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PROVINCIAL NOTICE

The following Provincial Notice is published for general information.

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

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PROVINCE OF THE WESTERN CAPE
CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE REPORT 2005/06
Period ending June 2006

CONSOLIDATED ANNUAL MUNICIPAL
PERFORMANCE REPORT

2005/06

Period ending June 2006



Isidima

Enabling Dignified Communities
Ukubuyisa Isidima Sabantu
Bemagtig Waardige Gemeenskappe

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GLOSSARY OF TERMS

AG	Auditor-General
DBSA	Development Bank of Southern Africa
DLG&H	Department of Local Government and Housing
DM	District Municipality
DPLG	Department of Provincial and Local Government
EE	Employment Equity
GAMAP	Generally Accepted Municipal Accounting Practice
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Plan
IFRS	International Financial Reporting Standards
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act No. 56 of 2003
MIG	Municipal Infrastructure Grant
MM	Municipal Manager
MSA	Municipal Systems Act No. 32 of 2000
NSDP	National Spatial Development Perspective
NT	National Treasury
PMS	Performance Management System
PT	Provincial Treasury
SDBIP	Service Delivery and Budget Implementation Plan
SCM	Supply Chain Management
SDF	Spatial Development Framework

FOREWORD BY MEC

“After the 1 March elections, all three spheres of government will therefore continue working together to ensure that every Metro and District municipality is properly positioned to discharge its responsibility to the people. In particular this will mean that each of these municipalities has a realistic IDP, a credible Local Economic Development Programme as well as the management and operational systems.”

(President T Mbeki – 2006 State of the Nation Address)

The Consolidated Municipal Performance Report, for the period ending June 2006, is submitted in compliance with the legislative obligations placed on the MEC for Local Government and Housing in terms of Section 47 of the Municipal Systems Act No. 32 of 2000.

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

Performance reports in terms of Section 47 form an integral part of the annual reports submitted by the municipalities. In terms of the Municipal Finance Management Act 2003 (MFMA), all municipalities are obliged to submit annual reports.

The report therefore addresses the performance of municipalities in the Western Cape in respect of its core legislative obligations and consummates the annual reporting process of municipalities which commences with the submission of annual financial statements to the Auditor General.

The Constitution of the Republic of South Africa (Act No. 108, 1996) establishes the framework of inter governmental relations. It sets out the principles for co-operative governance and the application of these in the relations between national, provincial and local government. This framework highlights that all three spheres of government (national, provincial and local), as well as the private sector and communities have a role to play in service delivery. Clearly,

current day South Africa has many years of service delivery backlogs inherited from apartheid discrimination and politics of degradation.

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

It is in this context that the period under review has witnessed a definite improvement in the overall governance of municipalities including political oversight and governance, financial management and human resource development. Most municipalities have complied in terms of their core legislative functions and in dealing with complex and challenging service delivery processes. It is also clear that the implementation of new financial systems such as GAMAP/GRAP and, internal financial control weaknesses have impacted negatively on the overall performance of municipalities. These challenges are being addressed by my Department and the Provincial Treasury, as elaborated on further in the report.

Good governance defines an ideal which is difficult to achieve in its totality. However, to ensure sustainable human development, actions must be taken to work towards this ideal. I believe that we have indeed begun to take these actions and beginning to give practical expression to the vision of "Creating A Better Life For All" and "A Home For All".

I thank you

EXECUTIVE SUMMARY

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

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

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

It is in this context that the period under review has witnessed a definite improvement in the overall governance of municipalities including political oversight and governance, financial management and human resource development.

Most municipalities functioned well in terms of political governance, including statutory and legislative oversight and compliance during the 2005/6 reporting period. The average number of meetings for Council, Executive Mayoral Committee, Portfolio Committee, Municipal Management and IDP forums were fairly high, quorums were achieved and this reflects positively on the overall good governance of municipalities. Most municipalities also complied in terms of the required legislative delegations and processes as set out in the Municipal Systems Act.

The general perception portrayed by the universal vision statements of local municipalities, albeit with a slight difference in wording, indicates a strong municipal desire to create a liveable area in which all can prosper. In this regard all local municipalities compiled Integrated Development Plans (IDP's) (2005/6) that included all the core components stipulated in Section 26 of Act 32 of 2000. These IDP's were, given a few exceptions, formulated and prepared within pre-determined timeframes and included community needs prioritised at ward level.

Most municipalities indicated that they have implemented performance management systems in line with DPLG guidelines and recommendations. Further interrogation and analysis of their systems has however revealed that whilst policy and systems are in place, it is primarily being implemented at a Section 57 (MSA) appointee level. This area remains a challenge and needs to be addressed as it impacts on the overall performance of municipalities.

The period under review only required high and medium classified municipalities to submit annual reports. Most municipalities submitted annual reports as well as IDP, budgets, financial statements, etc. This indicates that municipalities are definitely meeting their reporting and compliance obligations as required by legislation.

Although generally the financial management of municipalities have improved with the implementation of the MFMA, the reports of the Auditor-General indicates a deterioration of internal controls.

All municipalities (those responsible for the provision of specific services) provide the nationally required free basic services to their indigent households where the households are linked to the grid. They have indigent registers that are updated regularly. A few municipalities also provide a certain amount of free basic services to their non-indigent households, i.e. electricity and water. Municipalities finance free basic services with their equitable share grant from the National government. The average percentage spent on the Municipal Infrastructure Grant is almost 100%. This success can be attributed to the dedicated monitoring and support that is provided by the Department of Local Government and Housing.

It appears that basic service delivery, local economic development, institutional transformation, good governance and infrastructure development are the KPA's that feature most prominently amongst Western Cape municipalities. Infrastructure as a KPA appeared in the IDP's of almost all of the municipalities. These KPA's indicate that municipalities are guided by National, Provincial and District objectives and are beginning to respond to their local socio-economic challenges. Most of the municipalities had an approved Local Economic Development Plan which informed the 05/06 Integrated Development Plan, however there needs to be a greater focus on the sustainability of processes and projects rather than a short term project driven approach.

The various interventions by provincial departments such as the Department of Local Government and Housing, Provincial Treasury and the National Department of Provincial and Local Government have definitely had a positive impact on the overall performance of municipalities.

The interventions by the Department of Local Government and Housing included:

IDP Support

Following on the assessment of IDP progress within individual municipalities in 2005/6, the Department provided direct hands-on support to review the municipal IDPs in the following municipalities:

- Overberg District Municipality
- Kannaland Municipality
- Oudtshoorn Municipality

In recognition of the need for the standardisation of Integrated Development Plans, the Department held sessions with each municipality in the province during February 2007 to clarify the characteristics and content of a credible IDP.

Performance Management

The following databases were developed by the Department to monitor, on an ongoing basis, the status with regard to PMS:

- Performance management database reflecting personal details of all section 57 appointees
- Performance agreements of section 57 appointees (completed and copies submitted)
- Analysis of section 57 appointees performance agreements
- Municipal internal audit committees.

HR Management, Systems and Policies

- A Councillor summit was hosted to capacitate newly elected Councillors on various local government legislation
- Leadership development training programmes were rolled out for all women Councillors
- A "Women in Local Government Conference" was hosted to determine their capacity needs and to create a platform for networking
- The following Hands-on support was provided to municipalities with the filling of their Municipal Manager posts:
 - A guide on the recruitment and selection of senior officials within local government
 - A competency profile to recruit a Municipal Manager
 - An example of an appointment contract for a Municipal Manager
 - An example of a performance contract for a Municipal Manager

- The Department, in partnership with the South African Local Government Association and the University of the Western Cape, developed and rolled out an Accredited Executive Leadership Development training programme for Councillors.

Capacity building

The Department completed capacity assessments of all municipalities, which resulted in a comprehensive municipal capacity-building strategy to assist municipalities to deliver on their constitutional and legislative mandate. The strategy flowed from a capacity assessment that was done, customer survey that was conducted and feedback obtained from municipalities in the Province. The strategy is based on ten interventions that were implemented from April 2006, nine of which is driven by the Department and the remaining one by Provincial Treasury. The interventions include:

- Development of capacity/competency profiles;
- Development of expertise around integrated human settlements;
- Development of centralised resources for municipalities;
- Peer advice and external mentoring;
- Central pool of expertise;
- Ward committee training;
- Councillor development programme;
- Sharing of best practices;
- Internship programme; and
- Financial Management (Provincial Treasury)

Project Consolidate

The municipalities targeted in the Western Cape were the City of Cape Town (Khayelitsha & Mitchells Plain), Matzikama, Cederberg, Witzenberg, Theewaterskloof, Kannaland, Central Karoo District (DMA: Murraysburg), Laingsburg, Beaufort West and Prince Albert.

Some of the key focus areas included supporting these municipalities with capacity building, human resources and the implementation of systems. Municipal action plans were developed and implemented with the support of a dedicated consortium of service providers. A number of reports have already been compiled by the Department on the impact, best practise and effect of Project Conslidate.

Technical Skills Shortage

With the support of the DBSA, skilled technical professionals were deployed as part of their Siyenze Manje project to the Hessequa, Kannaland, Cederberg, Witzenberg, Breede Valley, Theewaterskloof and Central Karoo municipalities.

The establishment of Shared Service Centres on a district level was aimed at addressing skills shortages in all municipal disciplines. The Shared Service Centres on a district level will ensure sustainable human resource capacity and attract skilled and experienced professionals.

Sanitation Infrastructure

A Sanitation backlog study for the Province has been completed. This was verified and signed off by all municipalities. A detailed provincial implementation plan for the eradication of the "bucket system" with clear targets was submitted to the Social Cluster on the 7th March 2007. National funding has been secured for the eradication of the "bucket system", and this was transferred to municipalities on 1st April 2007. Kannaland and Theewaterskloof have committed to eradicating the "bucket system" by December 2007.

The Department is assisting municipalities to fast track procurement processes. Discussions were held with the National Department of Provincial and Local Government (DPLG) to develop a monitoring and evaluation system for the bucket eradication programme. A comprehensive communication strategy in respect of the implementation plan was developed. The Department, together with the Department of Water Affairs and Forestry (DWAF), is providing strategic support to municipalities on mechanisms to speed up the procurement process for sanitation projects. DWAF launched "Operation Gijima" to accelerate sanitation delivery.

Debt management

The interventions by the Provincial Treasury included:

- The Provincial Treasury has established a Debt Management Task Team to assist the Provincial Government and the City of Cape Town in managing accounts, which are outstanding. The task team through the principles of cooperative governance ensures that the different spheres of government work to support each other's initiatives. Provincial Treasury will use the establishment of this intergovernmental forum as a model for replication in the five districts of the province to assist municipalities in the collection of outstanding amounts due to them from provincial and national government.
- The Provincial Treasury has raised the level of discussion in municipalities with respect to revenue enhancement and related debt management as a means of maximising revenue of municipalities during MTEC discussions and all subsequent engagements.
- Discussion during the IYM visits have regularly engaged municipalities by examining, analysing and advising on how to best manage debtors and the resulting benefit to revenue protection. These have focussed on ensuring that the municipality has:
 - Capacity to effectively manage its billing system
 - Has access to the resources of a billing system
 - Embarked on processes to ensure the integrity of the data it possesses in terms of:
 - Data cleansing
 - Updating the indigent register
 - Tariffs which are calculated on a scientific basis
 - Implemented a strategy to follow up on outstanding accounts

GRAP Implementation

- During April/May 2007 Annual Financial Statements for 2005/2006 financial year of all 30 municipalities in the Western Cape were analysed and interpreted using ratios to assess the financial position, performance and cash flow of a municipality. This assessment fed into the LG MTEC process.
- Municipal Audit Outcomes for 2005/2006 were analysed and it was identified that municipalities required technical training on the Auditors General's findings relating to the application of GAMAP/GRAP and IFRS.
- Technical training was provided during 26 to 28 June 2007 based on the issues raised by A-G for 2005/2006.
- A workshop was held at the end of June 2007 between PT, NT and municipalities on Government Gazette no.30013 to address concerns of municipalities.
- All the written requests for deviation from MFMA exemption received from municipalities were sent to National Treasury and subsequently municipalities were informed on the approval of the deviation to MFMA exemptions jointly by National/Provincial Treasury.

- Regular visits to municipalities will be conducted to assess progress towards compliance on all the accounting standards.
- Provincial Treasury monitored the implementation plans of municipalities for the phasing-in of GRAP as per National Treasury's Government Gazette No.30013.

INTRODUCTION, BACKGROUND AND LEGISLATIVE OVERVIEW

This report addresses the performance of municipalities in the Western Cape in respect of its core legislative obligations. A municipality's performance is primarily assessed in terms of its development priorities and the objectives cited in its Integrated Development Plan (IDP). In keeping with the legislative prescripts, municipalities were therefore probed on all legislative aspects related to its development priorities and the objectives of its Integrated Development Plan. Outside of municipalities which have already been placed under administration, under-performing municipalities have been identified and cited in this report. Senior officials of the Western Cape Department of Local Government and Housing have been engaged in respect of remedial initiatives for these municipalities. The proposed initiatives are also laid out in this report.

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

47. (1) *The MEC for local government must annually compile and submit to the provincial legislatures and the Minister a consolidated report on the performance of municipalities in the province.*
- (2) *The report must—*
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 - (c) be published in the Provincial Gazette.
- (3) The MEC for local government must submit a copy of the report to the National Council of Provinces.

Performance reports in terms of Section 47 form an integral part of the annual reports submitted by the municipalities. In terms of the Municipal Finance Management Act 2003 (MFMA), all municipalities are obliged to submit annual reports. For the financial period ending June 2006, only municipalities classified as high and medium capacity municipalities were obliged to submit annual reports.

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

REPORTING FRAMEWORK

REPORT	APPLICABLE LEGISLATION	RESPONSIBLE ENTITY/ PERSON	BY WHEN
Submission of financial statements	MFMA section 126(1)	Municipalities	31 August (two months after the end of a financial year)
Auditor-General to audit financial statements and submit report	MFMA section 126 (4)	Auditor-General	30 November (within 3 months after receiving financial statements)
Tabling of municipal annual report to council	MFMA section 127 (3)	Mayor	31 January (Within 7 months after the end of the financial year)
Make annual report public and invite the local community to make representations	MFMA section 127 (5)	Accounting Officer of municipality	After tabling
Submit annual report to PT and MEC for Local Government	MFMA section 127 (5)	Mayor	After tabling
Adopt an oversight report containing the council's comments	MFMA section 129 (1)	Council	31 March (Within two months after the tabling)
Copies of minutes of the council meeting during which the annual report was adopted and the oversight report must be submitted to the AG, PT and the MEC	MFMA section 129 (2)	Accounting Officer of municipality	Within 7 days after the meeting during which the oversight report was adopted
Submit oversight report and annual report to the Provincial Legislature	MFMA section 132 (1)	Accounting Officer of municipality	Within 7 days after the meeting during which the oversight report was adopted
Monitor submission process of municipal annual reports to the Provincial Legislature	MFMA section 132 (3)	MEC for Local Government	From 1 February to mid April
Submit consolidated municipal performance report to Provincial Legislature	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

STRUCTURE OF THIS REPORT

The following matters need to be considered when perusing the report:

1. This is the first report of this nature and no national standardised formats for such reports is currently available, hence additional information was required from municipalities, much of which was not provided;
2. The quality of data provided by municipalities has indeed been a challenge in compiling this report. The quality of municipal data is a challenge for all other departments and is currently being addressed at a broader provincial governmental level;
3. This report is based on three key sources of information (completed questionnaires from the municipalities, information submitted to the provincial departments and *Gaffney's: Local Government in SA 2007-8 Official Yearbook*). The report is therefore underpinned by a qualitative assessment of performance that is reflected in a consolidated report;
4. The structure of this report will enable the progressive interpretation and understanding of the strategic logic applied in the drafting process and eventual conclusion on the performance of municipalities. At the beginning of the report the rationale for this exercise is stated with the subsequent contextual location of the municipalities depicted as a collective. The municipalities included in the Project Consolidate programme, Urban Renewal Programmes and ISRDP are identified on the map included in this report. The report furthermore covers six key performance indicators in separate chapters with an Executive Summary;
5. The Consolidated Annual Municipal Performance Report 2005/06 (period ending June 2006) measures performance only with regard to institutional compliance and not the institution's developmental contribution (see Diagram 1);
6. Where reference is made to a District Municipality it includes the component of the respective District Management Areas;

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7. Due to the timing of the report as well as the fact that this is the first report of this nature for the Province, it was not possible to deduct a time-series analysis of indicators to determine annual trends;
 8. In certain instances, certain municipalities did not have to comply with all legislative requirements, i.e. submitting of annual reports, establishment of ward committees, submitting of SDBIP's, compliance with various sections of the MFMA, i.e. GRAP; which made certain assessments and comparisons difficult; and
 9. In certain instances the information reflects the current status and not the status as at 30 June 2006 due to the unavailability of data.

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

1.1 Introduction

The purpose of this chapter is to set the scene, provide the background and to understand the landscape of the province.

1.2 Geographic information per municipality

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

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

Beaufort West	WC053	16 330.10	Beaufort West, Droërivier, Hillcrest, Letjiesbos, Merweville, Nelspoort, Renosterkop, Restvale, Rosedene, Wiegnaarspoort
Central Karoo DM	DC5	38 853.99	Beaufort West, Laingsburg and Prince Albert, Murraysburg

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

1.3 Demographic information per municipality

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

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

Note: DM totals include District management Areas

1.4 Socio-economic information per municipality

Municipality	Housing backlog (2004)	Number of grants paid monthly (2005)	Unemployment rate (%)	Proportion of households with no income (%)	Skills prop. of pop. – low skilled employ. (%)	HIV /AIDS prevalence 2005 (%)	People older than 14 years illiterate (%)	Total number of cases reported (2004/2005)	Urban/rural household split (%)
City of Cape Town	265 000	no info	23.4	13.3	22	5.7	15	452 492	Not applicable
Matzikama	2600 (to 4000)	568	15,8	5,6	56	2.6	31	3 469	60.7/ 39.3
Cederberg	670	468	10.2	7.0	64.5	3.0	34	2 793	48.8/ 51.2
Bergriver	1 700	350	7.6	3.7	59.3	2.6	30	2 697	60.7/ 39.3
Saldanha Bay	3 000	392	21.4	10.9	32.0	4.3	21	6 687	94.4/ 5.6
Swartland	1 139	550	10.2	4.7	51.9	3.1	31	5 881	71.2/ 28.8
West Coast DM	7 334	2 396	13.8	6.6	51.2	3.2	29	21 642	69.9/ 30.1
Witzenberg	3 000	805	14.6	8.21	no info	4.2	35	6 897	58.5/ 41.5
Drakenstein	11 000	2 523	22.8	10.4	no info	5.4	23	20 387	81.72/ 18.28
Stellenbosch	10 500	934	17.1	19.9	no info	4.0	20	12 508	71.7/ 28.3
Breedee Valley	11 876	1 604	19.7	8.9	no info	3.7	29	16 465	68.1/ 31.9
Breedee River/Winelands	4 300	853	12.2	10.5	no info	3.2	38	5 243	63.5/ 36.5
Cape/ Winelands DM	4 0676	6719	18.41	11.83	51	3.8	28	61 572	70.28/29.72
Theewaterskloof	7 524	no info	18.6	10.8	58	4.7	32	6 502	64.2/ 35.8
Overstrand	3 000	no info	21.7	11.7	37.5	4.5	19	5 484	91.2/ 8.8
Cape Augulhas	1 305	no info	14.2	6.0	40.4	2.1	37.4	725	83.2/ 16.8
Swellendam	2 000	no info	15.9	5.26	54.8	2.9	35	2 583	65.2/ 34.8
Overberg DM	16 524	no info	18.6	9.7	50	4.1	27	15 294	75.7/ 24.3
Kannaland	500	375	13.8	6.7	57	2.1	40	2 580	53/ 37
Hessequa	2 300	497	13.9	6.3	50	1.9	30	3 099	70/ 30
Mossel Bay	3 000	611	26.5	9.6	30	3.6	21	7 805	88/ 12
George	5 066	1 281	28.7	13.7	31	4.5	24	13 573	92/ 8
Oudtshoorn	3 159	1 076	33.7	6.3	34	2.6	29	6 881	88/ 12
Bitou	4 913	191	26.1	13.9	31	6.0	24	3 655	85/ 15
Knysna	4 800	436	28.6	11.6	32	4.9	22	6 435	90/ 10
Eden DM	23 738	4 638	26,5	10.6	36	3.7	26	45 186	85/ 15
Laingsburg	900	107	26	5.7	34	2	42	666	63/ 37
Prince Albert	380	201	35.2	6.8	31	2.1	41	804	65/ 35
Beaufort West	584	432	39.1	7.0	39.7	2.9	32	4 443	82/ 18
Central Karoo DM	4 411	863	36	7.5	43.8	2.7	37	6 341	75/ 25

Source: PT: Socio Economic Profiles Local Government

Note: DM totals include District management Areas. As all the information submitted was not complete, percentages were not calculated.

1.5 Classification of municipal capacity by the National Treasury

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

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

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

A world-wide phenomenon is that populations are ageing, growing and moving with the number of people residing in urban areas. For the first time urban populations are overtaking rural populations. The average urban/ rural split for the Western Cape is 74,4% urban and 25,6% rural.

The socio-economic status of the Western Cape communities reflect a concerning state of affairs that requires strategic and focused interventions. A process to assess the severity translated into quantitative and qualitative indicators needs to be performed in order to collectively identify, design and conduct effective programmes and projects as part of remedial interventions. In partnership with other role-players, local government must accept this responsibility with regard to critical remedial action and consequently articulate functions and performance during legislative discourse.

The concerning situation typifies each of the selected socio-economic components measured (see table 1.4) and alludes to the “unfortunate” composition and structure of present-day society. Issues such as skills development, crime rates and unemployment characterise this profile with a concerted effort from local government amongst others, to intervene to ensure that the situation does not reach uncontrollable dimensions.

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

1.7 Support provided by departments

Department of Environmental Affairs and Development Planning

With regard to Geographical Information Systems (GIS), during the 2005/06 financial year, the Department of Environmental Affairs and Development Planning initiated the development of a Sustainability Atlas. The need for the Atlas was identified as a direct result of the following documents: the Western Cape Provincial Spatial Development Framework, the State of the Environment Report, the Growth Potential of Towns in the Western Cape and Measuring the State of Development in the Western Cape Province.

The Western Cape Sustainability Atlas was launched by the MEC for Environmental, Tourism and Economic Affairs, Ms T. Essop, during her 2006/07 budget speech. This was followed by visits to the District Municipalities to hand over the Sustainability Atlas and the unfolding of the “GIS Assistance to Local Municipalities” project, aimed at providing adequate hands-on assistance with GIS to municipal officials.

Part of the project included a GIS questionnaire survey. The results of the visits to 29 municipalities highlighted that in most cases the Geographical Information Systems capabilities are hampered by a lack of funds, human resources, skills and knowledge of GIS software and hardware.

CHAPTER 2: DEVELOPMENT PLANNING

2.1 Introduction

Chapter 7 of the Constitution of the Republic of South Africa, 1996 identifies the following objects of local government

-

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

The Constitution further states that “a municipality must strive, within its financial and administrative capacity, to achieve the objects” of local government.

The quality of life of the Western Cape’s communities and its future generations will most certainly depend on the ability of local government to deliver on its constitutional mandate in the context of the developmental state. This ability of local government depends on the synergy in co-operation between the different spheres of government¹ and the ways and means adopted to ensure public participation².

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

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

- Maximising social development and economic growth: The powers and functions vested in local government create the conditions for it to play a key role in developing economic prosperity at the local level. Municipalities therefore need a clear vision for the local economy and to create the overall economic and social conditions conducive to the creation of employment opportunities. Essential municipal services such as water, sanitation, electricity, roads and street lighting are an important contribution of local government towards building a healthy and socially sustainable society.

¹ as promoted in Section 41 of the Constitution

² according to Chapter 6 of the Municipal Systems Act, 2000 (Act 32 of 2000).

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

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

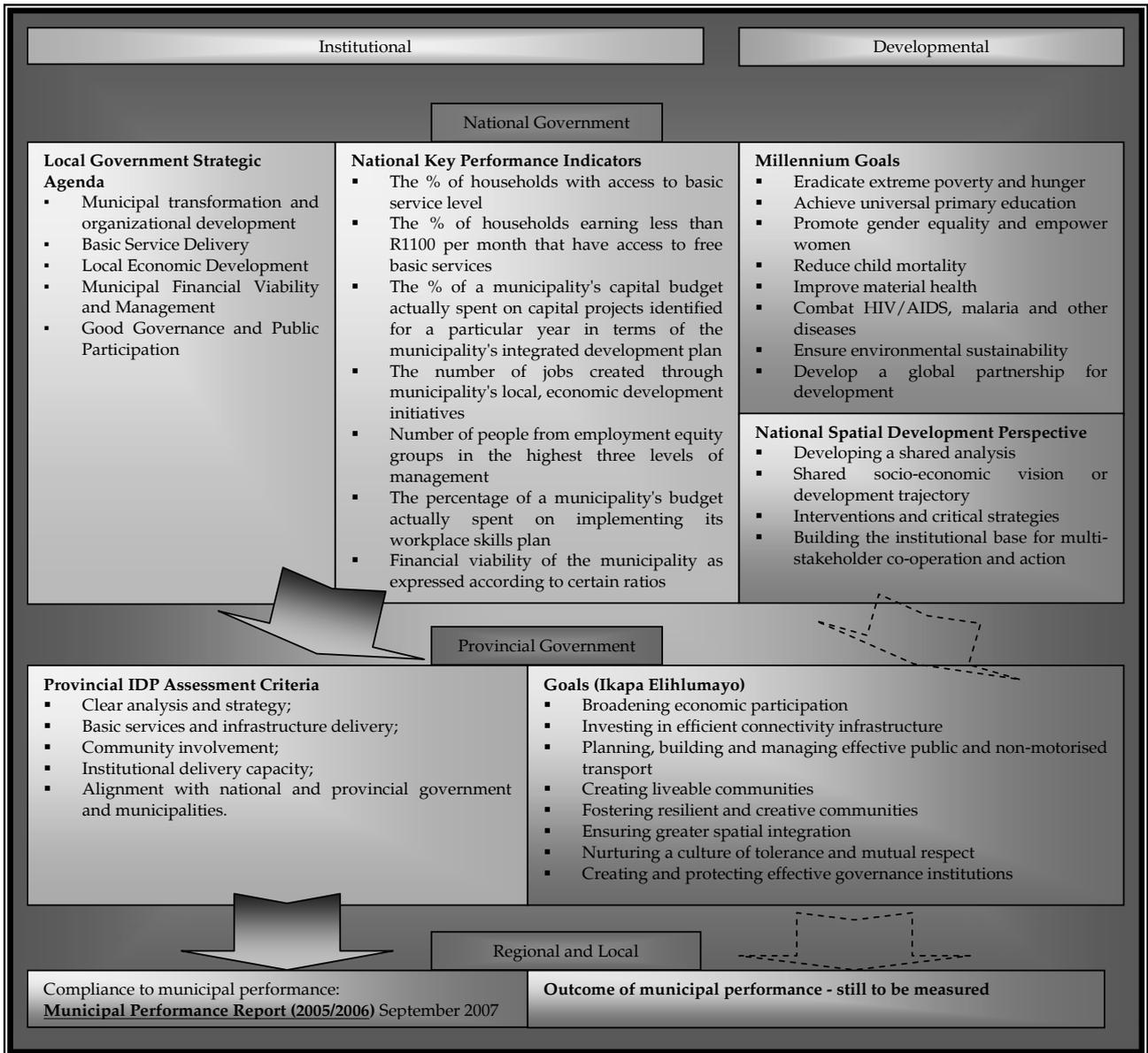
The White Paper also identifies three planning tools that can assist municipalities to become more developmental, namely:

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

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

2.2 National and Provincial Key Performance Indicators

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



2.3 Concise description of strategic vision of each municipality

Municipality	Vision: Goals/ Objectives (Strategic Priorities)/ Themes/ Values
City of Cape Town	<p>“a sustainable, dignified, accessible, credible, competent, safe and caring, prosperous and a City known for its leadership in Africa and the developing world”;</p> <p>Creating integrated settlements/ economic growth and job creation/ building strong communities/ access and mobility; equitable and efficient service delivery.</p> <p>“ a prosperous City in which City Government creates an enabling environment for shared growth and economic development; a City known for its effective and equitable service delivery; and a City that distinguishes itself as a well-governed and efficiently run administration” [Source: IDP 2007/08-2011/12].</p>
Matzikama	<p>“visualize a prosperous, safe, harmonious and integrated society with affordable service delivery and sustainable economic development”</p> <p>Delivery of affordable effective municipal services/ socio-economic and welfare development with ensuring the safety of all people.</p>
Cederberg	<p>“A Visionary Municipality that works for <u>you</u>”</p> <p>through</p> <ul style="list-style-type: none"> ▪ Reliable, sustainable service delivery ▪ Continuous service maintenance ▪ Socially and environmentally responsible development ▪ Effective planning and timeous implementation ▪ Involving communities and continuous participation ▪ Innovative Municipal services solutions ▪ Providing an enabling environment ▪ Prioritising the needs of the disadvantaged ▪ Healthy inter-governmental relationships and cooperation ▪ Ensuring financial viability and economic growth and sustainability ▪ Visionary and competent management ▪ Creating a safe environment
Bergriver	<p>Supplying a responsible, duty-driven government to local communities/ provision of sustainable service delivery to communities/ promoting of social and economic development/ create a safe and healthy environment/ protect the natural environment/ involving communities and organizations in local authority matters.</p>
Saldanha Bay	<p>“to make this the preferred area of choice to live in, to do business in as well as for recreation”</p> <p>A natural choice for residence to live, work and relax in/ should have a safe, clean and beautiful residential areas with usable infrastructure/ business premises should be well planned and organised/ recreational facilities must be integrated with the residential and working environment/ the management of the region should be transparent and known for friendly service delivery.</p>
Swartland	<p>“to build sustainable partnerships with our people”</p> <p>To ensure social and economic stability and growth through sustainable service delivery of all primary and secondary services to all interested and effected parties.</p>
West Coast DM	<p>“ a better quality of life for all”</p> <p>The purposeful improvement of the quality of life/ preservation of a safe environment/ pro-active and responsible stimulation of the regional economy/ pro-active cooperation.</p>
Witzenberg	<p>“A united, Integrated, Prosperous municipality, progressively free of poverty and dependency”</p> <p>To build a sustainable and environmentally sound Witzenberg that through efficient and effective utilization of its</p>

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

	To keep Swellendam and surrounding area as the youngberry mecca of the world/ continuous efforts to preserve and protect the historical and cultural past/ the preservation and balancing of sustainable utilization of the areas outstanding natural environmental resources/ the promotion of sustainable economic development/ the promotion of sustainable economic development/ the development and empowerment of human resources/ to create and provide basic services and infrastructure.
Overberg DM	<p align="center">“The Overberg – Paradise at the southern most tip of Africa – A lekker region that works”</p> <p align="center">To create, preserve and further development paradise through:</p> <ul style="list-style-type: none"> ▪ Sustainable and balanced utilisation and development of human and natural resources for the benefit and wealth of all the inhabitants and for the promotion of economic growth and development ▪ Promotion and sustainable utilisation of the region’s diversity in different fields ▪ The preservation of the region’s rural character ▪ Effective crime prevention and combating ▪ To make the region a <i>lekker</i> place that works, by ▪ Striving to develop the potential of all inhabitants to the full ▪ Promoting unison within regional and communal context ▪ Ensuring that the region’s inhabitants and their descendants can continue to live in a healthy, natural environment
Kannaland	<p align="center">“to create the ideal environment in which the people of Kannaland would like to live and work. To be the place of choice”</p> <p>Encouraging self-reliance/ ensuring co-ordination and collaboration between stakeholders/ promote a healthy and vibrant community/ unlocking the development potential of the area/ ensuring that everyone will be active in the economy/ attracting and keeping a highly skilled workforce and ensuring that literacy and numeracy levels are above average/ enabling all communities to have access to basic services/ ensuring a safe, healthy and secure environment/ caring for our vulnerable communities/ being a government accountable to its communities.</p>
Hessequa	A cooperative community where everyone reaps the fruit of a growing economy through sustainable development and utilization of our human potential and our natural resources
Mossel Bay	<p align="center">“to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity”</p> <p align="center">To render cost-effective and sustainable services, to have a motivated and representative municipal workforce, to apply good and transparent cooperative governance.</p>
George	<p align="center">“To establish George as the leading city in the region attracting people to it by means of the success in creating an environment which is conducive for the improvement of the well-being of our people”</p> <p align="center">Infrastructure and service delivery / Economic development / Tourism, recreation and sport / Social development , health and education / Safety and security / Governance and support services / Human resources and organisational transformation</p>
Oudtshoorn	<p align="center">“Peace and prosperity for all”</p> <p align="center">Promote economic development / Provide appropriate physical infrastructure / Provide appropriate community infrastructure / promote and develop HIV/AIDS strategies / Provide adequate housing / Social development / Safety and Security</p>
Bitou	<p align="center">“to be the best together”</p> <p align="center">Effecting participative and accountable development Local Government and Governance/ fostering effective inter-governmental relations/ facilitating sustainable people-centred development and ensuring environmental integrity/</p>

	<p>pro-actively identifying and securing suitable land for settlement/ facilitating housing delivery and land development/ provide effective basic services/ facilitate local economic development/ facilitating social upliftment and community integration/ adhering to the Batho Pele principles.</p>
Knysna	<p>“Knysna, the town that works for all”</p> <p>A caring and contented town / A successful and respected town / A attractive and sustainable town / A reliable functioning town / A financially sound town / A dynamic and welcoming town / A town prepared for the future</p>
Eden DM	<p>“a home and future for all”</p> <p>Good governance through institutional transformation, intergovernmental co-operation and public consultation/ develop appropriate regional economy/ create an enabling social environment that ensures safe, healthy and vibrant communities/ ensure an effective and affordable service and infrastructure delivery/ develop human and social capital/ sustain Eden environment through resource conservation, good land-use practices and people-centred planning.</p>
Laingsburg	<p>“the promotion and increase of the living standard and quality of the Greater Laingsburg community and the sustainable maintenance thereof”</p> <p>Community unity and cooperation/ No discrimination except to correct past disadvantages/ Rectification and eradication of historical disadvantages/ Satisfying the basic needs of residents/ Promotion of a climate of employment generation/ Quality education and training for children and youth/ Transparent municipal management/ Establishment of a culture of payment for services/ Realistic management of the natural and cultural environment/ The promotion of democracy and worth within the community/ The creation and maintenance of quality infrastructure/ Transparency/honesty and loyalty from and for the broad community/ Communication from the council to the public</p>
Prince Albert	<p>“uplift the standard and quality of life of the people in the sphere of the Prince Albert Municipal area and the optimal use of the resources and the sustainable preservation thereof”</p> <p>The supply of services to and facilitating of development of the total community of Prince Albert/ community solidarity and co-operation/ affirmative action and eradicating historical imbalances/ supplying in the basic needs of residents/ facilitating job creation and stimulating the economy/ quality training and education for juveniles and adults/ transparent, effective and community-directed municipal management/ a culture of delivery/ sustainable and sensible management of natural resources/ facilitating democracy/ creating and maintaining an sturdy infrastructure.</p>
Beaufort West	<p>“Beaufort West, land of space in the Great Karoo, aims to improve the quality of life for all its residents, including Merweville and Nelspoort by being a sustainable, expanding and safe town”</p> <p>To reflect the will of the South African people/ an effective municipal system/ to create affordable and sustainable infrastructure/ business initiatives and the hospitalisation of tourism/ empowerment of personnel, management and council members/ creating and maintaining an effective financial management system/ to develop the region as a sport and recreational mecca/ to create a crime free, safe and healthy environment/ agricultural businesses to improve job creation potential/ creation of employment/ to reduce poverty and to promote the empowerment of women/ involve HIV/ AIDS sufferers.</p>
Central Karoo DM	<p>“optimal quality of life for all citizens”</p> <p>Provide quality services for sustainable economic development and social stability through dynamic stakeholder partnerships and democratic involvement/ sustainable municipal service delivery/ improve the economy for sustainable growth/ accessible and affordable primary health care/ adequate access to land and housing/ appropriate infrastructure/ safe natural and build environment/ social development/ financially viable municipalities/ community participation/ institutional transformation and organisational development/.</p>

Analysis of alignment of strategic vision between national, provincial and local government

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

2.4 Integrated development planning per municipality

Municipality	IDP (05/06) approved by Council and implemented	Is the approved IDP seen as the single, inclusive and strategic plan for the municipality	Was the IDP prepared within set timeframes	Does the IDP include all core components (MSA)	Were community needs prioritised at ward level	Was the SDF approved (date) prior to IDP approval by Council	Did the LGMTEC engagements effect any changes in your draft IDP
City of Cape Town	yes	yes	yes	yes	yes	yes	no
Matzikama	yes	yes	yes	yes	yes	no info	no
Cederberg	yes	yes	yes	yes	yes	(May) 2007	yes
Bergriver	yes	yes	no	yes	yes	2003	yes
Saldanha Bay	yes	yes	yes	yes	yes	no (draft)	yes
Swartland	yes	yes	yes	yes	yes	yes	no
West Coast DM	yes	no	yes	yes	yes	yes	no
Witzenberg	yes	no	yes	no	no	(May) 2007	yes
Drakenstein	yes	yes	yes	yes	yes	Aug 2007	yes
Stellenbosch	yes	yes	yes	yes	yes	yes	yes
Breede Valley	yes	yes	yes	yes	yes	yes	yes
Breede River/Winelands	yes	yes	yes	yes	yes	2001	yes
Cape Winelands DM	yes	yes	yes	yes	NA	yes	yes
Theewaterskloof	yes	yes	yes	yes	yes	no	no
Overstrand	yes	yes	yes	yes	yes	(Jan) 2007	yes
Cape Augulhas	yes	No info	yes	yes	yes	(Feb) 2006	yes
Swellendam	yes	yes	yes	yes	yes	No info	yes
Overberg DM	yes	yes	no	yes	yes	no info	no
Kannaland	yes	yes	no	yes	yes	(May) 2007	no

Hessequa	yes	yes	yes	yes	yes	yes	yes
Mossel Bay	yes	yes	yes	yes	yes	No info	yes
George	yes	no	yes	yes	yes	Draft	yes
Oudtshoorn	yes	yes	yes	yes	yes	no	yes
Bitou	yes	yes	yes	yes	yes	Yes	no
Knysna	yes	yes	yes	yes	yes	yes	yes
Eden DM	yes	no	No info	yes	yes	2003	yes
Laingsburg	yes	yes	yes	yes	yes	yes	yes
Prince Albert	yes	no	yes	yes	yes	2006	no
Beaufort West	yes	yes	yes	yes	yes	(May) 2007	yes
Central Karoo DM	yes	yes	yes	yes	yes	yes	no

Source: Questionnaire August 2007

2.5 Analysis of IDP processes at municipal level

All municipalities have a 2005/2006 Integrated Development Plan (IDP) which includes the core components as cited in Section 26 of the MSA (32 of 2000). These IDPs were, given a few exceptions, all formulated and prepared within pre-determined timeframes and includes prioritising community needs. This is a clear indication of local government's efforts to deliver on its constitutional mandate in the context of the developmental state.

This process in itself, however, does not guarantee success in service delivery and the optimum application of scarce resources. Beyond the compliance dimension, local government needs to partner the creation of an ability to warrant and/ or facilitate synergy between the different spheres of government, find ways and means to ensure effective public participation, develop a shared analysis for generating informed consensus and build the institutional base for multi-stakeholder co-operation and action as prerequisites for development planning. The LGMTEC process as performed underpins this approach to cooperative governance, albeit that certain municipalities indicated (during 2005/2006) a less than expected impact on local government processes and products.

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

As a core component of an Integrated Development Plan, a Spatial Development Framework (SDF) needs to be considered as a critical informant in the planning process. SDFs should not only reflect spatial implications of proposed "IDP projects" but also direct future spatial growth and development within the municipal area. Any

future development of our towns and cities must include the dismantling of spatial distortions created by *apartheid* planning policy.

The application of sound spatial planning principles that focuses on new spatial forms, arrangements and structure by creating *inter alia* land-use management tools such as an urban edge is incontestable and is promoted in the Provincial Spatial Development Framework. An SDF must therefore be environmentally informed and sustainability based, yielding to pro-poor policies and be a “contributor” towards integrated development planning rather than a “conveyor” thereof. The two key issues that must determine subsequent contributions of each within a reciprocal effect would be the content of the SDF and its intersection with the IDP at critical stages within the planning process.

2.6 Performance management

2.6.1 Performance management systems of municipalities

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

*A municipality through appropriate mechanisms, processes and procedures established in terms of Chapter 4, must involve the local community in the development, implementation and review of the municipality's performance management system, and, in particular, allow the community to participate in the setting of appropriate key performance indicators and performance targets for the municipality.*³

The Act requires that a municipality:

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

Status regarding the implementation of performance managements systems

Municipality	Policy and framework	Performance Management Committee	Annual Performance Report			
			Performance	Comparisons	Service delivery priorities	Performance targets
City of Cape Town	yes	yes	yes	yes	yes	yes
Matzikama	no	no	no	no	no	no

³ Section 42

Cederberg	yes	yes	yes	yes	yes	yes
Bergriver	yes	no	yes	yes	yes	yes
Saldanha Bay	yes, draft	yes	yes	yes	yes	yes
Swartland	No info	yes	yes	yes	yes	yes
West Coast DM	yes	no	yes	no	yes	yes
Witzenberg	yes	no	yes	no	yes	yes
Drakenstein	yes	no	yes	no	yes	no
Stellenbosch	yes	yes	yes	yes	yes	yes
Breede Valley	no	no	yes	no	no	no
Breede River/Winelands	yes	yes	yes	yes	yes	yes
Cape Winelands DM	yes	yes	yes	yes	yes	yes
Theewaterskloof	no	no	yes	yes	yes	yes
Overstrand	yes	no	yes	yes	yes	yes
Cape Agulhas	yes	no	no	no	no	no
Swellendam	yes	no	yes	yes	yes	yes
Overberg DM	yes	no	yes	no	yes	yes
Kannaland	no	no	yes	yes	yes	yes
Hessequa	no	no	yes	yes	yes	yes
Mossel Bay	yes	yes	yes	yes	yes	yes
George	no	no	yes	yes	yes	yes
Oudtshoorn	no	no	no	no	no	no
Bitou	yes	yes	yes	yes	yes	yes
Knysna	yes	yes	yes	yes	yes	yes
Eden DM	yes	yes	no	no	no	no
Laingsburg	yes	yes	yes	yes	yes	yes
Prince Albert	no	no	yes	no	yes	yes
Beaufort West	yes	yes	yes	yes	yes	yes
Central Karoo DM	yes	no	yes	yes	yes	no

Source: Questionnaire August 2007

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

The Office of the Auditor General is required to audit the performance of a municipality on an annual basis. A checklist for each of the nine phases below is prepared to guide the audit process and compliance with all the activities will constitute full compliance as indicated in the table below.

The 9 phases are as follows:

Phase 1: Development of IDP

Phase 2: Development and implementation of the PMS

Phase 3: Development and implementation of KPI's

Beaufort West	X	X	X	X	X	X	X	X	X
Central Karoo DM	X	X	X	X	X	X	X	X	X

Source: Database AG

2.6.3 Analysis of municipal performance management systems

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

More than 50% of the municipalities do not have a functional performance audit/management committee. In most municipalities these committees lack clear reporting and accountability standards and often report and account to the Municipal Manager as opposed to the Council. The Auditor General Municipal Performance Audit Reviews for 2005/6 accordingly notes that this incorrect reporting has implications for good governance. It is also not clear to which extent communities are involved in the performance management processes.

The above table from the Office of the Auditor-General, which is self explanatory, clearly indicates that municipalities need to address various performance matters to achieve full compliance to all the phases listed above.

The alignment and measurement of performance criteria with goals and objectives are critical to ensure that national, provincial and local objectives are met.

2.6.4 Submission of Annual reports

In terms of MFMA exemptions only municipalities classified as high and medium had to submit annual reports for 2005/06

Municipality	Capacity (NT)	Annual report submitted
City of Cape Town	High	Yes
Matzikama	Medium	Yes
Cederberg	Low	NA
Bergriver	Medium	Yes
Saldanha Bay	High	Yes
Swartland	Medium	Yes
West Coast DM	Medium	Yes
Witzenberg	Low	NA
Drakenstein	High	Yes
Stellenbosch	High	Yes
Breede Valley	High	Yes
Breede River/Winlands	Medium	Yes
Cape Winelands DM	Medium	Yes
Theewaterskloof	Medium	Yes
Overstrand	High	Yes
Cape Agulhas	Low	NA
Swellendam	Low	Yes
Overberg DM	Medium	Yes
Kannaland	Medium	Yes
Hessequa	Medium	Yes
Mossel Bay	High	Yes
George	High	Yes
Oudtshoorn	Medium	No
Bitou	Medium	Yes
Knysna	Medium	Yes
Eden DM	Medium	Yes
Laingsburg	Medium	Yes
Prince Albert	Medium	Yes
Beaufort West	Medium	Yes
Central Karoo DM	Medium	Yes

2.7 Performance of municipalities in terms of national KPI's

The following national KPI's were published in the National Government Gazette No. 22605 dated 24 August 2001:

KPI 1: The percentage of households with access to basic service levels

KPI 2: The percentage of households earning less than R1100 per month with access to free basic services

KPI 3: The percentage of a municipality's capital budget actually spent on capital projects identified for a particular year in terms of the Integrated Development Plans (IDP's)

KPI 4: The number of jobs created through local economic development initiatives supported by the municipality

KPI 5: Number of people from employment equity groups in the highest three levels of management

KPI 6: The percentage of a municipality's budget actually spent on implementing its workplace skills plan

KPI 7: Financial viability defined as:

- (1) Debt coverage = (total revenue-conditional grants) / debt service payments
- (2) Outstanding debtors to revenue = total outstanding debtors / annual revenue
- (3) Cost coverage: (cash inclusive of transfers + investments) / (monthly) salary / wage bill + average fixed expenditure

Municipality	KPI 1	KPI 2	KPI 3	KPI 4	KPI 5	KPI 6	KPI 7(1)	KPI 7(2)	KPI 7 (3)
City of Cape Town	Water : 98/99% Sanitation: 95.4 Electricity: 88.9 Solid waste: 99	Water: 100 Sanitation: 85.5 Electricity: 63 (excluding Eskom supplied area)	71	Temp: 8 829 Perm: 4 058	Not indicated as such in annual report	Not indicated as such in annual report	4.31:1	21.27:1	Not indicated as such in annual report
Matzikama	Not indicated in annual report								
Cederberg	No info: Low capacity municipality – did not submit annual report								
Bergriver	Not indicated in annual report								
Saldanha Bay	Not indicated in annual report								
Swartland	Not indicated in annual report								
West Coast DM	NA	100	100	NA	6	27	17.9:1	NA	13.75:1
Witzenberg	No info: Low capacity municipality – did not submit annual report								
Drakenstein	Not indicated as such in annual report						11.39:1	20.41:1	2.72:1
Stellenbosch	Not indicated as such in annual report						248:1	25.17:1	3.63:1
Breede Valley	Not indicated as such in annual report								1.16:1
Breede River/Winelands	Not indicated as such in annual report	100	84.8	187	Not indicated as such in annual report	77.82 of budgeted amount spent	7.38:1	16.99:1	5.76:1

Cape Winelands DM	Not indicated in annual report									
Theewaterskloof	Not indicated in annual report									
Overstrand	Not indicated in annual report									
Cape Augulhas	No info: Low capacity municipality – did not submit annual report									
Swellendam	Not indicated in annual report									
Overberg DM	No indicated in annual report									
Kannaland	Not indicated in annual report									
Hessequa	Not indicated in annual report									
Mossel Bay	Not indicated in annual report									
George	Not indicated in annual report							5.0:1	20.0:1	5.1:1
Oudtshoorn	No info: Did not submit copy of report to PT									
Bitou	Not indicated in annual report									
Knysna	Not indicated in annual report									
Eden DM	Not indicated in annual report									
Laingsburg	100	100	68	No permanent jobs	100 achievement of target	100 of budgeted amount spent	16.3:1	10.3:1	8.5:1	
Prince Albert	100	100	71	No permanent jobs	100 achievement of target	100 of budgeted amount spent	Not indicated in annual report	21.9:1	Not indicated in annual report	
Beaufort West	National KPI's not addressed in Annual report									
Central Karoo DM	No information									

Source: Annual reports of municipalities for 2005/06

Although most municipalities submitted annual reports with comprehensive detail on a large number of aspects, a large number of them did not address their performance in terms of the national KPI's, which makes comparison and proper evaluation of the results impossible. The formats of the annual reports also vary from one another and there is a need for standardisation of these reports.

2.8 Support provided by provincial departments

Department of Local Government and Housing

IDP support

Following on the assessment of IDP progress within individual municipalities in 2005/6, the Department of Local Government and Housing provided direct hands-on support to review the municipal IDPs in the following municipalities:

- Overberg District Municipality
- Kannaland Municipality
- Oudtshoorn Municipality

In recognition of the need for standardisation of Integrated Development Plans, the Department of Local Government and Housing held sessions with each municipality in the province during February 2007 to clarify the characteristics and content of a credible IDP.

Provincial Treasury

Although certain municipalities have shown linkages between the SDBIP and key performance areas contained in the IDP there is a lack of effective strategic planning in most municipalities. It is proposed that the linkages between the IDP, budget, SDBIP and the annual performance agreements can be strengthened by including additional columns in the SDBIP. Listing of the KPAs and votes ensures alignment between the IDP and the SDBIP and listing the Department and official responsible for performance promotes accountability and alignment between the SDBIP and the performance management system of the municipality.

Department of Environmental Affairs and Development Planning

SDF support

Four different categories have been selected in order to rate SDF's, namely "Excellent", "Good", "Fair" and "Poor".

On a Local Municipal level, an "Excellent" SDF would include all of the following:

- A vacant land audit,
- A densification study,
- A credible urban edge,
- A socio-economic and mixed used integration study,
- An alignment with the principles of the NSDP and the PSDF,

- Reference to climate change,
- Links with other municipal SDFs (both local and district), and
- An economic analysis – to determine growth sectors and their location.

On a District Municipal level, an “Excellent” SDF would include the following:

- An alignment with the principles of the NSDP and the PSDF,
- Reference to solid waste management,
- An economic analysis – to determine growth sectors and their location,
- A recognition of climate change and the impacts thereof,
- Links with other District SDFs and the local B Municipality SDFs

Both at a District and Local Municipal level SDF’s are rated as “Good” if they display approximately 70 % of the key requirements, “Fair” if they display approximately 50 % of the key requirements and “Poor” if they display less than 30 % of the requirements.

Those SDFs currently under review have not been rated. To base a rating on an SDF drafted prior to the PSDF, which is currently being updated, would not add value to this exercise.

Spatial Planning support

The following transfers were made to municipalities during the 2005/06 financial year by the Department of Environmental Affairs and Development Planning to support them with special planning:

Municipality	Amount R'000
City of Cape Town	450
Matzikama	50
Cederberg	0
Bergriver	50
Saldanha Bay	0
Swartland	110
West Coast DM	500
Witzenberg	90
Drakenstein	100
Stellenbosch	70
Breede Valley	80
Breede River/Winlands	50
Cape Winelands DM	80
Theewaterskloof	0
Overstrand	50

Cape Augulhas	0
Swellendam	50
Overberg DM	150
Kannaland	0
Hessequa	130
Mossel Bay	260
George	250
Oudtshoorn	0
Bitou	200
Knysna	80
Eden DM	0
Laingsburg	0
Prince Albert	0
Beaufort West	150
Central Karoo DM	0
Total	2 950

Source: Database Department of Environmental Affairs and Development Planning

CHAPTER 3: INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION

3.1 Introduction

It is important that the necessary organisational structures are in place at municipalities, posts are filled and key policies, plans and procedures to guide transformation and ensure appropriate capacity are developed and adopted by the Municipal Councils.

3.2 Municipal Organisational Structure

3.2.1 Filling of posts and transformation

Number of approved and vacant posts per municipality (Current status as at August 2007)

Municipality	Approved posts				Vacant posts			
	MM & MSA section 57	Middle management	Admin Officers	General Workers	MM & MSA section 57	Middle management	Admin Officers	General Workers
City of Cape Town	13	1 012	741	4 323	0	298	60	21 500
Matzikama	5	33	79	223	1	2	28	27
Cederberg	4	17	37	142	1	No info	No info	No info
Bergriver	6	40	62	235	0	4	4	24
Saldanha Bay	5	146	145	402	0	11	16	29
Swartland	7	74	90	280	0	8	7	7
West Coast DM	Incomplete information submitted							
Witzenberg	3	No info	1	392	2	No info	No info	No info
Drakenstein	8	198	258	915	5	59	63	189
Stellenbosch	10	113	460	486	0	49	295	230
Breede Valley	5	24	332	465	1	0	13	43
Breede River/Winelands	7	106	68	301	0	6	3	14
Cape Winelands DM	7	334	138	462	1	123	47	187
Theewaterskloof	5	43	173	368	0	18	38	80
Overstrand	7	50	69	666	0	9	28	77
Cape Agulhas	5	24	54	147	1	No info	No info	No info
Swellendam	Incomplete information submitted							
Overberg DM	5	34	2	127	0	0	0	2
Kannaland	4				3			
Hessequa	10	117	86	230	2	6	11	30
Mossel Bay	Incomplete information submitted							
George	9	119	417	662	0	33	94	121

Oudtshoorn	4	40	181	310	0	9	25	52
Bitou	5	71	148	196	2	16	12	14
Knysna	6	85	314	375	1	29	81	77
Eden DM	13	49	298	331	No info	3	No info	No info
Laingsburg	3	3	13	22	2	0	0	0
Prince Albert	3	2	15	29	0	0	5	6
Beaufort West	6	37	65	234	1	13	14	19
Central Karoo DM	4	19	25	117	0	1	1	6

Source: Questionnaires: August 2007

Transformation statistics per municipality

Municipality	All levels							
	AF	AM	CF	CM	IF	IM	WF	WM
City of Cape Town	1 280	3 237	2 861	10 035	16	56	1 201	2 268
Matzikama	2	21	79	157	0	0	16	17
Cederberg	2	7	50	151	0	0	8	11
Bergriver	2	11	48	212	0	0	17	19
Saldanha Bay	36	116	136	395	0	0	36	48
Swartland	5	57	76	287	0	0	36	41
West Coast DM	Incomplete information submitted							
Witzenberg	24	96	95	279	0	0	10	14
Drakenstein	Incomplete information submitted							
Stellenbosch	97	242	150	459	0	0	46	76
Breede Valley	51	177	110	400	0	1	30	57
Breede River/Winlands	17	84	56	230	0	0	40	45
Cape Winelands DM	50	115	102	162	0	2	42	96
Theewaterskloof	19	77	77	251	0	0	18	11
Overstrand	24	240	78	286	0	0	69	95
Cape Agulhas	0	10	51	126	0	0	8	21
Swellendam	No info	No info	No info	No info	No info	No info	No info	No info
Overberg DM	5	52	53	135	0	0	34	53
Kannaland	Information not available							
Hessequa	5	17	58	240	0	0	37	45
Mossel Bay	Incomplete information submitted							
George	72	231	177	336	2	2	47	80
Oudtshoorn	No information submitted							
Bitou	37	136	41	105	1	1	6	21
Knysna	38	215	49	216	0	0	32	42
Eden DM	16	61	96	264	0	0	30	83

Laingsburg	0	3	13	13	0	0	4	1
Prince Albert	0	0	5	34	0	0	2	3
Beaufort West	10	60	27	178	0	0	16	14
Central Karoo DM	7	29	19	91	0	1	9	9

Source: Questionnaires August 2007

3.2.2 Human resource management: Systems and policies (Current status as at August 2007)

Development and Implementation of specific HR policies and systems per municipality

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

Source: Questionnaires August 2007

3.3 Analysis of Institutional development, transformation and HR systems

A municipality must organise itself to meet the various objectives cited in Section 51 of the Municipal Systems Act, 2000. These objectives relate primarily to the peculiar needs of the municipality and other objectives cited in its Integrated Development Plan.

The Municipal Manager approves the staff establishment of a municipality and further approves varying job descriptions and other conditions of service for each staff member. Staff establishments and conditions of services are subject to evaluations and review by the Municipal Manager.

Notably, larger municipalities report large numbers of vacant posts in its middle management structures. These vacancies, amongst larger municipalities, average around 30%. In respect of administrative posts, proportionately fewer posts are vacant. Municipalities also report proportionately fewer vacancies in respect of general workers. Viewed collectively the vacancies which exist, although relatively small in relation to approved staff establishments, will impact on the achievement of peculiar municipal objectives for which the staff establishments were initially approved.

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

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

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

"Purpose of the Act

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

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

Only three of the municipalities reported having black female appointees in its senior management structures. Black male appointees across the Province are also substantially disproportionate in relation to White male appointees. Coloured male appointees in senior management generally outnumber appointees in other race and gender groupings.

White male appointees also generally outnumber other race and gender appointees in respect of middle management and supervisory appointees. Again the number of African female appointees in relation to other gender groupings is cause for concern. Coloured males again generally outnumber appointments in respect of other race and gender groupings. A significant exception is the City of Cape Town where Coloured male appointees are less than half of white male appointees.

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

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

Human resources frameworks, incorporated in the various human resources policies are an integral part of managing the capacity of a municipality. Primarily it also ensures transparency, consistency and accountability of human resource practices. Most of the municipalities assessed reported that they had developed and implemented human resources policies.

3.4 Support provided by provincial departments

Department of Local Government and Housing

Performance management

- The following databases were developed by the department of Local of Government and Housing to monitor, on an ongoing basis, the status with regard to PMS:
 - Performance management database reflecting personal details of all section 57 appointees
 - Performnace agreements of section 57 appointees (completed and copies submitted)
 - Analysis of section 57 appointees performance agreements
 - Municipal internal audit committees

HR Management, Systems and Policies

- A Councillor summit was hosted to capacitate newly elected Councillors on various local government legislation
- Leadership development training programmes were rolled out for all women Councillors

- A “Women in Local Government Conference” was hosted to determine their capacity needs and to create a platform for networking
- The following Hands-on support was provided to municipalities with the filling of their Municipal Manager posts
 - A guide on the recruitment and selection of senior officials within local government
 - A competency profile to recruit a Municipal Manager
 - An example of an appointment contract for a Municipal Manager
 - An example of a performance contract for a Municipal Manager
 - The Department, in partnership with the South African Local Government Association and the University of the Western Cape, developed and rolled out an Accredited Executive Leadership Development training programme for Councillors

Capacity building

The Department completed capacity assessments of all municipalities, which resulted in a comprehensive municipal capacity-building strategy to assist municipalities to deliver on their constitutional and legislative mandate. The strategy flowed from a capacity assessment that was done, customer survey that was conducted and feedback obtained from municipalities in the Province. The strategy is based on ten interventions that were implemented from April 2006, nine of which is driven by the Department and the remaining one by Provincial Treasury. The interventions are:

- Development of capacity/competency profiles;
- Development of expertise around integrated human settlements;
- Development of centralised resources for municipalities;
- Peer advice and external mentoring;
- Central pool of expertise;
- Ward committee training;
- Councillor development programme;
- Sharing of best practices;
- Internship programme; and
- Financial Management (Provincial Treasury)

Project Consolidate

The municipalities targeted in the Western Cape were the City of Cape Town (Khayelitsha & Mitchells Plain), Matzikama, Cederberg, Witzenberg, Theewaterskloof, Kannaland, Central Karoo District (DMA: Murraysburg), Laingsburg, Beaufort West and Prince Albert.

Some of the key focus areas included supporting these municipalities with capacity building, human resources and systems implementation. Municipal action plans were developed and implemented with the support of a dedicated consortium of service providers. A number of reports have already been compiled by the Department on the impact, best practise and effect of Project Consolidate.

CHAPTER 4: SERVICE DELIVERY

4.1 Introduction

Municipalities are at the coalface of service delivery. Addressing the huge socio-economic gaps left by Apartheid has placed enormous pressures on municipalities, particularly in rural areas.

4.2 Provision of basic services

4.2.1 Percentage (%) of capital budget spent on each service

Municipality	Housing	Water	Sanitation	Refuse Removal	Electricity	Streets & Storm Water	Community facilities
City of Cape Town	9	12	5	2	13	8	2
Matzikama	18.37	26.5	8.00	2.00	7.60	16.83	10.00
Cederberg	Incomplete information submitted						
Bergriver	Incomplete information submitted						
Saldanha Bay	5.2	10.9	6.8	6.2	5.7	9.4	0.1
Swartland	Incomplete information submitted						
West Coast DM	0	26	0	0	0	0	1
Witzenberg	Incomplete information submitted						
Drakenstein	7.65	6.63	3.71	15.40	18.71	11.00	0.60
Stellenbosch	30.84	1.96	2.39	0.69	35.61	3.32	4.44
Breede Valley	13.49	15.32	12.15	0.41	36.90	9.86	11.87
Breede River/Winelands	Incomplete information submitted						
Cape Winelands DM	Local municipality functions						
Theewaterskloof	23.70	16.93	16.51	0	4.73	2.16	0
Overstrand	10.00	10.00	18.00	5.00	22.00	18.00	5.00
Cape Agulhas	16.20	7.80	4.97	17.33	17.03	36.67	0.00
Swellendam	Incomplete information submitted						
Overberg DM	Local municipality functions						
Kannaland	No information available						
Hessequa	Part of operating budget	13.0	15.5	1.1	2.8	39.5	11.8
Mossel Bay	0.21	0.78	0.26	0	0.83	0.27	0.05
George	7	14	32	.44	10	24	8
Oudtshoorn	Incomplete information submitted						
Bitou	12.0	7.00	6.00	1.00	1.00	10.00	2.00
Knysna	38.35	17.83	9.76	0	11.2	10.48	2.53
Eden DM	R 336 096	R 4 551 549	R 807 583	R 11 750	R 0	R 1 055 248	R 3 977 097

Laingsburg	Incomplete information submitted						
Prince Albert	40.60	6.10	12.60	0.00	7.40	33.50	0.10
Beaufort West	Incomplete information submitted						
Central Karoo DM	Incomplete information submitted						
Total							

Source: Questionnaires August 2007

4.2.2 Percentage (%) of Capital Budget spent

Municipality	% of Capital budget spent	Reasons for under spending
City of Cape Town	71.39	Delivery problems with equipment
Matzikama	31.63	No reasons were given
Cederberg	52.52	No reasons were given
Bergriver	52.20	No reasons were given
Saldanha Bay	89.94	No reasons were given
Swartland	92.57	Time consuming Environmental Impact Assessments
West Coast DM	70.95	Time-consuming EIA's, vacant technical posts, identification of sites
Witzenberg	49.22	Lack of capacity in project management
Drakenstein	85.92	No reasons were given
Stellenbosch	62.46	No reasons were given
Breede Valley	83.08	Delays in housing project, partners in N! Fly-bridge not on board
Breede River/Winelands	83.77	No reasons were given
Cape Winelands DM	55.82	Local municipalities could not provide counter funding & lack of technical capacity
Theewaterskloof	81.23	No reasons were given
Overstrand	86.38	Capacity
Cape Agulhas	82.49	External funding was not received on time
Swellendam	66.90	External loan not approved in time
Overberg DM	84.44	Lack of Capacity
Kannaland	19.01	Lack of Capacity
Hessequa	73.26	Lack of technical skills, poor planning
Mossel Bay	49.38	Housing projects did not commence
George	39.80	Delivery problem with equipment, and funds from provincial government transferred to future years
Oudtshoorn	Not available	No reasons were given
Bitou	32.82	No reasons were given
Knysna	83.36	Time consuming EIA's
Eden DM	78.54	No reasons were given
Laingsburg	82.71	Lack of capacity (Project management &

		technical)
Prince Albert	50.63	Lack of capacity (Project management & technical)
Beaufort West	63.05	No reasons were given
Central Karoo DM	84.63	No reasons were given
Average % for Province	66.67	

Source: Municipal financial statements 2005/06 & Questionnaire August 2007

4.2.3 Analysis of basic service delivery and capital expenditure

Almost all municipalities indicated that a lack of funding for bulk services is hampering their delivery on basic services, especially housing. An analysis of municipal financial statements shows that most municipalities are reliant to a great extent on capital grants to fund their capital expenditure. This is not ideal and shows that the revenue base of municipalities is insufficient to generate enough funding for the provision and maintenance of basic infrastructure. The biggest part of municipal capital budgets' is allocated for bulk water and sanitation and very little towards maintenance of existing infrastructure. The maintenance budget is the first to be reduced when budgets cuts are made. The situation is not ideal and in many municipalities the bulk of the maintenance is done on an ad hoc basis. This is partly due to the fact that most capital grants, the largest one being MIG, must largely be utilised for new infrastructure and the formula that is used to determine the amount allocated favours bulk water and sanitation. Capital expenditure includes addressing backlogs and most municipalities normally do not have sufficient own funds to address these capital expenditure.

The average percentage of capital budget spent for the Province is approximately 70 %, which is not ideal and insufficient if all the Provincial service delivery challenges in the various municipal areas are taken into account. The main reason generally cited by municipalities for not spending their entire capital budget is the lack of capacity and technical skills in its Engineering/Technical Departments. This can be ascribed to a number of factors that include the following:

- A shortage of suitably qualified and skilled persons in the industry
- Inadequate remuneration offered
- The current boom in the construction industry that has created a huge demand for skills as the private sector offer more competitive remuneration packages

4.3 Free basic services

4.3.1 Free basic Electricity

Municipality	Indigent Households			Non-indigent households			Households in Eskom areas		
	Number of households	Unit per household (kwh)	Rand value	Number of households	Unit per household (kwh)	Rand value	Number of households	Unit per household (kwh)	Rand value
City of Cape Town	The City reports that: for the Indigent category they installed/connected 266 238 households as at end June 2006/07 at 50kwh, at a cost of R76 000 000.00. And for the Eskom areas the number is 145 000 households at 50kwh at a cost of R34 068 350.00. They have no records for the non-indigent category, since the field itself deals with people without income.								
Matzikama	Incomplete information submitted								
Cederberg	1 453	30	183 078	3 355	30	422 730	0	0	0
Bergriver	1 232	50	266 112	0	0	0	0	0	0
Saldanha Bay	No information submitted								
Swartland	3 129	50	536 385	0	0	0	1 188	50	295 332
West Coast DM Municipality	876	50	131 400	0	0	0	0	0	0
Witzenberg	853	50	220 074	7626	50	1 967 508	418	50	108 922
Drakenstein	12 277	50	2 590 800	0	0	0	0	0	0
Stellenbosch	7 363	50	3 182 972	0	0	0	1 732	50	454 753
Breede Valley	5 205	50	243 918	15 663	20	731 756	110	50	26 077
Breede River/Winelands	4 332	20	847 835	0	0	0	0	0	0
Cape Winelands DM	Local municipality function								
Theewaterskloof	8 059	50	145 747	0	0	0	0	0	0
Overstrand	Incomplete information submitted								
Cape Agulhas	16 220	50	604 439	64 996	50	594 740	5 850	50	66 295
Swellendam	1 303	20	117 645	4 345	20	392 301	218	50	19 682
Overberg DM	Local municipality function								
Kannaland	692	50	114 969	0	0	0	699	50	NI
Hessequa	3 092	50	742 820	10 956	20	788 832	600	20/50	97 200
Mossel Bay	5 229	50	759 101	22 819	20	130 068	451	50	9 359
George	6 392	50	1 261 839	0	0	0	0	0	0
Oudtshoorn	3680	50	1 139 770	0	0	0	275	50	NI
Bitou	1 461	50	438 300	3 293	50	987 900	0	0	0
Knysna	5 400	50	1 386 770	0	0	0	330	50	72 068
Eden DM	133	50	31 122	392	50	91 728	164	50	36 231
Laingsburg	680	50	102 000	0	0	0	0	0	0
Prince Albert	763	50	157 592	0	0	0	463	50	95 628
Beaufort West	3 181	50	853 614	0	0	0	216	50	29 018
Central Karoo DM	1 100	50	338 580	0	0	0	600	50	167 607

Source: Questionnaire August 2007

4.3.2 Free basic Water

Municipality	Indigent Households			Non-indigent households		
	Number of house-holds	Unit per house-hold (kl)	Rand value	Number of house-holds	Unit per house-hold	Rand value
City of Cape Town	194 195	6	67 246	302 913	6	104 904
Matzikama	Incomplete information submitted					
Cederberg	1 453	6	200 862	2 808	6	388 177
Bergriver	1 915	6	357 109	0	0	0
Saldanha Bay	No information submitted					
Swartland	3 129	6	1 182 466	11 855	6	No info
West Coast DM Municipality	259	6	68 997	608	6	96 307
Witzenberg	853	6	203 867	7 626	6	1 822 614
Drakenstein	12 277	5	4 516 666	0	0	0
Stellenbosch	9 095	6	5 330 801	0	0	0
Breedee Valley	5 205	6	1 089 263	12 741	6	2 666 817
Breedee River/ Winelands	4 102	6	No info	10 852	6	1 149 999
Cape Winelands DM	Local municipality function					
Theewaterskloof	8 059	6	94 290	10 432	6	122 054
Overstrand	Incomplete information submitted					
Cape Agulhas	74 014	6	1 199 027	0	0	0
Swellendam	1 521	6	499 374	3 906	6	1 282 417
Overberg DM	Local municipality function					
Kannaland	1 391	7	247 709	2 672	7	475 830
Hessequa	3 092	6	667 872	11 029	6	2 382 264
Mossel Bay	5 229	6	2 170 603	20 338	6	341 678
George	10 281	No info	1 252	13 740	No info	3 165
Oudtshoorn	3 680	6	1 205 568	9 295	6	3 045 042
Bitou	1 461	R37.50 pm	649 560	3 374	R37.05 pm	1 500 080
Knysna	1 315	8	465 826	10 672	6 or 8	1 720 979
Eden DM	430	6	73 994	956	6	764 500
Laingsburg	680	6	338 640	0	0	0
Prince Albert	1 226	6	144 789	909	6	107 334
Beaufort West	3 397	6	1 613 532	0	0	0
Central Karoo DM	1 100	6	180 576	286	6	46 949

Source: Questionnaire August 2007

4.3.3 Free basic Sanitation

Municipality	Indigent Households			Non-indigent households		
	Number of house-holds	Unit per house-hold	Rand value	Number of house-holds	Unit per house-hold	Rand value
City of Cape Town	194 175	4.2kl	21 530	302 913	4.2kl	33 586
Matzikama	Incomplete information submitted					
Cederberg	1 337	R51.72 pm	829 822	0	0	0
Bergriver	1 808	R55.00 pm	1 193 280	0	0	0
Saldanha Bay	No information submitted					
Swartland	3 129	R58.67 pm	2 264 464	0	0	0
West Coast DM Municipality	224	R25 pm	67 200	99	R25 pm	29 700
Witzenberg	853	No info	718 226	0	0	0
Drakenstein	12 277	R75 pm	4 240 090	0	0	0
Stellenbosch	9 095	No info	4 664 720	0	0	0
Breede Valley	5 205	No info	171 855	0	0	0
Breede River/ Winelands	4 150	No info	1 149 999	0	0	0
Cape Winelands DM	Local municipality function					
Theewaterskloof	8 059	R65.00 pm	523 835	0	0	0
Overstrand	Incomplete information submitted					
Cape Agulhas	0	0	0	0	0	0
Swellendam	0	0	0	0	0	0
Overberg DM	Local municipality function					
Kannaland	1 301	R71.05 pm	1 109 233	0	0	0
Hessequa	3 092	R53.34 pm	1 979 127	0	0	0
Mossel Bay	5 229	No info	3 048 600	0	0	0
George	0	0	0	0	0	0
Oudtshoorn	3 680	R38.16 pm	1 685 440	0	0	0
Bitou	1 461	R52.73 pm	759 486	0	0	0
Knysna	1 315	R74.16 pm	1 250 174	0	0	0
Eden DM	316	R28.60 pm	108 451	557	R28.50	191 162
Laingsburg	680	R52.50 pm	71 400	0	0	0
Prince Albert	1 226	R45.52 pm	669 816	0	0	0
Beaufort West	2 781	R26.30 pm	876 858	0	0	0
Central Karoo DM	100/317	R29.79/ R13.40 pm	83 121	0	0	0

Source: Questionnaire August 2007

4.3.4 Free basic refuse removal

Municipality	Indigent Households			Non-indigent households		
	Number of house-holds	Unit per house-hold	Rand value	Number of house-holds	Unit per house-hold	Rand value
City of Cape Town	0	0	0	0	0	0
Matzikama	Incomplete information submitted					
Cederberg	1 453	R43.00 pm	749 748	0	0	0
Bergriver	2 059	R41.00 pm	1 013 028	0	0	0
Saldanha Bay	No information submitted					
Swartland	3 129	R40.07 pm	1 625 599	0	0	0
West Coast DM Municipality	641	R20 pm	153 840	206	R20 pm	49 440
Witzenberg	853	No info	875 178	0	0	0
Drakenstein	12 277	R75 pm	4 240 090	0	0	0
Stellenbosch	9 095	No info	5 135 405	0	0	0
Breede Valley	5 205	No info	194 971	0	0	0
Breede River/Winelands	4 149	No info	1 149 999	0	0	0
Cape Winelands DM	Local municipality function					
Theewaterskloof	8 059	R65.00 pm	523 835	0	0	0
Overstrand	Incomplete information submitted					
Cape Agulhas	0	0	0	0	0	0
Swellendam	0	0	0	0	0	0
Overberg DM	Local municipality function					
Kannaland	1 391	R59.01 pm	984 995	0	0	0
Hessequa	3 092	R41.50 pm	1 539 816	0	0	0
Mossel Bay	5 229	No info	1 487 716	0	0	0
George	0	0	0	0	0	0
Oudtshoorn	3 680	R36.66 pm	1 619 200	0	0	0
Bitou	1 461	R43.32 pm	924 462	0	0	0
Knysna	1 315	R65.75 pm	1 270 581	0	0	0
Eden DM	406	R17.95 pm	87 452	466	R17.95 pm	100 376
Laingsburg	680	R41.00 pm	334 560	0	0	0
Prince Albert	1 226	R31.85 pm	468 720	0	0	0
Beaufort West	813	R15.16 pm	148 499	0	0	0
Central Karoo DM	100	R29.64 pm	35 568	0	0	0

Source: Questionnaire August 2007

4.3.5 Analysis of the provision of free basic services

All municipalities (those responsible for the provision of specific services) provide the nationally required free basic services to their indigent households where the households are linked to the grid. They have indigent registers that are updated regularly. A few municipalities also provide a certain amount of free basic services to their non-indigent households, i.e. electricity and water. Municipalities finance free basic services with their equitable share grant from the national government.

4.4 Municipal Infrastructure Grant (MIG)

Municipality	Available funding 2005/06 R'000	Amount spent R'000	% spent
City of Cape Town	211 325	211 325	100
Matzikama	3 078	1 646	53
Cederberg	4 031	1 657	41
Bergriver	Part of district municipality allocation		
Saldanha Bay	2 758	2 758	100
Swartland	4 597	4 597	100
West Coast DM Municipality	6 503	3 844	59
Witzenberg	Part of district municipality allocation		
Drakenstein	13 950	11 322	81
Stellenbosch	14 912	10 435	70
Breede Valley	7 406	7 406	100
Breede River/Winelands	3 550	3 550	100
Cape Winelands DM	4 408	4 408	100
Theewaterskloof	8 133	8 133	100
Overstrand	4 463	4 072	91
Cape Augulhas	Part of district municipality allocation		
Swellendam	Part of district municipality allocation		
Overberg DM	3 856	3 856	100
Kannaland	Part of district municipality allocation		
Hessequa	400	400	100
Mossel Bay	3 577	3 577	100
George	9 048	9 048	100
Oudtshoorn	6 162	6 162	100
Bitou	6 271	6 271	100
Knysna	6 011	4 398	73
Eden DM	8 528	8 291	97
Laingsburg	Part of district municipality allocation		
Prince Albert	Part of district municipality allocation		
Beaufort West	Part of district municipality allocation		
Central Karoo DM	26 145	23 545	90
Total	359 122	340 710	95

Source: Database Department of Local government and Housing

The average percentage spent on the MIG grant is almost 100%, which is due to the dedicated monitoring and support that is provided by the Department of Local Government and Housing.

4.5 Housing

Municipality	Allocation (April 2005- March 2006) R'000	Amount spent (April 2005- March 2006) R'000	% spent	Number of houses built	Number of sites served
City of Cape Town	416 716	371 066	89.04	12 122	10 778
Matzikama	948	5 465	574.47	274	0
Cederberg	908	226	24.88	12	0
Bergriver	2 304	0	0	0	0
Saldanha Bay	4 066	4 061	99.87	0	800
Swartland	1 543	8 127	526.70	0	435
West Coast DM Municipality	169	284	168.04	6	0
Witzenberg	3 510	12 977	369.71	105	264
Drakenstein	12 871	10 799	83.90	316	757
Stellenbosch	12 871	10 868	84.43	71	390
Breede Valley	13 662	5 815	42.56	573	884
Breede River/Winelands	4 680	1 518	32.43	50	0
Cape Winelands DM	117	0	0	0	0
Theewaterskloof	10 167	16 373	161.04	180	1 030
Overstrand	4 054	3 826	94.37	145	0
Cape Agulhas	1 763	564	31.99	0	76
Swellendam	2 702	4 905	181.53	95	0
Overberg DM	0	0	0	0	0
Kannaland	666	0	0	0	0
Hessequa	3 065	11 659	380.39	383	684
Mossel Bay	3 998	6 027	150.75	1	242
George	6 751	4 561	67.56	437	155
Oudtshoorn	4 209	2 775	65.93	80	0
Bitou	6 547	14 972	228.68	137	700
Knysna	6 396	20 095	314.18	61	600
Eden DM	173	0	0	0	0
Laingsburg	1 251	400	0	0	0
Prince Albert	528	6 119	115.89	52	0

Beaufort West	812	9 129	112.42	270	513
Central Karoo DM	190	7 420	39.05	276	0
Total	527 649	472 393	86.25	15 646	17 278

Source: Database Department of Local Government and Housing (nr of houses built and nr of sites serviced includes all projects in the geographical boundaries of the municipality implemented by either/and/or the provincial department, municipalities and private institutions for the period under review))

4.6 Support provided by provincial departments

Department of Local Government and Housing

Technical skills shortage

With the support of the DBSA, skilled technical professionals were deployed as part of their Siyenze Manje project to the Hessequa, Kannaland, Cederberg, Witzenberg, Breede Valley, Theewaterskloof and Central Karoo (Whole District) Municipalities.

District Municipalities are also supported with the establishment of Shared Service Centres on a district level to address skills shortages in all municipal disciplines. The Shared Service Centres on a district level will ensure sustainable human resource capacity and attract skilled and experienced professionals.

Sanitation infrastructure

A Sanitation backlog study for the Province has been completed. This was verified and signed off by all municipalities. A detailed provincial implementation plan for the eradication of the "bucket system" with clear targets was submitted to the Social Cluster on the 7th March 2007. National funding has been secured for the eradication of the "bucket system", and this was transferred to municipalities on 1st April 2007. Kannaland and Theewaterskloof have committed to eradicating the "bucket system" by December 2007.

Transfer of funds and procurement processes may delay the projects for Kannaland and Theewaterskloof. Theewaterskloof is currently negotiating with Heritage Western Cape before construction can begin.

The Department of Local Government and Housing is assisting municipalities to fast track procurement processes. Discussions were held with the National Department of Provincial and Local Government (DPLG) to develop a monitoring and evaluation system for the bucket eradication programme. A comprehensive communication strategy in respect of the implementation plan was developed. The Department, together with the Department of Water Affairs and Forestry (DWAF), is providing strategic support to municipalities on mechanisms to speed up the procurement process for sanitation projects. DWAF launched "Operation GiJima" to accelerate sanitation delivery.

Project Consolidate

The municipalities targeted in the Western Cape were the Cape Town (Khayelitsha & Mitchells Plain), Matzikama, Cederberg, Witzenberg, Theewaterskloof, Kannaland, Central Karoo District (DMA: Murraysburg), Laingsburg, Beaufort West and Prince Albert.

One of the key focus areas was to support project consolidate municipalities with integrated human settlement, free basic services and municipal infrastructure. A number of basic infrastructure hot spots were also identified and adressed.

CHAPTER 5: FINANCIAL VIABILITY

5.1 Introduction

Sufficient funding and effective management of available funding at a municipal level is essential to ensuring delivery on key developmental projects and plans.

5.2 Budget and budget related matters

5.2.1 Approval of budgets

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

Municipality	Date approved by council
City of Cape Town	31 May 2005
Matzikama	31 May 2005
Cederberg	31 May 2005
Bergriver	31 May 2005
Saldanha Bay	31 May 2005
Swartland	26 May 2005
West Coast DM	26 April 2005
Witzenberg	7 June 2005
Drakenstein	30 May 2005
Stellenbosch	10 May 2005
Breede Valley	1 June 2005
Breede River/Winelands	20 April 2005
Cape Winelands DM	12 May 2005
Theewaterskloof	24 May 2005
Overstrand	31 May 2005
Cape Agulhas	24 May 2005
Swellendam	26 May 2005
Overberg DM	1 June 2005
Kannaland	6 June 2005
Hessequa	26 May 2005
Mossel Bay	31 May 2005
George	11 May 2005
Oudtshoorn	31 May 2005
Bitou	25 May 2005
Knysna	31 May 2005
Eden DM	31 May 2005
Laingsburg	30 May 2005
Prince Albert	25 May 2005

Beaufort West	24 May 2005
Central Karoo DM	27 May 2005

Source: Database PT

5.2.2 Budget and IDP linkages

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

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

Source: Questionnaire August 2007

5.2.3 Analysis of IDP-Budget-link (LGMTEC3 assessments - PT)

The 'responsiveness' component of the LGMTEC3 assessments is to analyse whether a municipalities' budget is appropriately responsive to economic growth objectives and the socio-economic needs of the community, as measured in the SEP-LGMTEC3 process and prioritised in the IDP.

The intent of the assessment is therefore to determine whether the IDP priorities are being prioritised in the draft budgets of municipalities, known as the 'IDP-budget'-link.

General Preliminary Findings

The preliminary findings suggest that the key concern in determining municipal budget prioritisation remains bulk infrastructure.

The IDP-budget link cannot be viewed in isolation from resource constraints. The reality is that the Province's limited natural resource base, increased demand for basic services (with specific pressures on water and electricity supply) and low municipal revenue base hampers the financing of adequate infrastructure provision. This appears to be impacted upon by the following:

- stringent limits to municipal tariff increases by National Treasury
- reliance on government grants by municipalities to resource both the basic services delivery through the Equitable Share allocation, as well as the municipal capital budget,
- the MIG and housing income streams not being synchronised to enable subterranean infrastructure to support new housing developments.

On the whole, it appears that basic services delivery, local economic development, institutional transformation, good governance and infrastructure development are the KPA's that features most prominently amongst Western Cape municipalities. Infrastructure development as a KPA appeared in the IDPs of almost all of the municipalities. These KPA's indicate that municipalities are guided by national, provincial and district objectives and are beginning to respond to their local socio-economic challenges.

In summary, 17 of the 30 municipalities appear to have generally responsive budgets. Of the remaining municipalities, 8 municipalities have partially responsive budgets and 5 municipalities do not have responsive budgets.

However, on the whole, the responsiveness of the budget is not ideal in most municipalities. Municipalities with low capacity or poor economic potential had difficulty in developing budgets, which actually go beyond “basic services and housing”. These were chiefly single-dimensional budgets, which did not balance immediate community needs (such as housing) with investment in long-term growth. The result is budgets that generally focus on basic services whilst the developmental role of local government remains a challenge.

In contrast to previous years, a number of municipalities exhibited positive developments on economic development and spatial planning, but the linkage to the budget still appears to be a challenge. Most municipalities are still grappling with developing focused strategies for spearheading shared growth. This can be ascribed to insufficient planning, resulting in municipalities simply focusing on their primary functional role of basic services provision with limited attention to shared economic growth and the developmental role of local government.

5.2.4 Service Delivery and Budget Implementation Plans (SDBIP)

In terms of section 69 of the MFMA, the Accounting Officer of a municipality must submit a draft SDBIP for the financial year to the Mayor within than 14 days of the approval of the budget. It must be prepared as a strategic financial management tool to ensure that budgetary decisions that are adopted by municipalities for the financial year are aligned with their Integrated Development Plan.

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

For the 2005/06 financial year only municipalities classified as high capacity municipalities had to submit and implement SDBIP’s.

Municipality	Capacity NT	Submitted to PT	Linked to Sec 57 posts performance agreements	Was it implemented 100%	Main reasons if not 100% implemented
City of Cape Town	High	yes	yes	No	Not available
Matzikama	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Cederberg	Low	Not applicable	Not applicable	Not applicable	Not applicable
Bergriver	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Saldanha Bay	High	yes	no	50%	No reasons
Swartland	Medium	Not applicable	Not applicable	Not applicable	Not applicable
West Coast DM	Medium	yes	yes	Yes	Not applicable
Witzenberg	Low	Not applicable	Not applicable	Not applicable	Not applicable
Drakenstein	High	yes	yes	No	New to organisation, had to develop & implement PMS system first
Stellenbosch	High	no	NA	NA	NA
Breede Valley	High	yes	yes	No	No reasons were given
Breede River/Winelands	Medium	yes	yes	Yes	Not applicable
Cape Winelands DM	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Theewaterskloof	Medium	yes	yes	yes	Not applicable
Overstrand	High	yes	yes	yes	Not applicable
Cape Agulhas	Low	Not applicable	Not applicable	Not applicable	Not applicable
Swellendam	Low	Not applicable	Not applicable	Not applicable	Not applicable
Overberg DM	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Kannaland	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Hessequa	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Mossel Bay	High	yes	yes	yes	Not applicable
George	High	yes	yes	yes	Yes
Oudtshoorn	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Bitou	Medium	yes	yes	yes	Not applicable
Knysna	Medium	yes	no	no	No reasons were given
Eden DM	Medium	yes	yes	85%	Not all capital projects were completed
Laingsburg	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Prince Albert	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Beaufort West	Medium	Not applicable	Not applicable	Not applicable	Not applicable
Central Karoo DM	Medium	yes	yes	yes	Not applicable

Source: Questionnaire August 2007

5.2.5 Performance against budgets

Municipality	Revenue			Operating expenditure			Capital expenditure		
	Budget R'000	Actual R'000	Difference R'000	Budget R'000	Actual R'000	Difference R'000	Budget R'000	Actual R'000	Difference R'000
City of Cape Town	9 944 536	9 636 685	(307 851)	9 862 338	9 634 712	227 626	2 129 970	1 520 642	1 609 328
Matzikama	77 991	74 897	(3 094)	77 940	77 533	407	44 991	14 231	30 760
Cederberg	56 994	54 899	(2 095)	54 550	51 644	2 906	20 657	10 851	9 806
Bergriver	68 517	69 327	810	68 602	67 761	841	22 013	11 492	10 521
Saldanha Bay	255 527	303 705	48 178	226 838	219 073	7 765	65 409	58 835	6 574
Swartland	173 386	193 741	20 355	173 386	171 408	1 978	45 223	41 867	3 356
West Coast DM	184 134	174 406	(9 728)	184 134	148 863	35 271	27 624	19 600	8 024
Witzenberg	130 806	133 400	2 594	130 798	128 153	2 645	19 137	9 420	9 717
Drakenstein	516 169	546 117	29 948	516 169	481 784	34 385	144 871	124 479	20 392
Stellenbosch	390 036	377 724	(12 312)	390 036	386 867	3 169	164 227	102 580	61 647
Breede Valley	299 219	309 628	10 409	256 513	245 423	11 090	80 219	66 652	13 567
Breede River/Winelands	157 850	190 909	33 059	157 620	172 856	(15 236)	48 686	40 785	7 901
Cape Winelands DM	277 472	257 555	(19 917)	277 472	231 821	45 651	11 826	6 602	5 224
Theewaterskloof	188 112	183 147	(4 965)	188 112	179 627	8 485	26 740	21 723	5 017
Overstrand	259 647	280 030	20 383	256 277	251 290	4 987	44 338	38 300	6 038
Cape Agulhas	73 717	72 108	(1 609)	73 717	69 620	4 097	11 208	9 246	1 962
Swellendam	47 019	49 011	1 992	47 015	45 796	1 219	13 812	9 241	4 571
Overberg DM	46 674	46 723	49	51 119	46 723	4 396	5 690	4 805	885
Kannaland	37 975	37 402	(573)	37 975	35 313	2 662	8 264	1 571	6 693
Hessequa	93 323	139 900	46 577	94 448	114 284	(19 836)	24 996	18 213	6 783
Mossel Bay	257 503	320 253	62 750	257 456	249 194	8 262	116 813	57 687	59 126
George	442 406	498 482	56 076	511 550	476 213	35 337	148 199	49 988	27 155
Oudtshoorn	138 253	139 699	1 446	138 253	127 645	10 608	73 265	46 110	27
Bitou	119 250	140 090	20 840	119 208	120 054	(846)	89 886	29 508	60 378
Knysna	202 651	201 682	(969)	202 651	189 622	13 029	78 651	65 528	13 123
Eden DM	149 243	134 912	14 331	179 927	128 546	51 382	13 543	10 637	2 207
Laingsburg	15 385	13 752	(1 633)	15 385	12 751	2 634	8 854	7 323	1 531
Prince Albert	9 863	9 912	49	9 830	9 819	11	10 179	5 154	5 025
Beaufort West	57 713	62 021	4 308	57 696	61 733	(4 037)	32 360	20 403	11 957
Central Karoo DM	62 372	65 477	3 105	62 993	64 163	(1 170)	12 103	14 300	(2 197)
Total	14 733 743	14 717 594	19 041	14 680 008	14 200 291	479 717	3 543 454	2 437 773	1 105 981

Source: Municipal Financial Statements 2005/06

5.2.6 Analysis of IDP-budget alignment, SDBIP and budget performance

Medium and high capacity municipalities had to submit SDBIPs for the financial year under review. The format and quality of the SDBIP's vary drastically and the Provincial Treasury recently completed an analysis and provided feedback to each municipality who submitted SDBIP's to the Department.

Municipalities' overall performance against their budgets on the revenue as well as on the expenditure side is good, except for performance against capital budgets. As referred to in chapter 4, this performance is not ideal.

5.2.7 Support provided by the Department and Provincial Treasury

Provincial Treasury

SDBIP

- The SDBIP forms part of the municipal strategic process and is therefore part of the annual planning cycle of municipalities. Ideally the compilation of the SDBIP should commence with the drafting of the draft budget.
- Some municipalities raised concerns regarding compliance with all 5 components of the SDBIP as their accounting systems are not compatible with the form in which information should be presented in the SDBIP.
- The Budget Office will be utilising two municipal tools to strengthen the alignment between the Integrated Development Plan and the Budget. These municipal tools are the Service Delivery Budget Implementation Plan (SDBIP) and the Mid-Year Budget and Performance Assessment Report.

5.3 Submission of Financial statements and the Report of the Auditor-General

5.3.1 Submission of Financial Statements

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

Municipality	Capacity NT	Date submitted	Type of report from the AG				
			Unmodified with no findings	Unqualified opinion with emphasis of matter	Qualified opinion	Disclaimer of opinion	Adverse Opinion
City of Cape Town	High	31 Aug 2006					
Matzikama	Medium	19 Sep 2006					
Cederberg	Low	12 April 2007					
Bergriver	Medium	18 Sep 2006					
Saldanha Bay	High	31 Aug 2006					
Swartland	Medium	11 Sep 2006					
West Coast DM	Medium	31 Aug 2006					
Witzenberg	Low	13 Sep 2006					
Drakenstein	High	31 Aug 2006					
Stellenbosch	High	30 Aug 2006					
Breede Valley	High	31 Aug 2006					
Breede River/Winlands	Medium	31 Aug 2006					
Cape Winelands DM	Medium	31 Aug 2006					
Theewaterskloof	Medium	31 Aug 2006					
Overstrand	High	31 Aug 2006					
Cape Agulhas	Low	4 Aug 2006					
Swellendam	Low	31 Aug 2006					
Overberg DM	Medium	31 Aug 2006					
Kannaland	Medium	30 Aug 2006					
Hessequa	Medium	31 Aug 2006					
Mossel Bay	High	7 Sep 2006					
George	High	14 Sep 2006					
Oudtshoorn	Medium	22 Nov 2006					
Bitou	Medium	29 Aug 2006					
Knysna	Medium	31 Aug 2006					
Eden DM	Medium	31 Aug 2006					
Laingsburg	Medium	31 Aug 2006					
Prince Albert	Medium	31 Aug 2006					
Beaufort West	Medium	31 Aug 2006					
Central Karoo DM	Medium	31 Aug 2006					
Total			0	9	17	2	2

Source: Database PT

Theewaters-kloof										
Overstrand										
Cape Augulhas										
Swellendam										
Overberg DM										
Kannaland										
Hessequa										
Mossel Bay										
George										
Oudtshoorn										
Bitou										
Knysna										
Eden DM										
Laingsburg										
Prince Albert										
Beaufort West										
Central Karoo DM										
% of total findings	60	57	47	43	43	33	30	27	27	20

Source: Database PT

5.3.3 Analysis of provincial trends, key challenges and priorities

Although most municipalities submitted their financial statements on time, except for Cederberg and Oudtshoorn, there has been an overall deterioration in the audit outcomes for the 2005/06 municipal financial year. Technical issues relating to none compliance with accounting standards, i.e. asset Management, debtor control and financial statement issues contributed to a number of qualifications. This shows that most municipalities need assistance to implement Generally Recognised Account Practices (GRAP), even the high capacity ones, i.e. Mossel Bay and Overstrand. These two municipalities had adverse opinions from the AG, which is a first for the Western Cape.

Another challenge is that 60% of the issues that were raised related to internal control weaknesses at municipalities. This could be as a result of decreasing capacity in the financial management divisions of municipalities and the lack of adequate internal audit sections.

Disclaimed opinions were again given on the statements of the Kannaland and Oudtshoorn municipalities. Kannaland and Cederberg along with the Central Karoo and Overberg District are also risks in the opinion of the AG, due to their limited and decreasing revenue base.

5.4 Outstanding debt and debt management

5.4.1 Outstanding consumer debt per service

Municipality	Type of Service						Total R'000
	Electricity R'000	Water R'000	Sewerage R'000	Refuse Removal R'000	Property Rates R'000	Other R'000	
City of Cape Town	536 152	150 3978	518 315	323130	1 051 056	1 151 449	5 084 080
Matzikama	Not indicated as such in financial statements						19 408
Cederberg	Not indicated as such in financial statements						31 120
Bergriver	Not indicated as such in financial statements						17 200
Saldanha Bay	5 543	15 506	8 599	0	11 147	21 229	62 024
Swartland	4 603	2 165	2 691	2 116	5 115	0	16 690
West Coast DM	41	3 228	26	0	13	1 590	4 898
Witzenberg	Not indicated as such in financial statements						39 805
Drakenstein	24114	20 587	8 736	12 426	18 525	9 005	93 393
Stellenbosch	11 814	10 899	7 439	6 444	18 584	0	55 180
Breede Valley	14 508	16 803	11 086	12 881	18 630	21 321	95 229
Breede River/Winelands	Not indicated as such in financial statements						27 329
Cape Winelands DM	No consumer debtors						
Theewaterskloof	3 114	12 301	No info	No info	11 146	29 446	56 007
Overstrand	Not indicated as such in financial statements						30039
Cape Augulhas	2 542	1 648	656	1 015	1 762	405	8 028
Swellendam	Not indicated as such in financial statements						23 146
Overberg DM	No consumer debtors						
Kannaland	1 188	3 616	11 824	0	5 313	330	22 271
Hessequa	2 836	3 729	3 529	2 477	5 309	-	17 880
Mossel Bay	7 458	13 094	13 152	6 053	7 833		47 590
George	11 945	20 827	15 092	13 191	15 917	-	76 972
Oudtshoorn	4 747	9 371	8 312	7 099	10 995	4 020	44 544
Bitou	Not indicated as such in financial statements						24 983
Knysna	Not indicated as such in financial statements						41 730
Eden DM	Not indicated as such in financial statements						7 198

Laingsburg	Not indicated as such in financial statements						1 103
Prince Albert	Not indicated as such in financial statements						2 169
Beaufort West	1 584	3 624	4 899	2 194	3 760	12340	28 401
Central Karoo DM	511	1582	533	628	421	246	3921
Total	632 700	1 642 958	614 889	389 654	1 186 252	1 251 381	5 982 338

Source: Municipal financial statements 2005/06

Notes:

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

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

Municipality	Total Outstanding Debt		
	2004/05 R'000	2005/06 R'000	Difference R'000
City of Cape Town	4 522 630	5 084 080	561 450
Matzikama	18 708	19 408	700
Cederberg	21 846	31 120	9 274
Bergriver	14 681	17 200	2 519
Saldanha Bay	63 543	62 024	(1 519)
Swartland	15 526	16 690	1 164
West Coast DM	4 308	4 898	590
Witzenberg	36 769	39 805	3 036
Drakenstein	99 122	93 393	(5 729)
Stellenbosch	52 751	55 180	2 429
Breede Valley	103 395	95 229	(8 166)
Breede River/Winelands	18 393	27 329	8 936
Cape Winelands DM	No consumer debtors		
Theewaterskloof	45 821	56 007	10 186
Overstrand	37 366	30 039	(7 327)
Cape Agulhas	7 227	8 028	801
Swellendam	20 330	23 146	2 816
Overberg DM	No consumer debtors		
Kannaland	18 169	22 271	4 102
Hessequa	16 617	17 880	1 263
Mossel Bay	42 914	47 590	4 676
George	78 551	76 972	(1 579)
Oudtshoorn	35 346	44 544	9 198
Bitou	27 619	24 983	(2 636)
Knysna	38275	41 730	3 455
Eden DM	7 438	7 198	(240)
Laingsburg	797	1 103	306

Prince Albert	2 008	2 169	161
Beaufort West	Not indicated in statements	28 401	-
Central Karoo DM	3 794	3 921	127
Total	5 353 944	5 982 338	599 993

Source: Municipal financial statements 2005/06

Notes:

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

5.4.3 Consumer debtor age analysis

Municipality	Debtor age analysis				Total R'000
	Less than 30 days R'000	Between 30-60 days R'000	Between 60-90 days R'000	More than 90 days R'000	
City of Cape Town	703 486	197 139	1 41 979	4 041 476	5 084 080
Matzikama	Not indicated as such in financial statements				19 408
Cederberg	Not indicated as such in financial statements				31 120
Bergriver	5 086	1 083	591	10 440	17 200
Saldanha Bay	9 828	1 468	1 375	49 353	62 024
Swartland	7 921	1 827	1 218	5 724	16 690
West Coast DM	2 907	287	167	1 537	4 898
Witzenberg	7 581	1 490	981	29 753	39 805
Drakenstein	35 831	5 704	4 220	47 638	93 393
Stellenbosch	17 257	2 253	1 372	34 298	55 180
Breede Valley	13 795	2 842	2 167	76 425	95 229
Breede River/Winelands	Not indicated as such in financial statements				27 329
Cape Winelands DM	No consumer debtors				
Theewaterskloof	3 845	2 445	1 948	47 769	56 007
Overstrand	11 141	2 805	1 057	15 034	30 039
Cape Agulhas	3 204	1 256	271	3 297	8 028
Swellendam	Not indicated as such in financial statements				23 146
Overberg DM	No consumer debtors				
Kannaland	1 370	519	759	19 623	22 271
Hessequa	Not indicated as such in financial statements				17 880
Mossel Bay	15 338	1 788	1 394	29 070	47 590
George	1 521	16 868	4 019	54 564	76 972
Oudtshoorn	Not indicated as such in financial statements				44 544
Bitou	10 229	1 194	847	12 713	24 983
Knysna	Not indicated as such in financial statements				41 730
Eden DM	Not indicated as such in financial statements				7 198
Laingsburg	Not indicated as such in financial statements				1 103
Prince Albert	Not indicated as such in financial statements				2 169

Beaufort West	3 805	775	484	23 337	28 401
Central Karoo DM	178	143	112	3 488	3 921
Total	854 323	241 886	164 961	4 505 539	5 982 338

Source: Municipal financial statements 2005/06

Notes:

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

5.4.4 Analysis of consumer debtors

Outstanding consumer debt increases annually. One of the key findings in the reports of the AG is insufficient debt management, as well as insufficient provision by municipalities for bad debt. When evaluating the balance sheets of municipalities it is not ideal to note that current assets mainly consist of outstanding debtors that will not realise immediate cash to service their current liabilities, i.e. creditors (especially when taking into account that the largest chunk of outstanding debt is older than 90 days). Although all municipalities have approved credit control policies in place, it is often not enforced effectively due to capacity and other resource shortages.

5.5 Performance against additional viability indicators

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

Municipality	2004/05			2005/06		
	Total Expenditure salary and allowances (R'000)	Total Expenditure (R'000)	Percentage (%)	Total Expenditure salary and allowances (R'000)	Total Expenditure (R'000)	Percentage (%)
City of Cape Town	2 674 246	8 329 155	32	2 740 000	9 634 712	28
Matzikama	23 891	62 379	38	27 454	77 533	35
Cederberg	18 800	50 401	37	19 919	51 644	39
Bergriver	25 765	60 522	43	29 154	67 761	43
Saldanha Bay	74 686	204 643	36	69 910	219 073	32
Swartland	49 310	167 602	29	53 966	171 408	31
West Coast DM	24 015	94 235	25	33 936	148 863	23
Witzenberg	39 395	119 703	33	45 453	128 153	35
Drakenstein	148 320	458 442	32	148 703	481 784	31
Stellenbosch	111 096	330 002	34	127 443	386 867	33
Breede Valley	77 512	242 897	32	81 983	245 423	33
Breede River/Winelands	46 095	163 834	28	50 587	172 856	29
Cape Winelands DM	75 100	202 347	37	68 458	231 821	30
Theewaterskloof	38 011	152 353	25	40 914	179 627	23
Overstrand	74 030	224 674	33	80 469	251 290	32
Cape Agulhas	22 014	59 476	37	24 438	69 620	35
Swellendam	16 976	41 295	41	18 892	45 796	41
Overberg DM	17 431	44 048	39	22 487	46 723	48
Kannaland	10 870	34 228	32	10 295	35 313	29
Hessequa	40 935	90 183	45	37 797	114 284	33
Mossel Bay	70 760	210 620	34	77 729	249 194	31
George	106 561	420 554	25	115 899	476 213	24
Oudtshoorn	48 584	125 333	39	55 179	127 645	43
Bitou	No info	103 302	-	No info	120 054	-
Knysna	59 288	196 407	30	62 893	189 622	33
Eden DM	38 208	91 667	42	46 822	128 546	36
Laingsburg	3 297	9 037	36	4 795	12 751	38
Prince Albert	4 069	9 295	44	4 446	9 819	45
Beaufort West	22 459	54 368	41	25 483	61 733	41
Central Karoo DM	11 692	64 084	18	12 388	64 163	19
Total	3 973 416	12 417 086	32	4 137 892	14 200 291	29

Source: Municipal financial statements 2005/06

5.5.2 Level of reliance on grants

Municipality	2005/06		
	Total grants and subsidies received (R'000)	Total Operating Revenue (R'000)	Percentage (%)
City of Cape Town	1 018 808	9 636 685	11
Matzikama	9 531	74 897	13
Cederberg	8 050	54 899	15
Bergriver	6 087	69 327	9
Saldanha Bay	18 047	303 705	6
Swartland	31 981	193 741	17
West Coast DM	18 392	174 406	11
Witzenberg	14 147	133 400	11
Drakenstein	72 010	546 117	13
Stellenbosch	56 749	377 724	15
Breede Valley	76 690	309 628	25
Breede River/Winelands	14 330	190 909	8
Cape Winelands DM	91 793	257 555	36
Theewaterskloof	49 254	183 146	27
Overstrand	20 699	280 030	7
Cape Agulhas	4 512	72 108	6
Swellendam	0	49 011	0
Overberg DM	10 959	46 723	23
Kannaland	8 511	37 402	23
Hessequa	32 261	139 900	23
Mossel Bay	46 157	320 253	14
George	57 969	498 482	12
Oudtshoorn	6 528	139 699	5
Bitou	27 899	140 090	20
Knysna	20 033	201 682	10
Eden DM	3 366	134 912	2
Laingsburg	8 710	13 752	63
Prince Albert	5 101	9 912	51
Beaufort West	7 341	62 021	12
Central Karoo DM	33 441	65 477	51
Total	1 779 356	14 717 594	12

Source: Municipal financial statements 2005/06

5.5.3 Liquidity ratio

Municipality	2004/05			2005/06		
	Net current assets (R'000)	Net current liabilities (R'000)	Ratio	Net current assets (R'000)	Net current liabilities (R'000)	Ratio
City of Cape Town	4 120 341	2 998 858	1.4:1	4 177 352	3 241 624	1.3:1
Matzikama	28 196	7 577	3.7:1	32 423	7 790	4.2:1
Cederberg	24 738	12 057	2.1:1	39 695	24 362	1.6:1
Bergriver	35 355	13 783	2.6:1	42 026	9 059	4.6:1
Saldanha Bay	195 422	43 423	4.5:1	225 275	69 446	3.2:1
Swartland	30 710	30 888	1.0:1	37 659	53 070	0.7:1
West Coast DM	24 440	60 191	0.4:1	22 533	89 949	0.3:1
Witzenberg	17 887	23 192	0.8:1	41 928	47 336	0.9:1
Drakenstein	226 687	89 925	2.5:1	218 227	120 548	1.8:1
Stellenbosch	171 684	65 523	2.6:1	183 216	75 595	2.4:1
Breede Valley	63 564	38 720	1.6:1	76 211	39 957	1.9:1
Breede River/Winelands	68 758	23 592	2.9:1	101 760	28 750	3.5:1
Cape Winelands DM	35 794	21 788	1.6:1	31 576	20 681	1.5:1
Theewaterskloof	35 794	21 788	1.6:1	31 575	20 680	1.5:1
Overstrand	118 915	80 925	1.5:1	160 206	102 293	1.6:1
Cape Agulhas	52 848	7 376	7.2:1	63 303	6 864	9.2:1
Swellendam	20 819	4 165	5.0:1	29 595	3 181	9.3:1
Overberg DM	39 667	16 067	2.4:1	35 324	18 785	1.88:1
Kannaland	21 973	11 347	1.9:1	30 434	12 969	2.3:1
Hessequa	48 976	25 838	1.9:1	57 577	25 945	2.2:1
Mossel Bay	162 416	46 240	3.5:1	206 604	54 828	3.8:1
George	254 551	87 657	2.9:1	314 243	96 721	3.2:1
Oudtshoorn	69 191	23 866	2.8:1	80 114	23 203	3.4:1
Bitou	32 276	25 361	1.3:1	38 650	13 202	2.9:1
Knysna	71 984	35 183	2.0:1	80 426	37 477	2.1:1
Eden DM	78 056	45 229	1.7:1	80 717	28 761	2.8:1
Laingsburg	15 924	928	17.1:1	13 476	3 401	3.9:1
Prince Albert	15 715	1 647	9.5:1	17 374	2 150	8.1:1
Beaufort West	48 513	19 548	2.5:1	34 717	25 182	1.4:1
Central Karoo DM	15 435	10 800	1.4:1	12 647	9 453	1.3:1
Total	6 146 629	3 893 482	1.6:1	6 516 863	4 216 541	1.5:1

Source: Municipal financial statements 2005/06

5.5.4 Analysis of provincial trends, key challenges and priorities

The nationally accepted norm for personnel expenditure as part of total operating expenditure is between 35-40%. Most of the municipalities' personnel expenditure falls within this bracket. It is a real challenge for smaller

municipalities with a low revenue base to stay within this norm and the experience of most municipalities is that the ever increasing tasks from other spheres of government is putting this expenditure under enormous pressure.

Although the municipalities' grant dependency percentage is low in comparison to other Provinces, they are becoming more reliant on capital grants as mentioned earlier in the report. Municipalities with a limited revenue base then become more reliant on operational grants as well, i.e. the equitable share. This was also the last year during which District Municipalities raised their own revenue with regional council levies and therefore their grant dependency will be low for the last time. As of July 2006, regional council levies were replaced by the equitable share, which means that they have become 100% reliant on national government grants.

The municipalities in the Central Karoo area also received a larger percentage of grants due to their ISRDP node status.

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

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

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

5.5.5 Support provided by Provincial Departments

Provincial Treasury

Debt management

- The Provincial Treasury has established a Debt Management Task Team to assist the Provincial Government and the City of Cape Town in managing accounts, which are outstanding. The task team works along the principles of cooperative governance by ensuring that the different spheres of government work to support each other's initiatives. Provincial Treasury will use the establishment of this intergovernmental forum as a model for

replication in the five districts of the province to assist municipalities in the collection of outstanding amounts due to them from provincial and national government.

- The Provincial Treasury has raised the level of discussion in municipalities with respect to revenue enhancement and the related debt management as a means of maximising revenue of municipalities during MTEC discussions and all subsequent engagements.
- Discussion during the IYM visits regularly engaged municipalities by examining, analysing and advising on how to best manage debtors and the resulting benefit to revenue protection. These have focussed on ensuring that the municipality has:
 - Capacity to effectively manage its billing system;
 - Has access to the resources of a billing system;
 - Embarked on processes to ensure the integrity of the data it possesses;
 - Data cleansing
 - Updating the indigent register
 - Tariffs which are calculated on a scientific basis
 - Implemented a strategy to follow up on outstanding accounts;

GRAP Implementation

- During April/May 2007 Annual Financial Statements for the 2005/2006 financial year of all 30 municipalities in the Western Cape were analysed and interpreted using ratios to assess the financial position, performance and cash flow of a municipality. This assessment fed into the LG MTEC process.
- Municipal Audit Outcomes for 2005/2006 were analysed and it was identified that municipalities required technical training on the Auditor General's findings relating to the application of GAMAP/GRAP and IFRS.
- Technical training was provided based on the issues raised by A-G for 2005/2006.
- A workshop was held the end of June 2007 between PT, NT and municipalities on Government Gazette no.30013 to address the concerns of municipalities.
- All the written requests for deviation from MFMA exemption received from municipalities were sent to National Treasury and municipalities were subsequently informed on the approval of the deviation to MFMA exemptions jointly by National/Provincial Treasury. Regular visits to municipalities will be conducted to assess progress towards compliance on all the accounting standards.

- Monitor implementation plans of municipalities for the phasing-in of GRAP as per National Treasury's Government Gazette No.30013.

Supply Chain Management (SCM)

The following ongoing interventions, originally rolled out in 2006 / 2007 will continue throughout the financial year with a strong emphasis on also validating and seeking solutions to the Supply Chain Management (SCM) problem areas experienced in municipalities and also to build SCM capacity within municipalities:

Intervention 1- Initial SCM roll-out training

- SCM training was provided over a period of 1 month during the period January 2007 – March 2007
- The training was done per District to address shortcomings identified in the 05/06 AG Report and also the SCM Implementation Checklist by National Treasury
- The training encompassed shortcomings and other SCM issues that municipalities experienced
- The SCM Component views this as an ongoing intervention.

Intervention 2 – SCM compliance assessments

- 4 SCM Compliance Assessments have already been conducted this year. 13 SCM Compliance Assessments will be completed for the 07/08 financial year
- The objective of the SCM Compliance Assessments is help build and improve SCM capacity within municipalities
- The SCM shortcomings are identified and explained to municipalities

Intervention 3 - SCM Intervention training

- The issues that flow from the shortcomings identified in the Compliance Assessments and Auditor-General reports are used as the criteria for the training
- The SCM training is therefore developed to address the specific shortcomings
- This is followed up by a visit to the municipality to ensure Compliance
- Where core SCM training is provided, SCM training sessions are provided by SAMDI (two training sessions held this year included Bid Committee Training and Contract Management)

- The Senior Management in municipalities are encouraged to send their SCM officials or those performing the SCM functions to these training sessions

Intervention 4 - Regular communication on SCM issues

- Many SCM issues such as Transversal Contracts, etc or any SCM problems commonly experienced by municipalities are addressed through Circulars
- Day to day SCM queries via e-mail and the telephone are dealt with and a future scenario would be to encapsulate this activity through the establishment of a SCM help desk and a dedicated website for information sharing

Intervention 5 - Using every platform to highlight the importance of SCM

- Two (2) SCM Forums for the 07/08 financial year were conducted
- The SCM Forums are held every quarter and the purposes thereof is:
 - To allow municipalities to share best SCM practice with other municipalities
 - To discuss solutions to common SCM related issues
 - To provide information on new developments which may have an effect on SCM
 - To seek areas for further collaboration on SCM matters affecting the Western Cape e.g. establishment of District Working Committees to identify and pursue areas where SCM economies of scale can be exploited to the benefit of the district as a whole

SCM support - Way forward

- The development of SCM capacity within municipalities in the Western Cape cannot be achieved by PT alone and must be in partnership with other stakeholders.
- Assistance is required from municipalities and other stakeholders in the following areas:
 - To encourage municipalities to further invest in their respective SCM units
 - To fill the respective SCM vacant posts
 - To ensure that SCM officials receive the relevant SCM training

Department of Local Government and housing**Specialised support provided**

Recovery plans are currently being implemented in Kannaland, Cederberg and Oudtshoorn.

Financial professionals were deployed to the Oudtshoorn and Hessequa municipalities and two financial interns were also deployed to the Oudtshoorn and Eden municipalities as part of the Siyenza Manje project of DBSA.

CHAPTER 6: GOOD GOVERNANCE

6.1 Introduction

Good governance defines an ideal which is difficult to achieve in its totality. However, to ensure sustainable human development, actions must be taken to work towards this ideal.

Good governance is a subset of governance, wherein public resources and problems are managed effectively, efficiently in response to the critical needs of society. Good governance is, among other things, participatory, about transparent and accountable governance. It is also about effective and equitable service delivery, and promotes the application of the rule of law in a fair manner.

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

During the period under review most municipalities dealt with public participation processes through their Integrated Development Forums. These forums served as the municipalities primary source of public communication with communities in the development of their IDPs. The implementation of Ward Committees only really became a priority in the Western Cape after the DPLG gazetted Guidelines for the Establishment and Operation of Municipal Ward Committees in 2005. The purpose being to provide uniform and simplified guidelines to Ward Committee Members, Ward Councillors and Metropolitan and Local Municipalities on the establishment and operations of Ward Committees.

Local Government elections were also held in 2005 and this had an impact on most municipalities' adoption of delegations, codes of conduct and policy approvals as well as changes in the political leadership landscape.

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

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

Source: Questionnaire August 2007

NI = No information

6.2 Analysis and provincial trends

During the period under review most municipalities functioned well in terms of political governance, including statutory and legislative oversight and compliance. The notable exceptions being the Project Consolidate municipalities such as Kannaland, Tweewaterskloof and Cederberg.

Most municipalities complied in terms of the adoption of administrative delegations, section 59 delegations and committee/political office bearers roles were defined as per the Municipal Systems Act.

The average number of meetings for Council, Executive Mayoral Committee, Portfolio Committee, Municipal Management and IDP forums were fairly high and reflects positively on the overall good governance of municipalities.

Almost all Council and Executive/Mayoral Committees achieved the requisite quorums for meetings. Most municipalities adopted codes of conduct for Council and staff as required by the Municipal Systems Act. The challenge of effectively communicating and involving communities in the development of these Codes however remains. This has a negative impact on good governance and has been reported on in most of the Auditor General Reports of 2005/6.

In most municipalities the interest of Councillors and staff has been declared and active registers and declarations are maintained. Councillor and staff arrears have been resolved or arrangements to resolve arrears have been made in most municipalities. Whilst these declarations have been made and most arrears been dealt with, a large number of municipalities do not have anti-corruption strategies in place which impacts negatively on good governance.

The 2005 elections had an impact on the political leadership within the Western Cape, with 40% of municipalities experiencing changes at this level. This is more a challenge of administrative continuity than a good governance challenge. The concern however is that changes in political leadership have often resulted in the removal of senior and experienced skilled personnel from municipalities.

CHAPTER 7: ECONOMIC DEVELOPMENT

7.1 Introduction

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

7.2 LED and poverty alleviation strategies and implementation

Municipality	Municipality has a LED strategy and implement accordingly	Municipality has a Poverty Alleviation strategy and implement accordingly	Can the formulation processes be regarded as transparent	The biggest challenge in the implementation of mentioned strategies	Is the LED strategy overseen by a allocated official	Does the LED feature in Departmental Business Plans and performance	How many temporary jobs were created during the 2005/06 municipal financial year
City of Cape Town	yes	yes	yes	Capacity, external partners, national and provincial constitutional competencies that the city can only influence and not address directly	yes	yes	24 030
Matzikama	yes	no	yes	funding	yes	no	450
Cederberg	yes (07)	no	yes	funding	yes	Yes	No info
Bergriver	yes	no	yes	funding	yes	no	152
Saldanha Bay	yes	no	yes	Funding; collaboration between role players	yes	no	No info
Swartland	yes (07)	no	yes	No info	no	yes	313
West Coast DM	yes	no	yes	Capacity	yes	no	Not available
Witzenberg	yes	no	yes	Low economic base; capacity	yes	no	No info
Drakenstein	yes	yes	yes	No info	yes	yes	1000

Stellenbosch	no	no	NA	NA	no	yes	No info
Breede Valley	no	no	NA	Capacity	yes	yes	60
Breede River/Winelands	draft	No info	yes	Stakeholder involvement	yes	yes	73
Cape Winelands DM	yes	yes	yes	Streamlining internal processes amongst all stakeholders	yes	yes	250
Theewaterskloof	no	no	NA	Capacity	yes	no	32
Overstrand	yes (07)	no	yes	Capacity	yes	no	222
Cape Augulhas	no	no	NA	Capacity	yes	no	Not available
Swellendam	no	no	NA	NA	yes	NA	100
Overberg DM	yes	yes	yes	Co-ordination	yes	yes	Not available
Kannaland	no	no	yes	Capacity	yes	In future	Not available
Hessequa	no	yes	yes	Lack of stakeholder involvement/ capacity	yes	yes	100
Mossel Bay	yes	No info	yes	capacity	yes	yes	82
George	yes	no	yes	Assets; red tape	yes	no	30
Oudtshoorn	no	no	no	NI	no	no	No
Bitou	yes	no	yes	Funding, Provincial departments involvement	yes	yes	NI
Knysna	no	no	NA	Give support to Red door, business development outsourced to BOP	no	no	NI
Eden DM	draft	no	yes	Capacity, funding	yes	no	Not available
Laingsburg	yes	yes	yes	Funding, Low economic potential area, distance from markets	yes	yes	150
Prince Albert	no	no	NA	Capacity	no	no	Not available
Beaufort West	yes	no	yes	Funding, Capacity	yes	no	173
Central Karoo DM	NI	NI	NI	NI	NI	NI	NI

7.3 Analysis of Local Economic Development processes

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

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

Local economies need to be “robust and inclusive municipal economies exploiting local opportunities, real potential and competitive advantages, addressing local needs and contributing to national development objectives” (LED Guidelines, p15). The Constitution places a responsibility on local government to facilitate local economic development (LED) but does not list LED as a function of local government. This allows for an interpretation that might compromise reality as the activities of local municipalities do play a vital role in the performance of the local economy, if not the dominant force. Conversant with the belief that local economic development is an unfunded mandate for local municipalities, these institutions should embrace the principle of creating an environment supportive of private sector investment through appropriate public sector investment that addresses the real needs of communities and considers the actual development potential of the municipal area. In line with this approach all municipal activities such as street cleaning, waste collection, land-use management and provision of infrastructure should be guided by their contribution to the local economy.

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

Most of the municipalities have an approved Local Economic Development Plan to inform the 05/06 Integrated Development Plan and without exception these plans were deemed to be the result of a transparent formulation process. Implementation and subsequent impact were however limited due to a shortfall in available funds, co-operation between stakeholders; low economic development potential and capacity. One municipality mentioned the lack of land and buildings as well as red tape as the biggest challenges that hinder implementation of their LED Plan. Despite the obvious need to create jobs, alleviate poverty and the enormity of the scale to which local government actions impact on the local economy, it becomes apparent that local municipalities do not consider their LED Plans in strategic planning and budgeting processes. This leads to LED proposals not being integrated into the business plans of municipal departments and shows a lack of internal communication, non-ownership of products, apathy towards economic principles, change management and the complexity of proposals to understand and implement. Only a few of the municipalities do not have poverty alleviation strategies with some municipalities indicating that the strategy is deemed part of their LED plan.

7.4 Support provided by Provincial Departments

- LED road shows have taken place in all Districts, the City of Cape Town and direct support has been provided with the roll-out of Growth and Development Summits in all the districts.
- Deployment of Local Economic Relations Managers to assist municipalities with the development of LED strategies by the Department of Economic Development and Tourism.
- LED Strategies have been developed in six of the eleven project consolidate Municipalities and needs to be aligned with the PGDS for all Districts and the Metro by March 2008. Special interventions to develop LED strategies are being initiated to support Witzenberg, West Coast DM, Cederberg, Matzikama and Kannaland.
- The Department of Economic Development and Tourism has implemented capacity support initiatives such as the "Plek (LED) Plan" managers appointed at district level to assist municipalities with the identification of economic growth sectors and identify business opportunities linked to each.

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