitless and wasteful expenditure. Leadership in

"According to the Auditor General report, municipal managers and their senior management maintained good controls through well-capacitated and competent staff. This positive impact manifested itself in 21 municipalities obtaining a clean audit opinion."

these municipalities should strengthen its oversight and monitoring of compliance with legislation to prevent findings from recurring.

Beaufort West, Kannaland and Laingsburg municipalities did not improve their poor audit outcomes, with Beaufort West again receiving a qualified audit opinion, Kannaland regressed to a disclaimed opinion and Laingsburg to an adverse opinion.

4.2.1 Measures taken to address issues raised by the Auditor General

According to Section 131 of the Municipal Finance Management Act 56 of 2003 (MFMA), the MEC for Local Government must assess all annual financial statements of municipalities in the Province, the audit reports on such statements and any responses of municipalities to such audit reports, and determine whether municipalities have adequately addressed any issues raised by the Auditor General (AG) in audit reports.

To this end, the Western Cape Department of Local Government (DLG) in collaboration with the Provincial Treasury (PT) have instituted measures to address issues raised by the Auditor General and provided extensive support to municipalities towards achieving good governance and positive audit outcomes.

A strategic focus in the Province has been on collaboration as a strengthening and enabling mechanism to encourage and enhance vertical and horizontal co-planning, co-budgeting and co-implementation in a geographical space through the Joint District and Metropolitan Approach (JDMA).

The Province, under the leadership of the Department of Local Government, established capacity across National and Provincial Departments to be able to conduct diagnostic assessments to determine the current state of affairs in a municipality and to develop specific support plans to enhance and improve the status of the municipality. These reports are considered and adopted by the respective Councils and who fully supports the implementation thereof with the municipal manager taking ownership for the implementation of the plan.

- Targeted support packages are prepared in line with specific challenges experienced in municipalities. These support packages are tailor made and include projects to improve systems, processes, procedures and ultimately the “lived experience” of community members in a specific municipality. The Department of Local Government takes lead in facilitating this support function and solicit support and participation from various external and internal stakeholders. The implementation of this support action is regarded as a benchmark on a national level (previous Back-to-Basics programme);
- The Department of Local Government has established a knowledge management hub and digital municipal status reporting platform where the status of municipalities can be tracked in real-time and which informs decision making, guide budget allocations and influence support strategies by all stakeholders; and
- All Provincial Departments have institutionalised technical working groups/work sessions with municipalities where topical matters are discussed, and peer learning is encouraged.

“The Western Cape Department of Local Government (DLG) in collaboration with the Provincial Treasury (PT) have instituted measures to address issues raised by the Auditor General and provided extensive support to municipalities towards achieving good governance and positive audit outcomes.”

The Department of Local Government have an agreement in place with the Provincial Treasury, by means of a Memorandum of Understanding (MOU), where Provincial Treasury is required to monitor and drive all financial related matters concerning municipalities and to report these matters to the MEC of Local Government on a regular basis. A Joint Working Group committee has also been established between the two departments to monitor the implementation of this agreement. To this end, the following support initiatives have been instituted to strengthen financial governance in municipalities and promote good audit outcomes and address issues raised by the auditor general:

- Development of an audit action plan support strategy where municipalities are actively supported to address matters raised by the AG.
- Vetting of all submitted Audit action plans reported to National Treasury and ensuring timeous follow ups to ensure that there is implementation of corrective action.
- The development of a Consolidated municipal management reports database where like issues are grouped together and made available to all municipalities as a library of audit issues with practical examples of how it has been responded to by municipalities. This has been an ongoing, institutionalized process for the last number of years. Consequently, the issues raised by the AG to our Western Cape municipalities are mostly non-recurring and transversal in nature.
- Collaborative TIME engagements have allowed for a proactive approach on transversal issues that spans across various disciplines within relevant government departments, in order to craft transversal support plans to cater for the requests and needs of the municipalities.
- Audit readiness engagements are held regularly where an assessment is done on certain aspects required for audit, amongst other things, to ensure that municipalities are well prepared for their upcoming audits.
- The hosting of an Annual Financial Systems (AFS) consistency workshop. This is where Provincial Treasury presents its position on certain accounting complexities based on its review of the draft AFS, prior year audit findings and a heat map analysis using its consolidated AFS database. This workshop assists in achieving minimal material misstatements across the Western Cape municipal portfolio using a consolidated analysis and drilling down to the root causes of the accounting complexities.
- Review of Annual Financial Statements prior to submission to the Auditor General with the aim that municipalities may institute corrective measures of any findings before they submit it to the auditors.
- Weekly Provincial audit steering committee meetings are held during the audit cycle consisting of key provincial departments to assist municipalities to identify and elevate potential transversal issues timeously and getting the right people to engage and assist.
- Various engagements are hosted throughout the year such as the Chief Risk Officers (CRF) and Chief Audit Executives (CAE) forums, Management Accounting Forum (MAF), Accounting Working Group meetings, Municipal Managers forums, Public Sector Accounting forum, ICT governance forum amongst others, to stay abreast of what is happening in the industry and to alert municipalities of any matters that could potentially impact audit outcomes.
- The initiation of an Unauthorised, Irregular and Fruitless or Wasteful Expenditure (UIFW) strategy where expenditure is regularly monitored in line with the National Treasury strategy, to curb/curtail incidents of UIFW.

"The Department of Local Government provides continuous support to municipalities to institutionalise Information and Communication Technology (ICT) governance and to address ICT related Audit findings."

The Department of Local Government also provides continuous support to municipalities to institutionalise Information and Communication Technology (ICT) governance and to address ICT related Audit findings. These initiatives include amongst others:

- Development and implementation of ICT audit support plans.
- Development of a Municipal Corporate Governance of ICT Policy and roll out to all municipalities.
- Development of ICT Strategy that are aligned with the strategic objectives of the Municipality.
- Conducted ICT maturity assessments at municipalities and provide professional advice on ICT matters.
- Hosting of quarterly Municipal ICT Managers Forums where pertinent matters such implementation of MSCOA, ICT Audit outcomes, Cyber Security, POPIA requirements and Broadband implementation, amongst others are discussed.
- Provided support to municipalities with ICT forensic investigation in collaboration with the Department of the Premier (Ce-I).
- Analyse the annual AGSA findings to identify common trends that inform DLG action plans and identify municipalities with weak ICT governance practices for assistance purposes.



CHAPTER 5: LOCAL ECONOMIC DEVELOPMENT

5.1 DEVELOPMENT AND IMPLEMENTATION OF LED STRATEGIES AND PLANS

Municipalities must ensure that they develop and implement constructive Local Economic Development (LED) strategies and plans that enable growth and poverty alleviation.

The goal of these municipal LED plans must be to stimulate and alter the local economy to generate long-term employment and business possibilities, while fostering an environment conducive to economic growth and development.

The table below highlights municipalities that have developed, reviewed and implemented their Local Economic Development Strategies as well as the Regional Economic Development Strategies in the case of districts.

Table 5: Local Economic Development Strategy

LOCAL ECONOMIC DEVELOPMENT 2021/22	
MUNICIPALITY	LED STRATEGY DEVELOPED
City of Cape Town	The Municipality Economic Growth Strategy (EGS) addresses unemployment and poverty through a targeted approach to encourage economic growth and investment. As part of the review to EGS, the city has as part of the Economic Growth Strategy review, hosted several online focus group sessions with prominent business owners in Cape Town to obtain their perspectives on how the City can best support economic growth. These engagements yielded some important insights, which were subsequently incorporated into the revised and renamed Inclusive Economic Growth Strategy.
West Coast DM	The economic development unit of the West Coast District municipality will aim to address the critical gaps in development efforts and more effective public investment. "Improving the efficacy of economic development practices, processes and systems". OUTPUTS: Adopt an eco-system outcomes management process, rather than just an output compliance approach, more effective public investment, Results management, essential strategic information captured accurately, briefly and completely, maintain master records of all (portfolio) development initiatives.
Matzikama	A new LED Strategy has been adopted and approved by Council. The LED Forum of Matzikama Municipality comprises of a diverse membership emanating from various sectors of society. The current LED Strategy is built around commitment to develop a climate in which economic development and economic growth can prosper. The LED Strategy identifies various issues and strategic areas for intervention including but not limited to: Financial support from provincial and national government, The lack of skills and training facilities in our communities which are contributing largely to our poor developed economies, particularly in terms of Black Economic Empowerment (BEE). The aqua culture sector development was identified as the area with the most potential and as an area of priority due the impact it potentially has, The Municipality facilitated a process that culminated in the establishment of a partnership between the private sector and the Doring Bay Development Trust (DDT) to establish the first community owned abalone farm. This laid the foundation for the rolling-out of the further development of this sector, At least two other primary and secondary agri-culture products have been identified and will soon form part of the development process.

"Municipalities must ensure that they develop and implement constructive Local Economic Development (LED) strategies and plans that enable growth and poverty alleviation."

LOCAL ECONOMIC DEVELOPMENT 2021/22	
Cederberg	<p>SANRAL Road Projects; Three SMME's were developed through road projects, with onsite training and 24 – 48 months maintenance contracts. More than 50 employment opportunities were created. SMME Development; 22 SMME's received training on Construction Industry Development Board (CIDB) grading as well as SARS related administration training.</p> <p>CETA Training Project; Training for a 6-month certificate in construction is being provided. The 1st group already completed the course and the second is currently in progress. A third group is planned for 2022/23 financial year. Funding was secured for 12-month training which will commence in the 2022/23 financial year. Registration of new SMME'S; ± 15 New businesses registered for the year. Graafwater Community Hall; Project to construct a new community hall in Graafwater commenced and will continue into the 2022/23 financial year. Black Business Forum; A Black Business Forum was established during March in Citrusdal Investment Promotion Action Strategy; An Investment Promotion Action Strategy was compiled to invite more investment opportunities to the municipal area. Investment Property; Property was sold in Lamberts Bay for establishment of a new business. Lack of bulk infrastructure to support investment and economic development; The Municipality is in process of selling their vacant land and consideration must be given to use these funds to improve bulk infrastructure. Servicing of land available for sale; The Municipality must budget annually to equip key land parcels that are to be sold/alienated with bulk services and relevant land use rights. Cederberg is not the preferred investment destination; Marketing of the Cederberg area is crucial for investment purposes. A prospectus for film readiness should be developed to increase the promotion of the area.</p>
Bergervier	<p>Local economic development includes the attraction of investments into the municipal area, stimulation of small, medium, and macro enterprises (SMME's), job creation, informal trading, tourism and various ad hoc local economic initiatives. Local economic development is currently one of the major focus areas of the Department of Strategic Services, although it is also a cross cutting priority that must be focused on in all aspects of service delivery and development. The impact of the initiatives undertaken over the last years led to Council establishing a Portfolio Committee for Economic Development that started with its mandate in November 2018. The first major task was the review of the Economic Development Strategy. The Economic Development Strategy identified four (4) pillars for economic development in Bergervier Municipal Area, namely agriculture and Agri processing, tourism, manufacturing, and the development of small and medium enterprises. Various programmes have been developed to address these pillars as catalysts for economic growth. Covid-19 led to the drafting and approval of an Economic Recovery Plan with clear deliverables. The approved Economic Development Strategy and the Economic Recovery Plan were also integrated as to ensure a single plan. Monthly progress reports were submitted to the Economic Development Portfolio Committee to monitor progress. The major focus of the Economic Recovery Plan as a short-term intervention programme, included: Implementation Plan for SMME's; Implementation Plan for Informal Trade; and "Bergervier Buy Local" - campaign.</p>
Saldanha Bay	<p>Urban-Econ Development Economists was appointed to draft the Local Economic Development (LED) Strategy for the Saldanha Bay Municipality (SMB) for the year 2022. The aim of the LED Strategy is to identify opportunities that can be implemented in the short-, medium-, and long-term in sectors with development potential. These opportunities will be developed into programmes and projects which will assist to achieve economic growth and job creation within the Saldanha Bay Municipal Area. In terms of the Strategic methodology developed, a desktop review was undertaken which entails the profiling of key economic, social, infrastructural, environmental & institutional characteristics. The opportunity analysis followed suit and deals with the combined status quo of the area's strengths, weaknesses, opportunities and threats. It also reflects the demographic profile which points out the population, households, education levels, employment and age profiles.</p>

LOCAL ECONOMIC DEVELOPMENT 2021/22	
Swartland	Dialogue with the private sector and municipal leaders has allowed the LED strategy to sharpen its focus on developing and promoting competitive advantage. Swartland undoubtedly does have competitive advantage in the current economic context. It offers easy access to 80% of the Western Cape markets, with lower cost structures, reduced risks and good quality of life. Given the Cape Town metro growth trend, increasing numbers of businesses will view Swartland as a good place to locate, similar to growth patterns of towns on the outskirts of other cities world-wide. Since August 2015 the main constraint to growth has been removed. Industrial property has become available again after a few years of not being accessible. The fact that the N7 is being upgraded makes it all the more attractive. Some investors are already investing. Others are considering investing here and are likely to become more confident when they fully understand the competitive advantages offered by Swartland. Prospective investors are however not always aware of the opportunity. Unless promotion gets the message across, investment opportunities for Swartland may be lost. Investors, through their networks also check with local businesses and citizens if it truly is good for business. Local business leaders must therefore become Swartland brand ambassadors and must be able to articulate the competitive advantages confidently.
Cape Winelands DM	In 2018/2019, the divisions Local Economic Development and Tourism amalgamated with the division Rural and Social Development to form a new division called Socio-Economic Development. One of the first tasks of the new division was to take the draft Cape Winelands Regional Socio-Economic Development Strategy (CW-RSEDS) through its final internal and external round of gathering comments and submit it to Council for adoption. The CW-RSEDS was adopted by Council on 27 May 2019. The core focus of the CW-RSEDS is to outline how the CWDM will invest in its people and how it will create an enabling environment in which business can develop, grow and thrive by fostering greater investment that will increase job growth and alleviate poverty in the district. The CW-RSEDS is intended to provide an achievable, evidence-based plan for the future, while responding to the challenges and opportunities presented by the local economic and social context. The following five strategies combined form the CW-RSEDS: Local Economic Development Strategy; Investment Attraction, Retention and Opportunities Strategy; Tourism Development and Marketing Strategy; Rural Economic Development Strategy; and Social Development Strategy. The CW-RSEDS together with the District Economic Recovery Plans guides the facilitation of economic growth and development in the Cape Winelands District.
Witzenberg	The challenges within Local Economic Development (LED) during the 2021/22 financial year: Insufficient office resources and unstable office location; Provision of a stable office environment and sufficient resources. Lack of adequate funding for LED projects; To make provision for sufficient funding to ensure sustainability of projects. Internal departments working in silos; Address the issue of effective communication and promote transversal LED in order that Technical and Community Services do not work in silos, but that planning for future projects and developments are done together, as to maximise impact and strategic efficiency. The LED Strategy is built upon commitment to develop a climate in which economic development and economic growth can prosper. The LED Strategy has been reviewed and edited and will be implemented from 2022/2023 onwards. The LED Strategy identifies various issues and strategic areas for intervention such as (3 top service delivery priorities): Creating an enabling business environment; Construction of economic infrastructure; review bylaws for a more business & investment friendly environment; servicing vacant municipal land that has potential for economic development. Addressing the key development challenges; Revisiting procurement process of municipality to include more local element (within municipal legislation). Creating sustainable job opportunities; Implementing skills development programmes and capacitating entrepreneurs with business & market related skills. Assisting SMME's with access to private sector supply chain opportunities and financial support. Working towards alignment of Expanded Public Works Programme with LED goals of enterprise development.

LOCAL ECONOMIC DEVELOPMENT 2021/22	
Drakenstein	Despite continued sluggish economic growth during the 2021/22 financial year the municipality remained resolute to work towards rebuilding the economy through collaboration, co-operation and enhanced business efficiency. To achieve this we focused on the following: Continue to build internal capacity to innovate through automation to become more agile within the constraints of the municipal legislative environment; Build business confidence and assurance; Facilitate effective and efficient service delivery to stimulate the economy; and Continue to strengthen the Eco-system to build SMME capability to increase their contribution towards local economic growth. The highlighted achievements below are indicative of the municipality's commitment to focus on rebuilding the investors' confidence and build SMMEs capability to broaden participation in order to achieve inclusive growth: The implementation of the Investment Area Management function to facilitate business retention and expansion to improve the municipality's competitiveness; Facilitation of business linkages and ongoing business support between SMMEs, the private sector and other state entities; Held 6 SMME Outreach sessions and reached 117 beneficiaries; Investor Facilitation in targeted sectors which include Agro-processing, Advanced Manufacturing, Transport and Logistics, Financial, Insurance, Real Estate and Business Services, Tourism and Renewable Energy to stimulate re-industrialisation and job intensive economic development; Investment promotion; Public sector infrastructure investment to enable the growth of the economy; Maintain the focus on red tape reduction interventions; Small business linkages; and Demand driven skills for the future and SMME development.
Stellenbosch	The challenges within the Section: Economic Development and Tourism during 2021/22. Human Resources are insufficient to drive an effective economic development and tourism programme; The current organogram for the Directorate: Planning and Economic Development remains a huge challenge, coupled with the high vacancy rate, especially within the Section: Economic Development and Tourism. This high vacancy rate makes it extremely challenging for the section to perform its function to create and coordinate the creation of an enabling environment within the economy of the Stellenbosch Municipality. The department has submitted its job descriptions as per the current organogram, and the outcomes were appealed by the department. The department has noted that a review of the organogram is required and that the job descriptions must be drafted and evaluated under the New Staffing Regulations. The department has advertised the funded vacant posts and it was found that the current salary offering does not lure the required experienced, qualified and well-trained staff to enable the Section to perform its functions. Implementation of Infrastructure Projects; The section is currently partnering with the Project Management Unit of the municipality to implement the Kayamandi Taxi Rank. The Section does not implement any further infrastructure projects as this is not the constitutional mandate of the section.
Breede Valley	In May 2022, the department embarked on a consultative series of workshops throughout the municipal area, towards drafting a new LED Strategy (2022 – 2027) linked to the new term of Council. In addition, the draft 2022 – 2027 LED Strategy was consulted with Council in order to accentuate the importance of LED and obtain political support for the Municipality's proposed economic development planning framework. The strategy will serve before Council in August 2022, and subject to its approval, will become the blueprint that will guide our long-term economic development interventions. Annual reviews hereof will be prioritised to avoid strategic drift and maintain course to render sustainable economic support initiatives and, in turn, a conducive environment for economic development and growth throughout the locality.
Langeberg	A total of 689 job opportunities were created during the 2021-2022 financial year through the municipal and EPWP projects: 182 SMME's were assisted during this period, Seda provided training to 18 entrepreneurs of Zolani with basic business skills and one-on-one training to 142 SMME's, ABSA and Seda also provided 17 SMME's with consumer financial education, The Department: LED and Rural Development issued a total of 1432 Informal Trading Permits in terms of the Informal Trading By-law and Business Licenses in terms of the Business Act, 1991 (Act 71 of 1991).

LOCAL ECONOMIC DEVELOPMENT 2021/22	
Overberg DM	<p>An Economic Recovery Action Plan was developed in 2020 which complement the implementation plan of the adopted Regional Economic Development/Tourism Strategy. The key interventions were determined based on their ability to build consumer, investor, public confidence and to kick-start the economy. Regular progress reports on the implementation were submitted to the Portfolio Committee and progress reports on the Recovery Plan are submitted bi-annually to the Western-Cape Cabinet. The following Regional Economic Projects were rolled-out through the year in collaboration with stakeholders; Regional Economic Development and Supply Chain open days were held collaboration with B Municipalities in Barrydale and Bredasdorp. The purpose of the open days is to assist small entrepreneurs to register on the procurement database of the local and district municipality; Woman in Tourism AGM; Wine Awards; Youth Open day; Assistance with Xenophobic attacks. Expanded Public Works Programme (EPWP) The municipality received a DoRA grant for the Expanded Public Works programme and with the contribution of own funding the municipality created 251 work opportunities. EPWP work opportunities were created through the following projects: Fire, rescue, disaster management; Natural Resources Management through Alien invasive species and pollution control; Maintenance at Resorts; Cleaners at Resorts for Easter; Safer Communities Project - COVID-19 awareness; Assistance to people with disability; Safer Communities Project The Overberg District Economy</p> <p>The total GDP for the Overberg District amounted to R21 134.80 billion in 2019 with economic activity mostly focussed within the tertiary sector (R14 283.20 billion; 67.6%). The main activities enjoyed by tourists to the Overberg District in 2020 included outdoor activities (57.1%), scenic drives (34.5%) and cuisine (15.6%). Activities participated in the least by tourists included cruises (4.9%) and flowers (4.9%). These could be low because of low awareness levels, or because tourists simply do not choose to take part in these activities.</p>
Theewaterskloof	<p>The initiatives implemented by the LED & Tourism Department is forthcoming from the LED Approved Strategy and consultations. It must be emphasized that the department still experience some challenges as indicated below. During the 2021/2022 financial year the department focused on the following key programmes: Enterprise Development Support, Tourism Promotion and marketing, which includes events administration, Preferential procurement process finalisation, Job creation opportunities through government employment programmes, Farmer support and development, and Investment promotion.</p>
Overstrand	<p>The following Strategic areas were pursued; Informal Sector Focus: The informal economy has grown significantly in the area and has contributed to addressing unemployment make a dent in equality and impact on poverty. Its survival is critical as a pillar of strength to the growth of the formal sector. Assistance given to the informal traders to ensure their survival and that they adapt to the changing economic conditions. Training and Development; Information for entrepreneurs is a backbone for the retention of businesses in the area to maintain positive GDP, therefore, providing training for SMMEs and Entrepreneurs with regard to business development and compliance plays a critical role. Resource Mobilisation; Local government budgets are curtailed, and more focus is on infrastructure and critical services. Through the Inter-Governmental (IGR) process the municipality competes for resources to continue uninterrupted with its services. Identifying key Financial Support Vehicles within the IGR to assist SMMEs and particularly Young Entrepreneurs. Business Retention & Expansion; The concerted effort applied to ensure that business is assisted to stay afloat and thereby mitigate against joblessness. The main objective is to ensure that the said businesses remain in the Overstrand.</p>
Cape Agulhas	<p>The Municipal Council approved a LED Strategy on 27 June 2017. This strategy has been reviewed multiple times with the last review being in 2019/20 when there was a significant shift to regional economic development. The Overberg District Municipality commenced the process of developing a Regional Economic Development Strategy (RED), and the Municipality participated in this process. The 2019/20 LED Strategy was expanded to include Tourism as well as an action plan. In 2020/21 an Economic Recovery Plan was approved by Council in response to the Covid 19 pandemic. In the year under review, a strategy to empower local entrepreneurs was approved by the Municipal Council.</p>

LOCAL ECONOMIC DEVELOPMENT 2021/22	
Swellendam	<p>The function of strategic facilitation services currently located in the office of the Municipal Manager includes economic development, land release and town planning, tourism and events and coordination of strategic developments. The Swellendam Tourism Growth and Development Strategy 2019 to 2025 was adopted by Council on the 31 October 2019.</p> <p>Ongoing partnerships with the local private sector, NGO's, government entities (sector-focused meetings) strengthen the support regarding procurement planning and an economically sustainable delivery model. The new tourism strategy also represents the plan for Swellendam's integrated programme of work for the next six years (July 2019 – June 2025).</p> <p>The programme embraces destination marketing alongside visitor services and industry services with a revamped visitor strategy and membership programme.</p>
Garden Route DM	<p>The Garden Route District Municipality in partnership with all spheres of government, the business community and key community organisations developed a Growth and Development Strategy 2040 (GRGDS) which was adopted by Council on 30 March 2021. A formal partnership agreement was entered into with WC Economic Development Partnership to develop the GRG&DS in collaboration with the Garden Route District Municipality, which also include the compilation of Cluster Implementation Plans, based on the following seven(7) strategic focus areas: A Water Secure Future, A Circular Economy, Resilient Agriculture, Sustainable Tourism, Supporting Wellbeing and Resilience, A connected economy: Transport and Rural-urban integration and ICT, Sustainable Local Energy Transition. A range of workshops, were facilitated on 29 March 2022 as well as from the 11th to the 15th of July 2022 to develop implementation plans for the strategic priorities in the GDS as follows: 29 March 2022 – Garden Route Resilient Agriculture Cluster Implementation Plan workshop, 11 July 2022 – Garden Route Tourism Cluster Implementation Plan workshop, 12 July 2022 – Garden Route Connected Economy Cluster Implementation Plan workshop, 13 July 2022 – Garden Route Circular Economy Cluster Implementation Plan workshop as well as Local energy transition/Green energy cluster Implementation Plan workshop, 14 July 2022 – Garden Route Water Cluster Implementation Plan workshop, 15 July 2022 – Garden Route Wellbeing and Resilience Cluster Implementation Plan workshop.</p> <p>The Garden Route Recovery Plan interventions for each sector, as well as the initiatives identified in the GDS were utilized as the basis from which the plans were developed. The Clusters have been formed where the work will be done on identified activities, and catalytic projects together with the GRDM, local B-Municipalities, national and provincial Government, agencies and the private sector at a later stage. Relevant stakeholders per strategic priority were identified as key members of the specific clusters and invited to attend the workshop for each strategic priority, that guided each cluster towards an implementation plan that prioritises projects on short, medium- and long-term basis.</p> <p>During this period, the implementation structure for the Growth and Development Strategy was also established and finalised which consists of the seven focus area clusters, technical steering committee and includes the Municipal Managers Forum as well as the District Coordination Forum.</p>
Kannaland	<p>The LED and Tourism Strategy were updated during 2021/2022 and incorporated into the Predecessor 2022-2027 IDP with amendments. This was conducted inhouse by the Manager: IDP, LED and PMS. A platform has been developed for continuous interaction between business sectors, political leadership, the administration and community to build a common understanding on Local Economic Development objectives and outcomes linked to the IDP. Kannaland Business Chambers are regularly engaged on developmental issues and their inputs into the process has been incorporated into the IDP which is reported on at the community stakeholder participation engagements biannually. The objective of the EPWP Phase 4 program is to provide work opportunities and income support to poor and unemployed people through labour intensive work. Various projects have been approved by Council for implementation and the Municipality managed to achieve the target as set out.</p>
Hessequa	<p>Hessequa Municipal Accelerated Local Economic Development and Preferential Procurement Policy, 2021/2022.</p>

LOCAL ECONOMIC DEVELOPMENT 2021/22	
Mossel Bay	The municipal LED Strategy was in the last year of implementation but was reviewed by the Municipal Economic Development & Tourism Department. We are happy to report that council approved a new LED Strategy within this year in review. The Strategy was done by the departments staff and no consultant was used. The new LED Strategy is aligned with the new IDP and the Spatial Development Framework and will be used to inform the new Performance Management Contracts of staff. The Local Tourism Organisation (LTO) mainly focused on Marketing Mossel Municipal Areas as a Tourism Destination and launched the Great Escape Campaign to attract tourists to our Area to assist the Tourism Sector which was negatively impacted due to the Covid19 Pandemic.
George	Local Economic Development (LED); Creates Full Time Equivalents (FTEs) through government expenditure with EPWP. The purpose of local economic development is to build up the economic capacity of a local area in order to improve its future and the quality of life for all. The main focus of the LED unit is to strengthen the local economy, improve the investment climate and to increase the productivity and competitiveness of local business and entrepreneurs. For the reviewed year, the municipality launched a number of economic development initiatives. The municipality adopted a two-pronged strategy, concentrating on SMME capacity building also providing an environment that is conducive to commercial firms operating. These actions included: Support to SMMEs: In the past year the municipality rolled out the following projects: Entrepreneurship Bicycle Project for young entrepreneurs in George, Uniondale and Haarlem. These project entails the distribution of 75 bicycles to unemployed youth in the towns. The purpose of this project is to instil and inculcate a culture of entrepreneurship in the townships; Training to several Construction companies; Training for Women Entrepreneurs in Haarlem and Uniondale and 4. Training to 47 young people in business management, life skills, entrepreneurship and technology and this was done in collaboration with First National Bank, SEDA and NEDA. These young Entrepreneurs own their own businesses and continuous support will be provided.
Oudtshoorn	LED plays a central role in fighting the triple challenge of poverty, inequality and unemployment by striving to stimulate economic growth, development and transformation. In this case, with the development of a new LED Strategy, the Municipality will strive to develop the Beaufort West local economy into a diversified and vibrant one. The municipality currently have no private sector projects on LED. Review the LED strategy and submit to Council by 30 June. 2023. Create temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2023.
Bitou	The LED and Tourism Unit is tasked with the obligation of growing the Bitou economy by enabling small, medium and micro-sized enterprises (SMME), creating an environment wherein business can optimally operate and to ensure that sustained increases in growth is obtained. Tourism is key to the success of the Bitou economy and is seen as a primary source for revenue enhancement and creating job opportunities. Other critical key success areas are agriculture, the marine economy, eco-education and environment / adventure driven sports.
Knysna	Knysna Local Municipality's Economic Development Department's functional mandate is as follows: "To manage and coordinate the economic development function and strategy as mandated by the Constitution in order to create an enabling environment to ensure the local economy and local businesses can thrive, thus creating job opportunities and growing the local economy." Expanded Public Works Programme: The department administered the grant for the EPWP programme and performed a coordination role of this initiative between all departments that have EPWP labour components on capital and operational projects. The number of temporary jobs created through the municipality's local economic development EPWP projects, measured by the number of people temporary employed on the payroll system for the period was 1859. The number of Full Time Equivalent Jobs were 62.

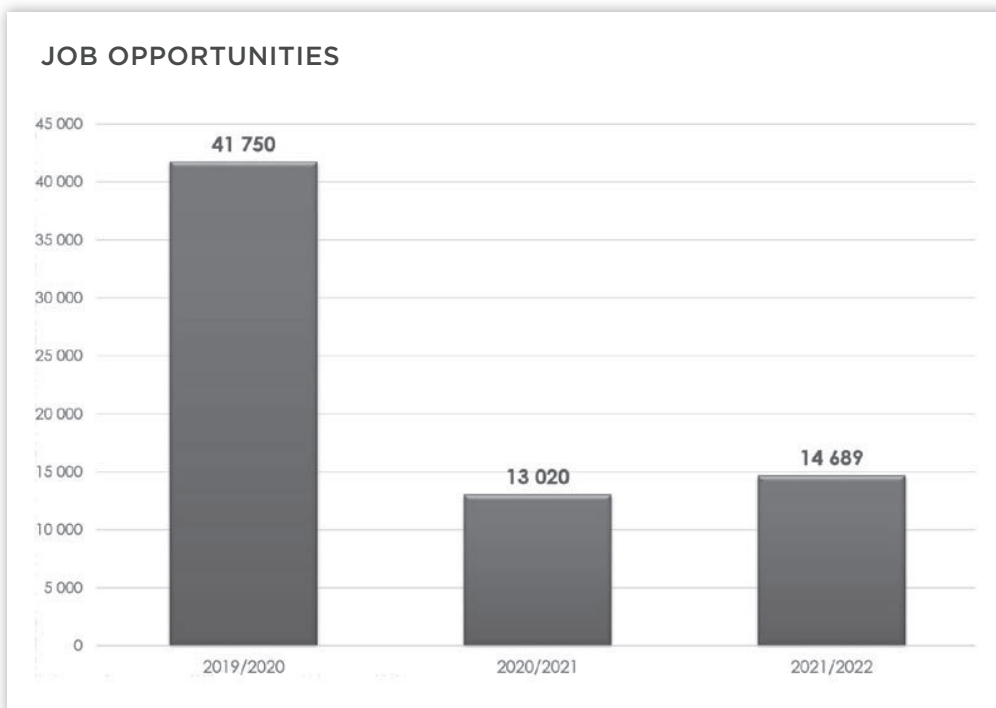
“The Expanded Public Works Programme (EPWP) is a Government programme introduced to provide short-term work opportunities for unemployed citizens in order to improve their wellbeing and dignity.”

LOCAL ECONOMIC DEVELOPMENT 2021/22	
Central Karoo DM	<p>An integrated summit that looks at initiatives to address local economic development challenges in the Central Karoo municipalities. The Department of Science and Technology (DST), in partnership with the Technology Innovation Agency, has tasked the Human Sciences Research Council (HSRC) to appraise and map out the innovation landscape (i.e., innovation infrastructure, actors, their networks and relevant institutions) of the Karoo region. The DST & TIA seek this information to inform the development of an inclusive and locally grounded regional innovation strategy for the Karoo, in support of SALGA's initiative on Small-Town Regeneration and Regional Economic Development (STR & RED programme). To empower emerging and existing entrepreneurs with necessary skills and knowledge to start or grow their business. To create an awareness and understanding of local content and production.</p> <p>The CKDM established an Economic and Tourism Working Group, where issues on LED and Tourism are discussed. Provides assistance to SMME's with registration on the CSD. The LED Strategy is a sector plan that forms part of the IDP. The purpose of the District LED Strategy is to support pro poor economic growth and job creation through an integrated approach. Several areas are mentioned in this regard, incorporating new business creation, improving infrastructure, attracting inward investment, strengthening the LED capacity, encouraging local procurement, improving skills and knowledge.</p>
Laingsburg	<p>The Municipality has a mandate to provide strategic guidance to the Municipality's integrated development planning and economic development matters and working in partnership with the relevant stakeholders on strategic economic issues. The LED strategy identifies various issues and strategic areas for intervention such as; To develop the agricultural sector in such a way that: Current agricultural practices are maintained and further enhanced as this forms the backbone of the local economy, Value adding practices in the form of agri-processing are initiated and become sustainable, Agri-processing industries involve the large number of economically active unemployed females in the sub-region. The strategies are to sustain existing agricultural practices, promoting agri-processing industries, provide for Urban Agricultural and Small-Scale Farming, identify and support agri-tourism practices, alternative energies, Agri Tourism.</p>
Prince Albert	<p>The role of the Municipality is to facilitate economic development by creating a conducive environment for business development and unlock opportunities to increase participation amongst all sectors of society in the mainstream economy. Government can obviously not plan or implement LED effectively if the private sector, who is the key driver of a local economy, is not included in such development processes. The Municipality fostered a positive relationship with Wesgro and facilitated invitations to webinars for business and interested parties on business opportunities and support during Covid-19. The Municipality provided with the assistance of SEDA, cleaning packages to spaza shops and also held a joint workshop on support packages available to business due to Covid-19. The Municipality have worked towards establishing Prince Albert as a film destination, culminating in a film being shot in Prince Albert in September 2021 with an economic influx of 150 - 200 people for a three-week period.</p>
Beaufort West Municipality	<p>LED plays a central role in fighting the triple challenge of poverty, inequality and unemployment by striving to stimulate economic growth, development and transformation. In this case, with the development of a new LED Strategy, the Municipality will strive to develop the Beaufort West local economy into a diversified and vibrant one. Reviewing the LED strategy and submit to Council by 30 June 2023, Creating temporary job opportunities in terms of the Extended Public Works Programme (EPWP) projects by 30 June 2023.</p>

5.2 JOB OPPORTUNITIES

The Expanded Public Works Programme (EPWP) is a Government programme introduced to provide short-term work opportunities for unemployed citizens in order to improve their wellbeing and dignity.

The graph below illustrates that there has been a significant decrease in the number of employment opportunities created through the EPWP programmes at municipalities from the year 2019/2020 to 2020/2021 due to the lockdown period, with an increase in opportunities created in 2021/2022 as the country gradually recovered.

Graph 24: Job Opportunities (EPWP)

Source: Municipal Annual Reports 2021/22

The Expanded Public Works Programme is designed to act as a safety net for the South African citizens who are in dire situations of poverty and unemployment.

Since Matzikama Municipality joined the Working for the Coast Programme, the coastal communities of Papendorp and Doringbaai as the environment have greatly benefited in terms of job creation, poverty alleviation and environmental protection. The municipality is currently awaiting the next roll out from the Department of Environmental Affairs.

More skills development in EPWP in Breede Valley Municipality must be prioritized to assist the unemployed / temporary employed persons to be permanently absorbed into the workforce. EPWP remains an important government intervention for contributing to reducing unemployment and tackling poverty.

The EPWP Phase 4 objective is to provide work opportunities and income support to poor and unemployed people through the delivery of public and community assets and services, thereby contributing to development.

To promote economic development Langeberg municipality signed 5 Service Level Agreements with organizations to roll out arts and culture development projects as well as the implementation of the EPWP programme.

The Overberg District municipality received a DoRA grant for the Expanded Public Works programme and with the contribution of own funding the municipality created 251 work opportunities.

“The Expanded Public Works Programme is designed to act as a safety net for the South African citizens who are in dire situations of poverty and unemployment.”

"The Expanded Public Works Programme (EPWP) in Garden Route District Municipality is an important source of income for local communities, particularly for those with low skill levels."

EPWP work opportunities were created through the following projects:

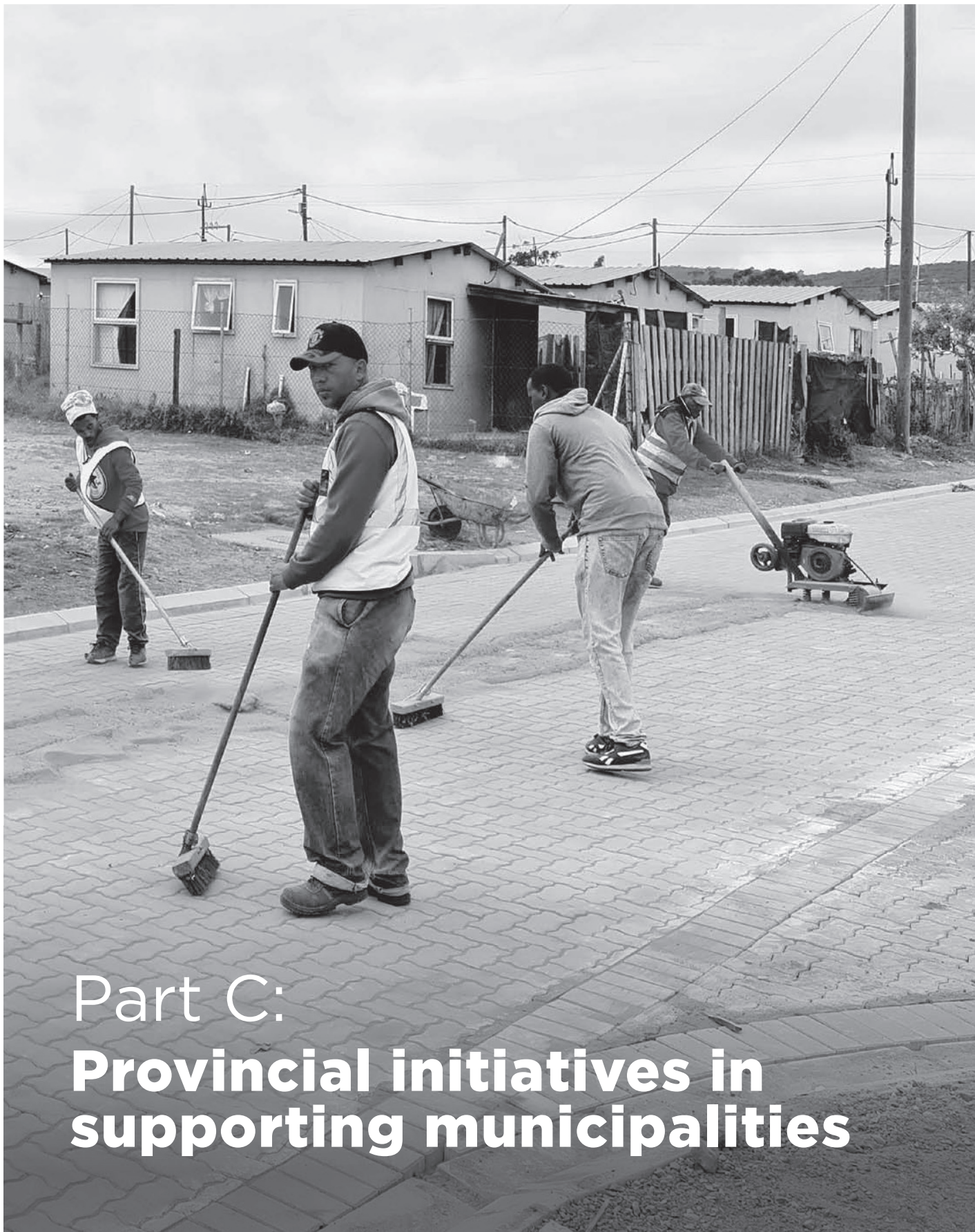
- Fire, rescue, disaster management
- Natural Resources Management through Alien invasive species and pollution control
- Maintenance at Resorts
- Cleaners at Resorts for Easter
- Safer Communities Project - COVID-19 awareness
- Assistance to people with disability
- Safer Communities Project

The Overstrand Municipality as part of its effort to providing work opportunities targeting mainly the youth and women implemented 44 projects and employed 1257 people during 2021/22. Thus, in the implementation of the programme it necessitated a delivery to ensure long-term sustainability and creation of exit programmes for the participants in determining their future.

Cape Agulhas Municipality exceeded their target for creating full-time equivalent work opportunities through EPWP.

The Expanded Public Works Programme (EPWP) in Garden Route District Municipality is an important source of income for local communities, particularly for those with low skill levels. Various programmes under the EPWP are Infrastructure related, Early Childhood Development and Alien Clearing Programmes. Through the Expanded Public Works Programme (EPWP) law enforcement officers have been deployed to various B-Municipalities to enhance their efforts in safety management.





Part C:

Provincial initiatives in supporting municipalities

CHAPTER 6

The provincial government is constantly working to improve the intergovernmental relationships between the province and the municipalities. We employ cooperation as a strengthening and enabling mechanism to promote and increase vertical and horizontal co-planning, co-budgeting, and co-implementation in a geographical space in order to make this possible. Provincial departments have established methods to give municipalities practical, focused support in order to enhance and improve their operation and service delivery.

6.1 TECHNICAL INTEGRATED MUNICIPAL ENGAGEMENT (TIME)

The Western Cape Government (WCG) has institutionalised its commitment to leveraging good governance for citizen-centric service delivery and accountable and resilient public institutions. Good governance provides an essential foundation for effective service delivery, value creation, and growth. It underpins the WCG's Provincial Strategic Recovery Plan priority of Growth for Jobs, Safety and Wellbeing. Sustaining good governance is especially important in navigating the increasingly unpredictable global and domestic environment that has resulted from a worldwide pandemic, a global economic slowdown, and deep structural constraints to domestic growth, such as the energy crisis.

“Sustaining good governance is especially important in navigating the increasingly unpredictable global and domestic environment that has resulted from a worldwide pandemic, a global economic slowdown, and deep structural constraints to domestic growth, such as the energy crisis.”

The 2022/23 TIME process provides an opportunity to municipalities and the WCG to jointly review performance and challenges in the current financial year. These engagements focus on the implementation of municipal strategic and operational plans and their alignment to good governance practices. It aims to proactively identify and address municipal governance and performance challenges to enable improved municipal performance.

The TIME process is a joint initiative by the Provincial Treasury (PT), the Department of Local Government (DLG), the Department of Environmental Affairs and Development Planning (DEA&DP) and the Western Cape municipalities. It provides the platform to deliberate and agree on a collective response to the challenges and risks identified in a municipal area. The key elements of the TIME process are the Integrated Municipal Governance Assessment, Mid-year Budget and Performance Assessment, 2023/24 Medium Term Revenue and Expenditure Framework (MTREF) budget readiness; and the 2021/22 Audit Outcomes.

Below is a high-level overview of the key findings and transversal support initiatives emanating from the 2022/23 TIME assessment reports and engagements with municipalities:

Municipalities face key governance challenges and risks. These include:

- Challenges are experienced in filling senior management vacancies (especially critical posts such as MM, Technical Directors, and CFO's).
- Increased instability in some councils has been observed which has transcended into the administrations and has impacted on service delivery.
- Awareness was raised regarding the implementation of the Local Government Municipal Staff Regulations and Guidelines by 1 July 2023, key transversal challenges

and the support initiatives available.

- d. Awareness was raised regarding an increase in cyber-attacks on municipalities and government entities and the ICT controls that are required to be implemented.
- e. The need to implement and institutionalise combined assurance to drive continuous improvements in internal control systems and address internal control deficiencies.

Municipalities continue to face significant challenges and risks related to the SCM Governance Environment. This include:

- a. Lack of commodity-based strategies to inform streamlining and efficiency gains in relation to procurement processes.
- b. Misalignment between the adopted budget, the approved procurement plan and the mSCOA data strings resulting in slow spending and implementation of operational plans.
- c. The method of procurement is not clearly defined in the procurement plans, this gives rise to the risk of splitting of orders, leading to non-compliance with SCM legislation and policy.
- d. Procurement and expenditure data sets are not credible to conduct accurate analysis.
- e. Lack of standardisation in relation to data files and format across municipalities.
- f. Financial and procurement systems do not provide for the linkage of a supplier to a specific commodity hindering analytics to inform potential efficiency gains.
- g. During stage 6 load shedding most systems were not working effectively, impacting on data gathering.

“Awareness was raised regarding an increase in cyber-attacks on municipalities and government entities and the ICT controls that are required to be implemented.”

Municipalities face significant challenges and risks related to asset management.

- a. Asset management policies are limited to financial prescripts and do not include provision for the infrastructure asset management reforms.
- b. Asset data comprises of excel spreadsheets mainly for financial reporting purposes.
- c. Majority of Municipal ERP Systems do not cater for end-to end infrastructure asset management and maintenance solutions.
- d. Lack of alignment between the maintenance plans and maintenance budgets.
- e. No centralised computerised maintenance management system (CMMS) in place that records historical data on assets for informed decision-making.
- f. Limited technical skills and competence to deal with the complexities of the asset management and infrastructure discipline.
- g. Maintenance backlogs are not critically monitored.
- h. Most municipalities do not have maintenance planners, often the reason for emergency repairs and maintenance through a deviation process.

Municipalities face growing spatial development and environmental management challenges and risks. This include:

- a. The mainstreaming of the inclusion of municipal performance in respect of the implementation of Municipal Spatial Development Frameworks (MSDFs) in the Annual IDP Review supported by the importance of the rigorous and thorough recording of planning applications/ decisions.
- b. Capital Expenditure Frameworks to be included in MSDFs, as they are critical to provide the necessary guidance to timeously budget and prepare for infrastructure investment.
- c. Municipalities are insufficiently capacitated in relation to planners to effectively perform land use management functions.

Municipalities face challenges and risk related to planning, infrastructure management

and service delivery.

- a. Increasing Service Delivery instability and a growing backlog as a result of the following challenges:
 - i. Insufficient operational and maintenance budgets leading to premature failure of water supply/ water treatment infrastructure and non-operational “yellow” machinery.
 - ii. Vandalism and theft of critical infrastructure
 - iii. Slow spending on the capital budget which lead to delays in service delivery, economic growth and investment.

Municipalities face growing revenue and expenditure risks and challenges. These include:

- a. An increase in capital and operational costs in responding to the energy crisis. E.g., Increase in repairs, replacement and maintenance costs and operational costs at water and wastewater treatment plants, which include diesel for generators and other running cost.
- b. Loss of revenue due to load shedding and customers buying less due to lower demand as a result of moving to alternative energy sources.
- c. Reduction of surpluses generated on electricity that was previously used to subsidise rates funded services such as roads, stormwater, cemeteries, parks, streetlights, administrative costs and the like.
- d. The negative impact on the local economy i.e., the operations of existing businesses and the ability to attract new businesses.

“Municipalities face growing revenue and expenditure risks and challenges due to among other load shedding and customers buying less due to lower demand as a result of moving to alternative energy sources.”

6.2 JOINT DISTRICT AND METRO APPROACH (JDMA)

Since institutionalising the JDMA in July 2019, the Province has made valuable efforts towards successfully addressing strategic and operational matters requiring attention in the Province. Following its endorsement at the Premier’s Coordinating Forum and the Western Cape Cabinet meeting, the JDMA methodology has been successfully implemented to showcase collaboration across the different spheres of government. The successful collaboration through the JDMA can be seen in the following:

6.2.1 Institutionalisation of JDMA

As part of institutionalising JDMA, each district established JDMA Teams consisting of senior officials from the 13 WCG departments, district and local municipalities as well as national departments. Using these teams and other government stakeholders and partners, each district must follow a co-planning approach. A developed JDMA Implementation and Delivery Plan based on agreed priorities and projects must be identified by the local municipalities within each district and or district municipality. The strength of the JDMA is based on sound collaboration and functional intergovernmental relations structures between the province and municipalities.

6.2.2 JDMA fundamental principles

COLLABORATION AND COORDINATION

Sound collaboration and coordination set a good basis for better engagement protocols; partnering for systems change; and co-planning engagements.

The interface team leaders are able to coordinate multi-functional and multi-sectoral teams and projects.

FUNCTIONAL INTEGGOVERNMENTAL STRUCTURES

Provincial and municipal IGR structures have been strengthened over time and are functional.

Vertical and horizontal alignment has been achieved through the functional IGR structures.

Provincial departments are participating in municipal structures (such as DCFs) while districts and secondary cities are participating in the provincials planning and budget processes.

CATALYTIC PROJECTS

Identification of catalytic projects which will lead to the sustainable development of the communities in order to improve the lives of the citizens.

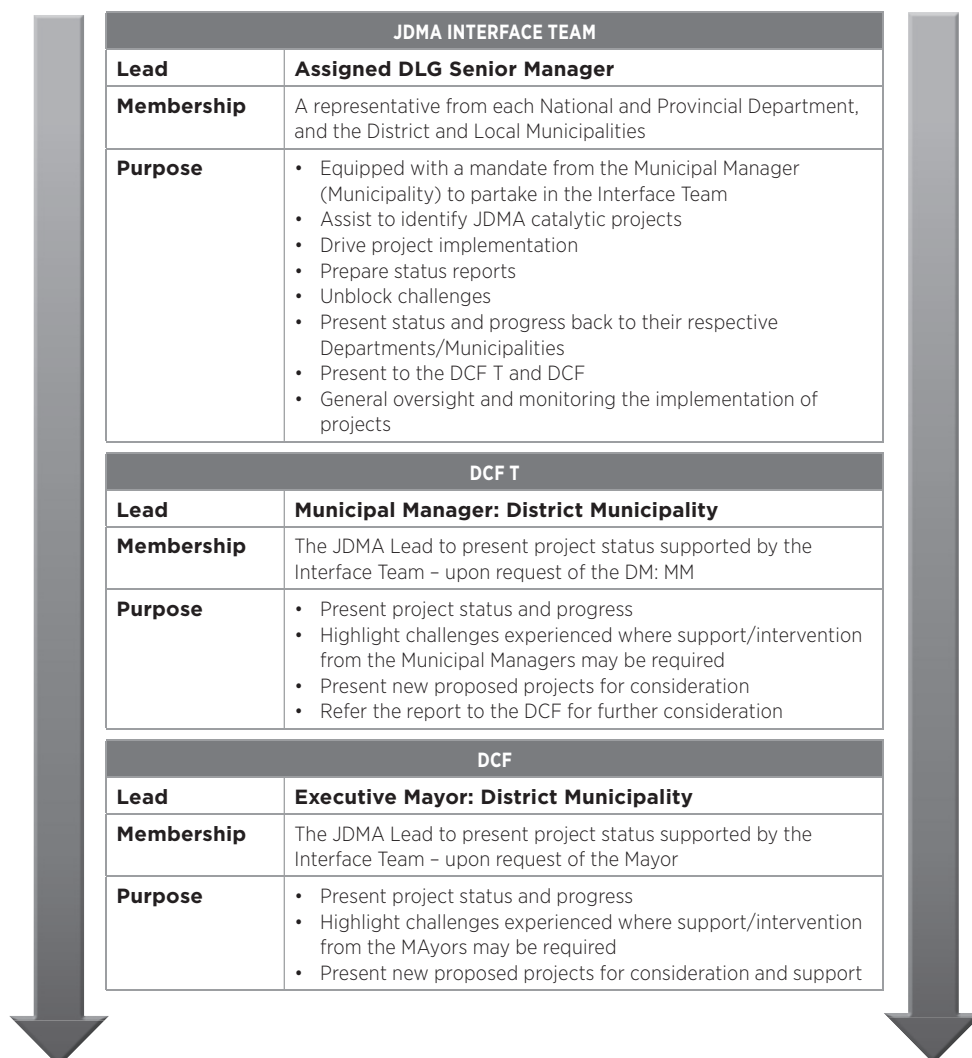
“The JDMA methodology has been successfully implemented to showcase collaboration across the different spheres of government.”



6.2.3 JDMA Process Map

The following reporting structures have been established as per the Provincial Structures:

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



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

CONCLUSION

The commitment of the Western Cape municipalities to strive toward good governance has aided in the delivery of citizen-centric services enabled by a system of governance focussed on impact and results. This system has been instrumental especially in the wake of the COVID-19 pandemic to create an integrated and agile response.

This report takes an objective look at the key challenges, risks and gaps identified in municipalities as well as providing key support strategies implemented by the Western Cape Government to support municipalities to execute their powers and perform their functions.

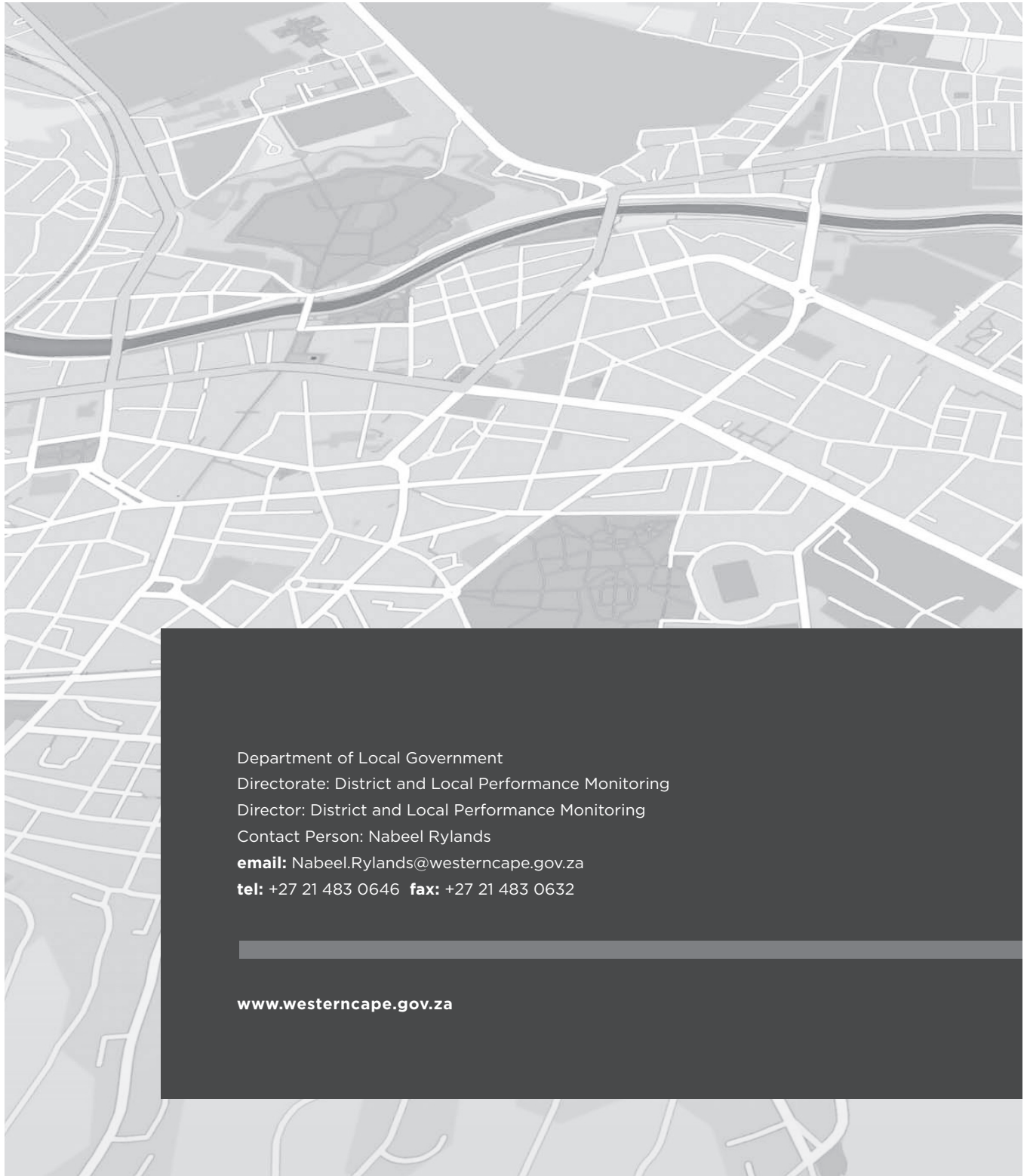
The Western Cape Government's Economic Recovery Plan theme of Jobs, Safety and Wellbeing further lays the foundation for fostering longer term economic growth and poverty reduction in the Province and remain at the centre of operations.

The Province will continue with implementing the integrated management approach through the JDMA to respond to the needs of citizens and to prioritise placing citizens at the centre of decision making.



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Department of Local Government
Directorate: District and Local Performance Monitoring
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