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PROVINCE OF THE WESTERN CAPE

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PROVINCIAL NOTICE

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CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE REPORT

2015/2016

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

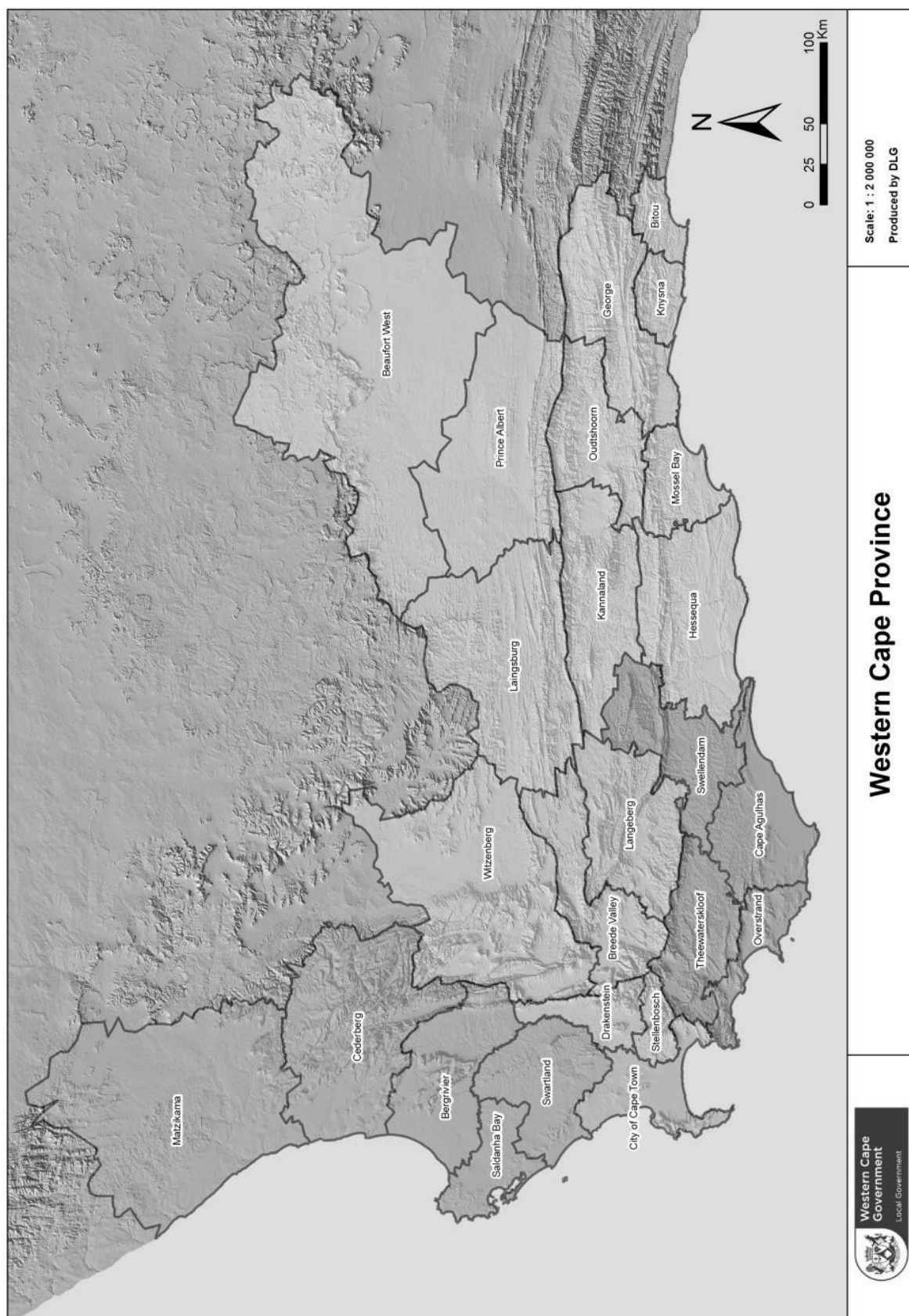


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LIST OF ACRONYMS

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

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MINISTER'S FOREWORD

This is the twelfth Consolidated Annual Municipal Performance Report, a report in which we reflect on the performance of municipalities in the Province during the 2015/16 financial year, as well as provincial support provided to municipalities.

The efforts of political and administrative leadership in municipalities have contributed to 23 municipalities in the Province attaining clean audit outcomes during the year under review. This includes the City of Cape Town, the only metro in the country to achieve this status. This achievement was attained during the same year that municipalities prepared for the fifth Local Government elections which took place in August 2016. In preparation for the elections, the Department undertook a range of efforts to ensure that municipalities were fully prepared and that the local administrations could continue to deliver the necessary services to communities without disruption.



A sound relationship between communities and their elected representatives is critical for a healthy democracy. Accordingly, this report also reflects on the functionality of public participation platforms across municipalities. It is one of our goals to ensure the continued improvement of these communication tools.

Local Government is seeing an increase in demand for services as urbanisation continues across the province, a trend that is on par with global patterns. In 2015, the urban population in South Africa constituted approximately 64% of the total population. This already comes close to the United Nation's projection for the year 2022, of a global population of whom 66% reside in urban areas.

Another important factor that is influencing local government is the age demographics of citizens. In its 2017 Mid-Year population estimates StatsSA found that 65.67% of the South African population is below the age of 35, the statistics for the Western Cape Province being at 60.52%. Evolving age demographics and the increasing urbanisation is challenging local governments to do more to drive real and effective social and economic development. Chapter 4 looks at Local Economic Development and there is general consensus that in light of continued constrained departmental budgets, Public Private Partnerships will become more and more indispensable in creating an environment that is conducive to social and economic development. By taking hands and working better together the province will continue to drive real change in our communities.

It remains the responsibility of government to ensure that households have access to basic services. It is somewhat gratifying to note that of the 2 117 095 households in the Province in the year under review, 99% had access to basic water, 97% had access to basic electricity, 95% have access to basic sanitation and 97% had access to basic refuse removal.

We are working hard to get this numbers to 100%.



Mr. Anton Bredell

Minister of Local Government – Western Cape

EXECUTIVE SUMMARY

1. GOVERNANCE OVERVIEW

Local government has an obligation to account for and report on decisions it took on behalf of the community it represents. This means that communities should be able to clearly see how and why a decision was made, what information, advice and consultation council considered, and which legislative requirements (when relevant) council followed. Local government should implement decisions and follow processes that make the best use of the available people, resources and time to ensure the best possible results for their community.

Stability in municipalities was sustained by Councils during the 2015/16 financial year through municipalities convening meetings and making resolutions. The Provincial Executive had to intervene in Oudtshoorn Municipality in terms of Section 139(4) of the Constitution by approving a temporary budget. The intervention commenced in July 2013, and terminated when the new council was inaugurated following the 2016 Local Government Elections. August 2016 marked the 5th Local Government elections and in the period leading up to the elections, during the year under review, the Department undertook a range of efforts to ensure that municipalities were fully prepared. These efforts included, the establishment of the election task team, and preparations around the establishment of an election help-desk including hands-on support. These efforts were aimed at mitigating the potential instability which may have arisen.

The vacancy rate in senior management posts was at 10%, indicating that municipalities in the Western Cape Province were administratively stable to perform their delegated responsibilities. To promote skills development and capacity building, all municipalities have complied with developing and

submitting their workplace skills plans to the Local Government SETA. Although all municipalities submitted skills development plans and implemented those plans, an average of 98% of municipal personnel budgets was spent during the 2015/16 financial year. Municipalities have reported that the implementation of their workplace skills plan has mostly been hampered by budgetary constraints. Improvement has been noted in relation to the tabling of Annual Reports and adoption of Oversight Reports within the required timeframe, with all municipalities tabling and adopting in councils. The findings of this Report confirms that there has been a good level of compliance to regulations, adherence to by-laws and the implementation of policies.

2. SERVICE DELIVERY OVERVIEW

Municipalities, as the third sphere of government, are the closest to communities and are tasked primarily with developing and implementing sustainable ways to meet community needs and improve the quality of their lives with the provision of basic services i.e. water, electricity, sanitation and solid waste. Western Cape Province municipalities continued to provide nationally mandated free basic services to registered indigent households within their areas of jurisdiction during the 2015/16 financial year.

As at June 2016, Municipal Infrastructure Grant expenditure was at 98% as compared to 97.4% in the previous financial year. The Province received an additional R23 million by March 2016 as reward for its good performance record. These funds could with reason not be spent by June 2016 and were successfully rolled-over to the 2016/17 financial year. The Western Cape Province continued with the positive trend of 100% expenditure on Human Settlement Development Grant. The number of housing units built has increased from 10 749 during the 2014/15 financial year to 11 604 in the 2015/16 financial year. The Department of Human Settlements further reported that 6 413 serviced sites were completed and 852 other housing opportunities provided during 2015/16.

During the year under review, there were 2 117 095 households in the Province. 99% of these households had access to basic water, 97% had access to basic electricity, 95% had access to basic sanitation and 97% had access to basic refuse removal.

3. FINANCIAL SUSTAINABILITY OVERVIEW

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

The total actual operating revenue for the 2015/16 financial year amounted to R46 013 510 while the total actual operating expenditure amounted to R43 299 742, resulting in a surplus of R2 713 768. The majority of municipalities were able to increase their operating revenue as compared to the 2014/15 financial year. Three municipalities namely, Bergrivier (35.8%), Laingsburg (54.7%), and Overberg District Municipality (39.8%) increased their operating revenues considerably. Two municipalities namely Kannaland (-19.3%) and Prince Albert (-15.3%), however, reduced their actual operating revenue.

The current ratio is a liquidity and efficiency ratio that measures a municipality's ability to pay off its short-term liabilities with its current assets. The current ratio is an important measure of liquidity because short-term liabilities are due within the next year. Only Bergrivier Municipality, was found to have a negative (1: -1.77) current ratio whilst Cape Winelands District Municipality had the highest (1: 24.75) ratio. There has been a steady increase in the number of municipalities receiving unqualified audit opinion with no findings, increasing from 5 municipalities in the 2011/12 to 23 in 2015/16 financial year.

4. LOCAL ECONOMIC DEVELOPMENT (LED)

During the 2015/16 financial year the Provincial Department of Economic Development and Tourism (DEDAT), through its Regional Local Economic Development Unit, focused its support on the industries identified as the key economic drivers. The Unit has in partnership with Provincial Treasury elevated the need and opportunity to leverage procurement at local level as an economic tool to achieve economic development and improved growth. In the pursuit of realising economic opportunity, the Unit coordinated support around joint planning initiatives with municipalities.

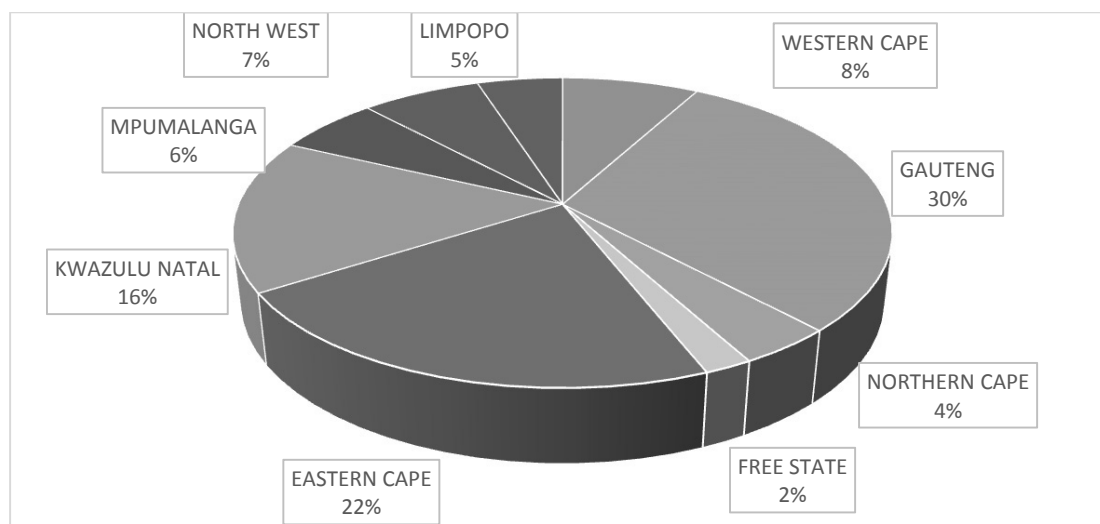
PART A: INTRODUCTION

1. BACKGROUND AND PURPOSE OF THE REPORT

The purpose of this Report is to assess the performance of municipalities and the state of service delivery in the Western Cape Province for the 2015/16 financial year. In terms of Section 46 of the Systems Act all municipalities are required to prepare an Annual Performance Report that reflects its performance as at the end of each financial year. There are key deadlines related to the submission of municipal Annual Reports that municipalities have to comply with.

A Report released by Municipal IQ found that between 2014 and 2016, there had been a decrease in the number of service delivery protests. Previously the most (191) service delivery protests took place in 2014 and the least (2) in 2006. The occurrence of service delivery protests has varied across provinces. Extrapolating from the available data, that for the period 1 January to 31 August 2016, the occurrence of service delivery protests by province has been as follows:

Graph 1: Service Delivery Protest by Province for the Period 1/1/2016 - 31/08/2016



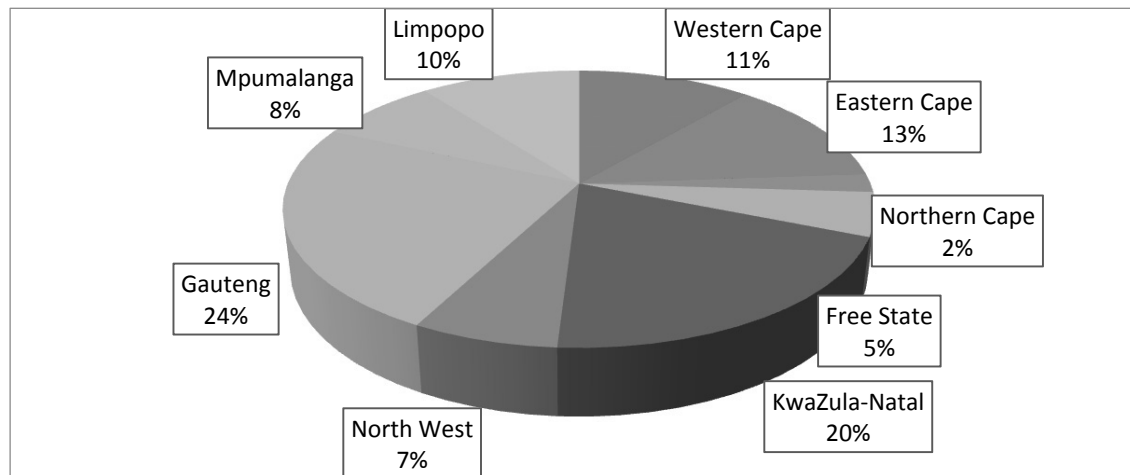
Source: Municipal IQ. 2016.

Graph 1 above depicts that the Gauteng Province accounted for the largest (30%) share of service delivery protests whilst the Free State Province accounted for the smallest (2%) share and 8% of protests have occurred in the Western Cape Province.

There have been differing opinions with regard to the underlying causes to these service delivery protests. Some caution observers about the possibility of political motivations behind such protests others argue that service delivery backlogs and disruptions are the source of these protests. The fact, however, remains that households who either have no access or access to sub-standard basic services and shelter are living in conditions which are incongruent with the fundamental right to human dignity as enshrined in the Constitution of the Republic of South Africa.

2. WESTERN CAPE PROVINCE DEMOGRAPHIC AND SOCIO-ECONOMIC DATA

Following the STATSSA 2016 Community Survey Census, municipalities across the Country could now update the population statistics they had been utilising since the 2011 census. These population statistics provide valuable data that is utilised in, for example, the calculation of number of seats on the Municipal Council. The Western Cape Province, with a total land area of 129 462 km², is bordered to the North and the East by the Northern Cape and Eastern Cape provinces respectively. As illustrated in Graph 2 overleaf, the Western Cape Province is the country's fourth largest Province, with an estimated population of 6 279 730 and 1 933 876 households (Statistics SA, 2016:30, 18-19).

Graph 2. Western Cape as a % of Total Country Population.

Source: Stats SA 2016 Community Survey

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

The drive toward the creation of competitive and sustainable cities mean that municipalities are encouraged to take advantage of global opportunities. In addition to the impact on the national economy, the effects of global realities are also felt to a greater or larger extent by individual municipalities. During the 2015/16 financial year, global economic growth was under significant pressure following poorer performance of emerging and developing economies. Downward pressure on growth in emerging and developing economies intensified, with falling commodity prices being a prominent factor in this trend. The International Monetary Fund (IMF) expects global economic growth to remain flat at 3.1 per cent in 2016, before accelerating marginally to 3.4 per cent in 2017. The 2016 growth forecast for emerging and developing economies is in step with that of 2015 while an acceleration is forecast for 2017.

The slowdown in Chinese GDP growth is expected to continue over the forecast horizon. The outlook for Sub-Saharan Africa is for a further moderation to 1.6 per cent in 2016, before a recovery to 3.3 per cent in 2017. This outlook is riddled with downside risks including the potential negative impact of Brexit and a faster than expected moderation in Chinese economic growth. Economic activity in South Africa slowed to 1.3 per cent in 2015 as a precursor to the contraction of output growth in the first quarter of 2016. The domestic factors impacting on growth include labour unrest, infrastructure bottlenecks, a persistent current account deficit and political uncertainty which weighs heavily on economic growth.

A weaker growth in the first quarter of 2016 seems to confirm the pessimistic outlook for the South African economy. Although the economy expanded in the second quarter of 2016, it may not have been enough to change the generally restrained outlook for the economy. A contraction of 0.2 per cent is projected for 2016 before marginally expanding by 1.1 per cent for 2017. While the Western Cape Province performs relatively well compared to the other provinces, the pace of growth is less than half of what it was in 2007 before the start of the global financial recession. The Province's economy is more services-orientated and is less exposed to the mining sector and the volatility associated with it. The lack of mining activity in this case would likely boost the Western Cape Province's economic growth relative to the rest of South Africa. Expected economic growth in the Western Cape Province will remain constrained over the short term. Output in the Province could rise by only 0.2 per cent in 2016 before a more meaningful improvement of 1.4 per cent in 2017.

Following a period of gradual recovery from the global financial recession in which the economy shed 1.1 million jobs, the economy reached pre-recession employment numbers by the first quarter of 2014. Sluggish growth in employment, which declined in the first quarter of 2016, along with a steady

gradual upward trend in unemployment, has resulted in an unemployment rate that has fluctuated around the 25 per cent level over the five-year period between the first quarters of 2011 and 2016. Working-age cohorts account for 68.9 per cent of the provincial population compared to 64.7 per cent nationally. There is a lower level of dependence on the working-age population in the Western Cape Province than in South Africa generally. The provincial labour force is estimated to be close to 3.0 million in 2016, up by close to 400 000 since 2011.

The narrow labour force participation rate is 9.9 percentage points higher in the Western Cape Province than in the country as a whole. Estimates of employment in the Western Cape Province suggest a somewhat more rapid rate of growth than in South Africa for the five-year period (i.e. 3 per cent for the Western Cape Province compared to 2.4 per cent for South Africa). The bulk of employment growth remains concentrated amongst those between the ages of 25 and 44 years; this group accounts for more than three out of five net new jobs over the period. Employment growth trends continue to be biased in favouring individuals with higher levels of education, both nationally and within the Western Cape Province (PERO, 2016: 4-5).

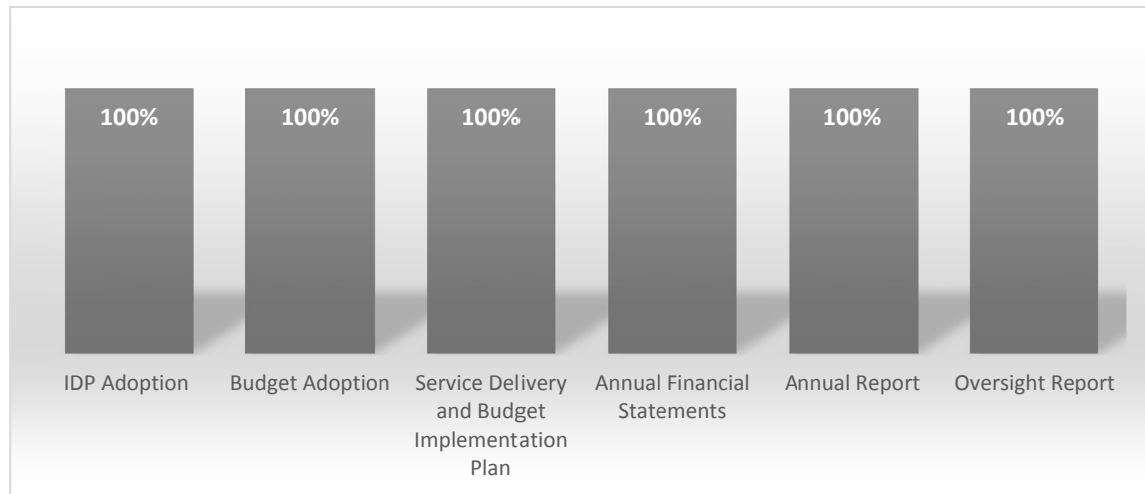
PART B: MUNICIPAL PERFORMANCE FOR 2015/16 FINANCIAL YEAR

CHAPTER 1: GOVERNANCE

1.1. COMPLIANCE MONITORING

Section 155(6) of the Constitution requires provincial government to provide for the monitoring and support of Local Government. In order for provincial departments such as the DLG to execute its monitoring and support mandate, it has to access credible information related to various aspects of municipal performance. The Western Cape Monitoring and Support of Municipalities Act (Act 4 of 2014) was promulgated in the year prior to the period under review in this Report. The objective of the Act is to give effect to sections 154(1) and 155(6) of the Constitution of the Republic of South Africa, 1996, by making further provision for measures to support municipalities, to develop and strengthen the capacity of municipalities and to improve their performance; to give effect to section 106(1) of the Local Government: Municipal Systems Act, 2000, by providing in greater detail for the monitoring of suspected non-performance and maladministration in municipalities; and to provide for incidental matters.

In total, 30 (100%) municipalities in the Western Cape Province tabled their legislated documents during the 2015/16 financial year in their respective municipal councils. In comparison, 29 municipalities complied during the previous financial year. Western Cape Government departments provided the required support to Oudtshoorn Municipality to ensure that there is compliance with the legislation within the prescribed period. Graph 3 overleaf illustrates the number of municipalities that complied with the provisions of the Acts whilst Table 1 overleaf provides compliance details per municipality.

Graph 3: Compliance with Legislation

Source: Municipal Annual Reports 2015/16.

Table 1: Compliance with Legislation

MUNICIPALITY	2015/16			
	IDP ADOPTION	BUDGET ADOPTION	ANNUAL FINANCIAL STATEMENTS	ANNUAL REPORT
City of Cape Town	10-Jun-15	29-May-15	31-Aug-16	26-Jan-17
West Coast DM	03-Jun-15	27-May-15	31-Aug-16	07-Dec-16
Matzikama	01-Apr-15	29-May-15	31-Aug-16	29-Nov-16
Cederberg	NI	29-May-15	31-Aug-16	31-Jan-17
Bergrivier	05-Jun-15	29-May-15	31-Aug-16	24-Jan-17
Saldanha Bay	10-Jun-15	28-May-15	31-Aug-16	24-Jan-17
Swartland	19-Jun-15	28-May-15	31-Aug-16	26-Jan-17
Cape Winelands DM	10-Jun-15	28-May-15	31-Aug-16	26-Jan-17
Witzenberg	02-Jun-15	27-May-15	31-Aug-16	13-Dec-16
Drakenstein	19-Jun-15	20-May-15	31-Aug-16	25-Jan-17
Stellenbosch	05-Jun-15	27-May-15	31-Aug-16	29-Mar-17
Breede Valley	05-Jun-15	27-May-15	31-Aug-16	24-Jan-17
Langeberg	19-Jun-15	28-May-15	31-Aug-16	06-Dec-16
Overberg District	07-May-15	20-May-15	31-Aug-16	30-Jan-17
Theewaterskloof	03-Jun-15	28-May-15	31-Aug-16	24-Jan-17
Overstrand	04-Jun-15	28-May-15	31-Aug-16	23-Jan-17
Cape Agulhas	17-Jun-15	26-May-15	31-Aug-16	06-Dec-16
Swellendam	09-Jun-15	28-May-15	30-Aug-16	25-Jan-17
Eden DM	17-Jun-15	25-May-15	31-Aug-16	30-Jan-17

MUNICIPALITY	2015/16			
	IDP ADOPTION	BUDGET ADOPTION	ANNUAL FINANCIAL STATEMENTS	ANNUAL REPORT
Kannaland	01-Jun-15	27-May-15	31-Aug-16	27-Jan-17
Hessequa	10-Jun-15	27-May-15	31-Aug-16	12-Jan-17
Mossel Bay	28-May-15	28-May-15	31-Aug-16	08-Dec-16
George	04-June-15	27-May-15	31-Aug-16	25-Jan-17
Oudtshoorn	NI	28-May-15	31-Aug-16	23-Jan-17
Bitou	04-Jun-15	27-May-15	31-Aug-16	31-Jan-17
Knysna	NI	29-May-15	31-Aug-16	26-Jan-17
Central Karoo DM	12-Jun-15	28-May-15	31-Aug-16	20-Jan-17
Laingsburg	09-Jun-15	27-May-15	31-Aug-16	24-Jan-17
Prince Albert	14-Aug-15	27-May-15	31-Aug-16	24-Jan-17
Beaufort West	12-Jun-15	29-May-15	31-Aug-16	13-Jan-17

Source: Municipal Annual Reports 2015/16

OVERSIGHT REPORTS

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

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

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

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

Table 2: Resolutions on Annual Report Tables in Council

MUNICIPALITY	Financial Year	Actual adoption date	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected
City of Cape Town	2013/2014	25-Mar-15			
	2014/2015	08-Mar-16			
	2015/2016	29-Mar-17			
West Coast DM	2013/2014	12-Jan-15			
	2014/2015	27-Jan-16			
	2015/2016	27-Feb-17			
Matzikama	2013/2014	03-Feb-15			
	2014/2015	02-Feb-16			
	2015/2016	31-Jan-17			
Cederberg	2013/2014	27-Mar-15			
	2014/2015	31-Mar-16			
	2015/2016	31-Jan-17			
Bergrivier	2013/2014	26-Mar-15			
	2014/2015	29-Mar-16			
	2015/2016	28-Mar-17			
Saldanha Bay	2013/2014	11-Mar-15			
	2014/2015	09-Mar-16			
	2015/2016	23-Mar-17			
Swartland	2013/2014	26-Mar-15			
	2014/2015	31-Mar-16			
	2015/2016	23-Mar-17			
Cape Winelands DM	2013/2014	26-Feb-15			
	2014/2015	12-Feb-16			
	2015/2016	30-Mar-17			
Witzenberg	2013/2014	25-Jan-15			
	2014/2015	01-Feb-16			
	2015/2016	10-Feb-17			
Drakenstein	2013/2014	13-Mar-15			
	2014/2015	01-Feb-16			
	2015/2016	29-Mar-17			
Stellenbosch	2013/2014	25-Mar-15			
	2014/2015	05-Feb-16			
	2015/2016	29-Mar-17			
Breede Valley	2013/2014	09-Feb-15			
	2014/2015	13-Jan-16			
	2015/2016	24-Mar-17			

MUNICIPALITY	Financial Year	Actual adoption date	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected
Langeberg	2013/2014	24-Feb-15			
	2014/2015	26-Jan-16			
	2015/2016	24-Jan-17			
Overberg District	2013/2014	23-Mar-15			
	2014/2015	04-Mar-16			
	2015/2016	30-Mar-17			
Theewaterskloof	2013/2014	19-Mar-15			
	2014/2015	24-Mar-16			
	2015/2016	23-Mar-17			
Overstrand	2013/2014	25-Mar-15			
	2014/2015	30-Mar-16			
	2015/2016	29-Mar-17			
Cape Agulhas	2013/2014	02-Feb-15			
	2014/2015	02-Feb-16			
	2015/2016	31-Jan-17			
Swellendam	2013/2014	10-Mar-15			
	2014/2015	10-Mar-16			
	2015/2016	30-Mar-17			
Eden District	2013/2014	04-Mar-15			
	2014/2015	17-Mar-16			
	2015/2016	31-Mar-17			
Kannaland	2013/2014	21-Oct-15			
	2014/2015	30-Mar-16			
	2015/2016	31-Mar-17			
Hessequa	2013/2014	23-Mar-15			
	2014/2015	08-Mar-16			
	2015/2016	08-Mar-17			
Mossel Bay	2013/2014	23-Mar-15			
	2014/2015	10-Mar-16			
	2015/2016	23-Jan -17			
George	2013/2014	16-Mar-15			
	2014/2015	10-Mar-16			
	2015/2016	29-Mar-17			
Oudtshoorn	2013/2014				
	2014/2015				
	2015/2016	31-Mar-17			
Bitou	2013/2014	24-Mar-15			
	2014/2015	31-Mar-16			

MUNICIPALITY	Financial Year	Actual adoption date	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected
	2015/2016	31-Mar-17			
Knysna	2013/2014	26-Mar-15			
	2014/2015	30-Mar-16			
	2015/2016	23-Mar-17			
Central Karoo District	2013/2014	27-Mar-15			
	2014/2015	30-Mar-16			
	2015/2016	28-Mar-17			
Laingsburg	2013/2014	31-Mar-15			
	2014/2015	30-Mar-16			
	2015/2016	23-Mar-17			
Prince Albert	2013/2014	23-Mar-15			
	2014/2015	18-Mar-16			
	2015/2016	31-Mar-17			
Beaufort West	2013/2014	31-Mar-15			
	2014/2015	22-Mar-16			
	2015/2016	03-Mar-17			

Source: Municipal Oversight Reports 2015/16

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS (SDBIP)

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

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

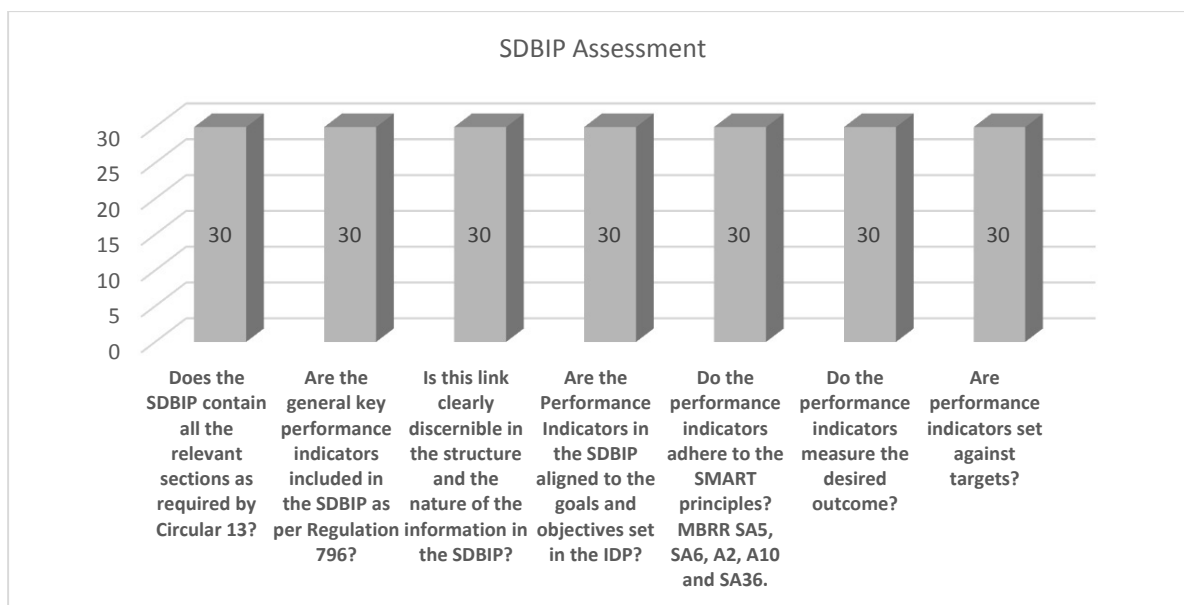
Section 53(1)(c)(ii) mandates the Mayor of a municipality to approve the SDBIP within 28 days after the approval of the Annual Budget by Council. To ensure practicality of the provision in Section 53(1)(c)(ii), Section 69(3)(a) requires that the Accounting Officer of a municipality submit a draft SDBIP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

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

All 30 Western Cape Province municipalities have submitted the SDBIP as required by Section 20(2) of the MFMA Regulations. Following the receipt of submissions, Provincial Treasury undertook an assessment of the submissions, with a specific focus on the following:

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

A comparison of selected indicators contained in the SDBIP assessment outcomes is provided in Graph 4 overleaf.

Graph 4: Compliance to SDBIP Assessment Indicators.

Source: Department of Local Government SDBIP Assessment 2015/16

1.2. INSTITUTIONAL ARRANGEMENT AND CAPACITY BUILDING

MUNICIPAL POLITICAL COMPOSITION

There were a total number of 882 council seats across all municipalities in the Western Cape Province as at the end of June 2016. Political parties were in control or in coalition government with other bigger political parties. The DA became the ruling party in 13 municipalities and governed in coalition with other parties or independents in 10 municipalities. The DA obtained a total number of 437 seats across all municipalities in the Province. The ANC had a total of 285 seats and was in control in one municipality. The ANC was in coalition with other political parties or independents in a further five municipalities.

With the exception of Oudtshoorn Municipality, political governance in municipalities across the Province was stable during the year under review. The Provincial Executive had to intervene in Oudtshoorn Municipality in terms of Section 139(4) of the Constitution by approving a temporary annual budget.

The intervention commenced in July 2013 and terminated when the new council was inaugurated following the 2016 Local Government Elections. Throughout, Provincial oversight was rendered in the form of, amongst other, attendance at council meetings and recommendations made to the Provincial Executive. The political composition of Western Cape Province municipalities is listed Table 3 below:

Table 3: Political Composition

MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
City of Cape Town	72		135			1	1 AMP 1 AL JAMA 1 CMC 3 COPE 1 NPSA 1 PAC 1 UDM 1 VP PLUS 3 ACDP		DA	221
West Coast DM	4	5	6	8				COPE	DA	24
Matzikama	9	1	4	1			1 TPICO 1 NGP		ANC + TPICO + NGP	15
Cederberg	6	1	3	1			1 COPE 1 PAC		ANC + PAC	11

MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
Bergrivier	5	1	7	1			1 COPE		DA + COPE	13
Saldanha bay	9	1	15	2			1 COPE	1 COPE	DA	25
Swartland	6	1	15	3			1 COPE 1 PI CIVIC		DA	23
Cape Winelands DM	5	8	9	15			1 COPE 1 NPP	1 SCA	DA	40
Witzenberg	9	1	9	2	1		1 COPE 1 DCP 1 NPP 1 VIP		DA + COPE + IND + DCP	23
Drakenstein	18	3	36	5			2 COPE 2 NPP 1 PDM 1 SADCO 1 ACDP		DA	61
Stellenbosch	11	1	25	3			1 COPE 1 NPP 1 ACDP 3 SCA 1 SPA	1 SCA	DA	43

MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
Breede Valley	14	2	22	3	1		1 CIVIC IND 1 COPE 2 B IND		DA	41
Langeberg	7	1	11	2			2 CIVIC 1 COPE 1 PDM 1 WCC		DA + COPE	23
Overberg DM	4	5	5	7					DA	21
Theewaters-kloof	10	2	12	3			1 COPE 1 NPP 1 NICO		DA	25
Overstrand	9	2	15	2			1 NAT IND ORG		DA	25
Cape Agulhas	4	1	4	1	1				ANC + IND	9
Swellendam	4		4	1			1 ACDP		DA + ACDP	9

MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
Eden DM	6	7	8	9			1 ICOSA	1 ICOSA 2 ACDP 1 COPE	DA	35
Kannaland	2		2				3 ICOSA	1 ICOSA	ICOSA + ANC	7
Hessequa	6	1	7	1			1 COPE 1 CIVIC IND		DA + COPE	15
Mossel Bay	10	1	16	2			1 ACDP	1 ACDP	DA	27
George	19	2	25	3			1 GIRF 1 ACDP 1 COPE 1 ICOSA 1 PBI	1 ACDP	DA + ACDP	49
Oudtshoorn	9	1	12	1		1	1 COPE 1 ICOSA 1 NPP	1 COPE	DA + COPE + NPP	25
Bitou	5	1	7	1			1 COPE		DA + COPE	13
Knysna	7	1	10	1	1		1 COPE		DA	19

MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
Central Karoo DM	3	3	3	3				1 KGP	ANC +	13
Laingsburg	3		3	1			1 COPE		DA + COPE	7
Prince Albert	2		2				3 KGP	1 KGP	KGP	7
Beaufort West	7	3	5	2			1 ICOSA		ANC	13
Total										882

Source: Political Composition Report as at end June 2016, Local Government

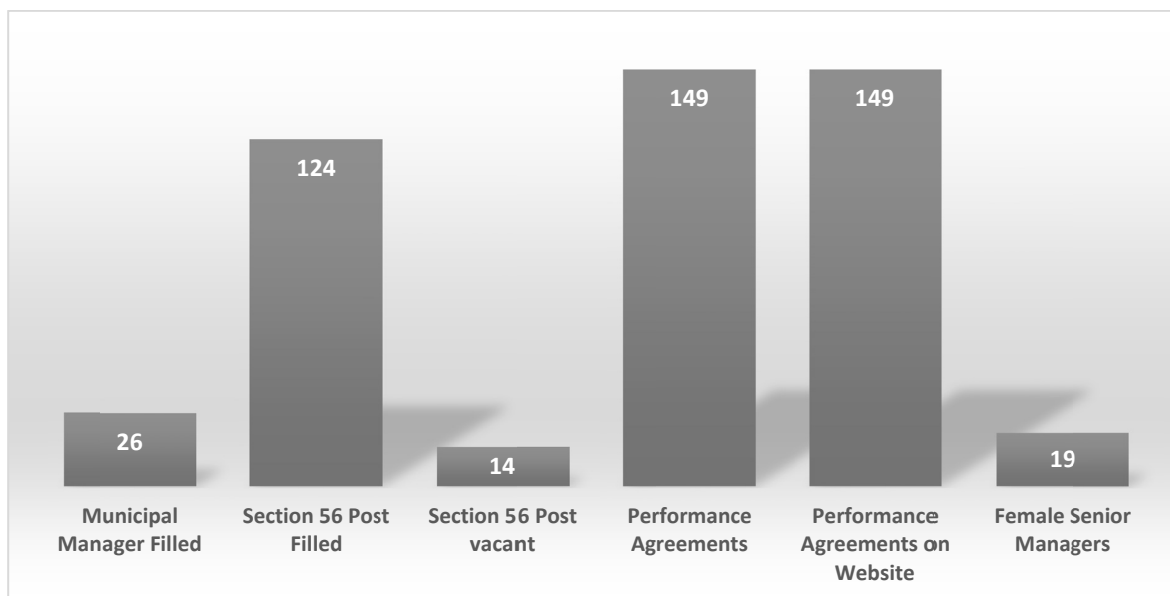
ADMINISTRATIVE GOVERNANCE

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

Graph 5 overleaf depicts the status of Municipal Manager and Senior Manager appointments, the appointment of women in senior positions as well

as the conclusion of performance agreements as prescribed in Section 57(2)(b) of the Systems Act.

Graph 5: Filling of Senior Post



Source: Municipal Annual Reports 2015/16.

Of 30 municipalities, 26 had municipal managers appointed, with 124 managers reporting directly to the municipal manager filled at municipalities across the Province. During the same period 14 posts were vacant at a senior management level. All municipalities with vacant posts had made arrangements to temporarily appoint an official in an acting capacity to perform all the responsibilities assigned to the post. Even though some vacancies existed, municipalities were fairly stable administratively and able to perform their delegated responsibilities, except Oudtshoorn Municipality. An administrator was appointed at Oudtshoorn Municipality to ensure that municipal services are continuously provided to the communities.

PERFORMANCE MANAGEMENT SYSTEM

A number of regulations, policies and guidelines (including the MFMA and Systems Act) require municipalities to establish and implement processes to

ensure that services are delivered in an effective and efficient manner. This can be accomplished through benchmarking and the development of service norms and standards which will enhance responsiveness and foster a performance culture. The Systems Act places the responsibility of adopting a PMS on the Municipal Council which holds the Executive Mayor responsible for the development and management of the system. The Executive Mayor delegates this responsibility to the municipal manager, in keeping with the core functions as assigned to municipal managers as per Section 55(1) of the Systems Act.

The objectives of a Performance Management System are to:

- a) Facilitate increased accountability;
- b) Facilitate learning and improvement;
- c) Provide early warning signals; and
- d) Facilitate decision-making.

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

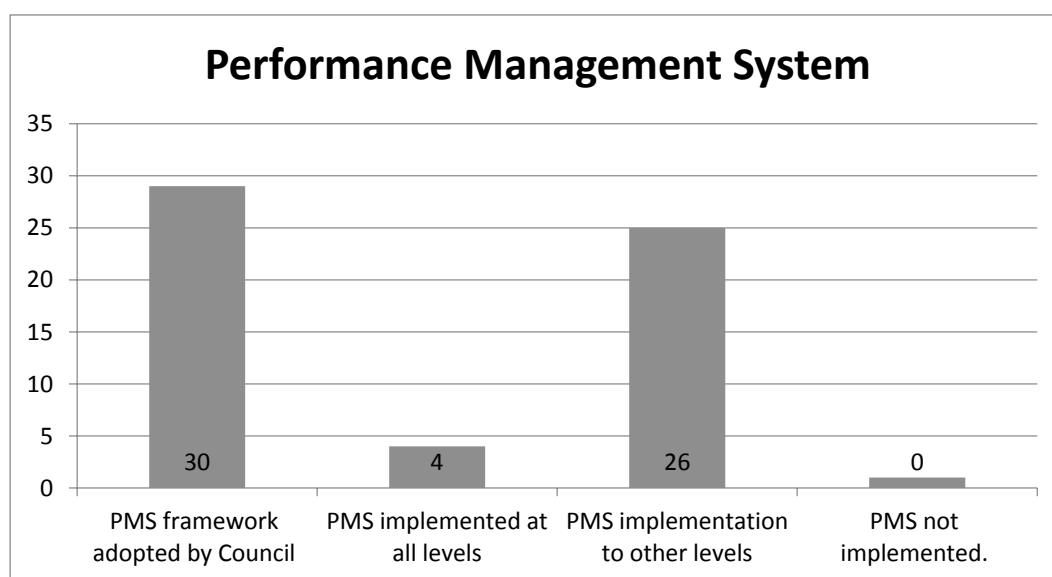
Individual Performance Management System

Thirty (30) municipalities have reported that their PMS frameworks are in place and have been adopted by the respective councils. Performance Management System has been implemented at least at the Section 56¹ level, by all municipalities. Municipalities have established PMS units with dedicated managers responsible for the PMS function. In some municipalities, this function has been located with the Human Resource Management Department.

¹ Section 56 of the Systems Act.

Four municipalities (Mossel Bay, Overstrand, Cape Agulhas and Overberg District Municipality) have cascaded their PMS to the entire organizational structure, including general workers. Twenty-Five (25) municipalities have cascaded their PMS to either Section 56 managers only or to their middle management and supervisory level. Individual performance reviews are conducted at least on a quarterly basis. Graph 6 below depicts a summary of the status of individual PMS implementation in the Province.

Graph 6: Individual PMS Implementation



Source: Municipal Governance Review Outlook Report 2016

PERFORMANCE AGREEMENTS

During the year under review, 149 performance agreements were signed and submitted to the MEC for Local Government. A municipality should ensure that its recruitment, employment and career development practices are aligned to the objectives of the Employment Equity Act, 1998 (Act 55 of 1998). During 2015/16, there were 19 women appointed at the senior management level across municipalities. Table 4 below depicts the status of municipal manager and senior manager appointments, the appointment of women in senior positions as well as the conclusion of performance agreements as prescribed in Section 57 (2)(b) of the Systems Act.

Table 4: Filling of Senior Manager Posts

MUNICIPALITY	MUNICIPAL MANAGER POST FILLED	SECTION 56 POST FILLED	SECTION 56 POST VACANT (INCL. MM)	PERFORM. AGREEMENTS CONCLUDED (INCL. MM)	PERFORM. AGREEMENTS ON WEBSITE	FEMALE SENIOR MANAGERS (INCL. MM)
City of Cape Town	1	9	1	9	9	3
West Coast DM	1	3	0	4	4	0
Matzikama	0	4	2	4	4	0
Cederberg	1	4	0	5	5	0
Bergvriër	1	3	0	4	4	2
Saldanha bay	1	5	0	6	6	0
Swartland	1	6	0	7	7	1
Cape Winelands DM	1	3	0	4	4	1
Witzenberg	1	4	0	5	5	1
Drakenstein	0	5	1	5	5	1
Stellenbosch	0	7	2	7	7	0
Breede Valley	1	4	0	5	5	0
Langeberg	1	4	0	5	5	2
Overberg DM	1	1	1	2	2	0
Theewaters- kloof	1	5	0	6	6	0
Overstrand	1	6	0	7	7	2
Cape Agulhas	1	4	0	5	5	0
Swellendam	1	4	0	5	5	0
Eden DM	1	4	0	5	5	1
Kannaland	1	2	0	3	3	0
Hessequa	1	5	0	6	6	2
Mossel Bay	1	4	0	5	5	0
George	1	6	0	7	7	0

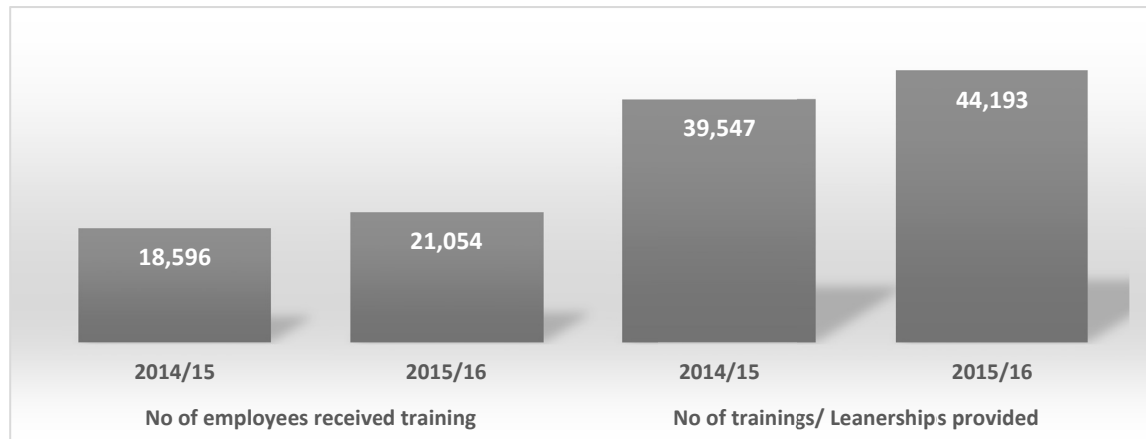
MUNICIPALITY	MUNICIPAL MANAGER POST FILLED	SECTION 56 POST FILLED	SECTION 56 POST VACANT (INCL. MM)	PERFORM. AGREEMENTS CONCLUDED (INCL. MM)	PERFORM. AGREEMENTS ON WEBSITE	FEMALE SENIOR MANAGERS (INCL. MM)
Oudtshoorn	0	1	5	1	1	0
Bitou	1	5	0	6	6	1
Knysna	1	4	1	5	5	0
Central Karoo DM	1	2	0	3	3	0
Laingsburg	1	3	0	4	4	1
Prince Albert	1	3	0	4	4	1
Beaufort West	1	4	1	5	5	0
Total	26	124	14	149	149	19

Source: Municipal Annual Reports 2015/16

SKILLS DEVELOPMENT AND TRAINING

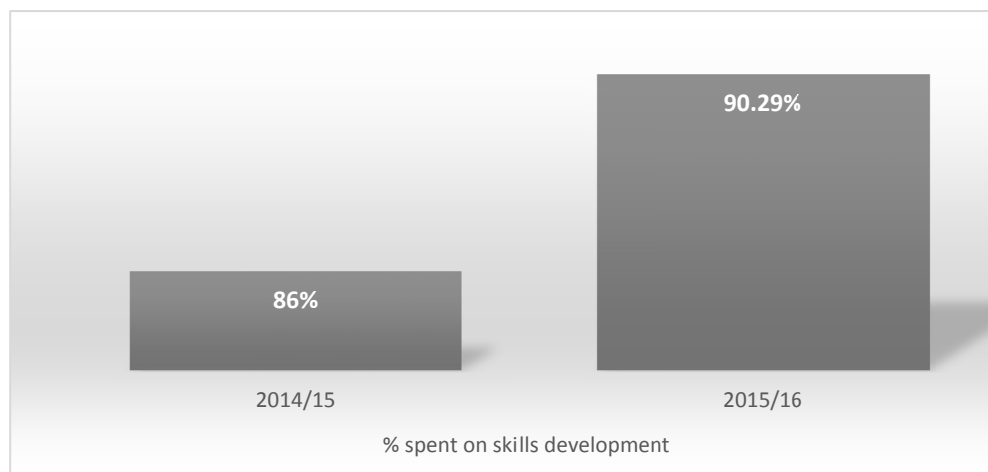
Section 68(1) of the Systems Act recognises that capacity building at municipalities is crucial in achieving effective service delivery. The section stipulates that "A municipality must develop its human resource capacity to a level that enables it to perform its functions and exercise its powers in an economical, effective, efficient and accountable way, and for this purpose must comply with the Skills Development Act, 1998 (Act 81 of 1998), and the Skills Development Levies Act, 1999 (Act 28 of 1999)". Graph 7 below indicates the number of personnel trained, learnerships provided and the percentage spent on skills from personnel budget by municipalities.

Graph 7: Skills Development



Source: Municipal Annual Reports 2015/16.

All municipalities across the Province have submitted workplace skills plans for the past three years. Municipalities have spent their personnel budget in enhancing and capacitating their employees with the necessary skills to perform their duties. Municipalities trained 21 284 employees and offered 44 215 learnerships/training opportunities. Graph 8 below also depicts that during the 2015/16 financial year, municipalities have spent an average of 88% of their skills budget. Various capacity and skills development initiatives were provided by municipalities, which include, amongst others, Minimum Municipal Competency Training, various learnerships including Water Reticulation, Water Process Control, Construction, Roads and Telematic Water learnerships and various apprenticeships including Mechanical, Electrical, Plumbing, Carpentry and Welding and a Local Government Accounting Certificate.

Graph 8: Skills Budget Expenditure

Source: Municipal Annual Reports 2015/16.

Table 5 below indicates the number of personnel trained, learnerships provided and the percentage spent on skills from personnel budget for individual municipalities.

Table 5: Number of Capacity Initiatives and Percentage of Budget Spent

MUNICIPALITY	NO OF EMPLOYEES PROVIDED TRAINING	NO OF TRAININGS/LEARNERSHIPS PROVIDED	% SPENT ON SKILLS DEVELOPMENT OF PERSONNEL BUDGET
City of Cape Town	15 568	40 270	104,85%
Matzikama	44	71	88%
Cederberg	236	NI	98%
Bergvriër	254	31	99.2%
Saldanha Bay	386	278	95%
Swartland		274	100%
West Coast DM	157	85	100%
Witzenberg	271	271	100.02%
Drakenstein	286	286	88%
Stellenbosch	1 276	1 216	99%
Breede Valley	193	199	73.74%
Langeberg	360	NI	99.68%
Cape Winelands DM	94	NI	88.25
Theewaterskloof	NI	NI	NI

MUNICIPALITY	NO OF EMPLOYEES PROVIDED TRAINING	NO OF TRAININGS/LEARNERSHIPS PROVIDED	% SPENT ON SKILLS DEVELOPMENT OF PERSONNEL BUDGET
Overstrand	362	326	99.70%
Cape Agulhas	200	NI	75.71%
Swellendam	75	NI	29.8%
Overberg DM	66	NI	79.6%
Kannaland	NI	NI	NI
Hessequa		116	90.06%
Mossel Bay	153	NI	100.84%
George	195	225	70.80%
Oudtshoorn	148	148	99%
Bitou	167	NI	95.2%
Knysna	282	22	100%
Eden DM	323	324	77%
Laingsburg	39	73	102.74%
Prince Albert	49	NI	109.64%
Beaufort West	100	NI	40.34%
Central Karoo DM			74%
Total	21 284	44 215	88.50%

1.3. PUBLIC PARTICIPATION

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

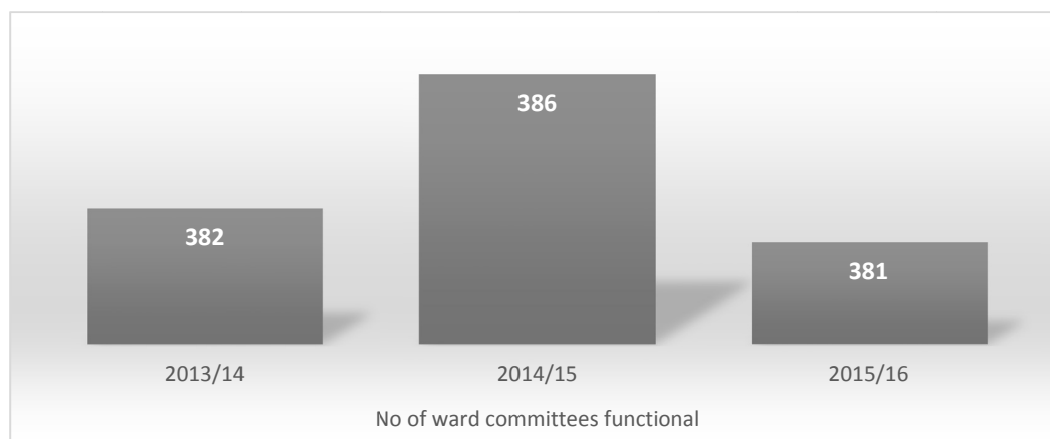
In intensifying community participation in the functioning of the municipality, in 2016 a comprehensive audit was undertaken on the existence and functionality of the Bulk-SMS System across all 24 local municipalities during January 2016. The audit revealed that 20 of the 24 local municipalities did not have Bulk-SMS Systems. Furthermore, 4 of the 20 local municipalities that have the Bulk-SMS System did not effectively use it due to budget constraints.

The Department of Local Government dedicated R129 000.00 to a Bulk Services Project through which it supported Prince Albert, Laingsburg, Cederberg and Swartland municipalities. Through the project the Bulk-Sms systems for these municipalities were upgraded and SMS credits were purchased for municipalities to allow for the dissemination of information on ward committees, service delivery issues.

WARD COMMITTEES

Ward committees are established in terms the Systems Act and Structures Act. The ward committee system was designed to ensure that citizens' inputs are taken into account during planning and decision-making processes at Local Government level. There were 387 ward across municipalities, of which all of them had ward committees established. Graph 9 below outlines functional ward committees in each municipality.

Graph 9: Ward Committee Functionality



Source: Municipal Annual Reports 2015/16.

Table 6 below illustrates a decline in ward committee functionality in Matzikama and Breede Valley municipalities. The DLG provided the required support to these municipalities to ensure that ward committee members are held accountable to the communities they serve. Table 6 below outlines the number of wards and functional ward committees in each municipality.

Table 6: Ward Committee Functionality

MUNICIPALITY	NO OF WARDS ESTABLISHED	WARD COMMITTEE FUNCTIONALITY		
		2013/14	2014/15	2015/16
City of Cape Town	111	All Ward Committees were functional and have regular scheduled meetings	All Ward Committees were functional and have regular scheduled meetings	All Ward Committees were functional and have regular scheduled meetings
Matzikama	8	All 8 ward committees were functional	All 8 ward committees were functional	7 of 8 ward committees were functional. Ward 6 did not have any meetings
Cederberg	6	All 6 ward committees were functional	All 6 ward committees were functional	All 6 ward committees were functional
Bergrivier	7	All 7 ward committees were functional	All 7 ward committees were functional	All 7 ward committees were functional
Saldanha Bay	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional
Swartland	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Witzenberg	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional

MUNICIPALITY	NO OF WARDS ESTABLISHED	WARD COMMITTEE FUNCTIONALITY		
		2013/14	2014/15	2015/16
Drakenstein	31	All 31 ward committees were functional	All 31 ward committees were functional	All 31 ward committees were functional
Stellenbosch	22	21 ward committees were functional. One ward committee was not established	All 22 ward committees were functional	All 22 ward committees were functional
Breede Valley	21	17 ward committees were functional while 4 were not functional	All 21 ward committees were functional	17 ward committees were functional while 4 were not functional
Langeberg	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Theewaterskloof	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional
Overstrand	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional
Cape Agulhas	5	All 5 ward committees were functional	All 5 ward committees were functional	All 5 ward committees were functional
Swellendam	5	All 5 ward committees were functional but sector report back sessions were a challenge	All 5 ward committees were functional	All 5 ward committees were functional

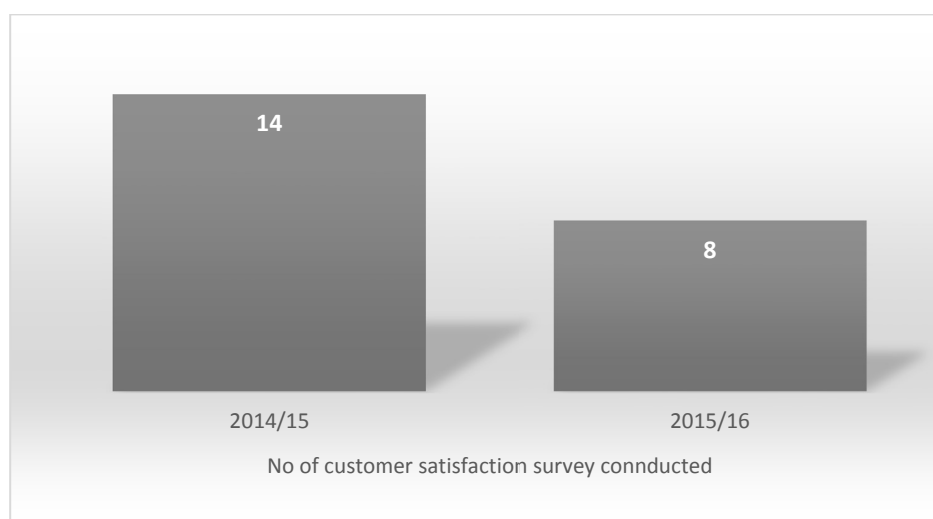
MUNICIPALITY	NO OF WARDS ESTABLISHED	WARD COMMITTEE FUNCTIONALITY		
		2013/14	2014/15	2015/16
Kannaland	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Hessequa	8	All 8 ward committees were functional	All 8 ward committees were functional	All 8 ward committees were functional
Mossel Bay	14	All 14 ward committees were functional	All 14 ward committees were functional	All 14 ward committees were functional
George	25	All 25 ward committees were functional	All 25 ward committees were functional	All 25 ward committees were functional
Oudtshoorn	13	All 13 ward committees are functional	All 13 ward committees are functional	All 13 ward committees are functional
Bitou	7	All 7 ward committees were functional	All 7 ward committees were functional	All 7 ward committees were functional
Knysna	10	All 10 ward committees were functional	All 10 ward committees were functional	All 10 ward committees were functional
Laingsburg	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Prince Albert	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Beaufort West	7	All 7 ward committees were functional	All 7 ward committees were functional	All 7 ward committees were functional

Source: Municipal Annual Reports 2015/16

CUSTOMER SATISFACTION SURVEY

This section deals with the level of public satisfaction as determined through satisfaction surveys on the services rendered by the municipalities e.g. refuse removal, road maintenance, electricity, and water. During the year under review, customer satisfaction surveys were conducted in 8 municipalities. Graph 10 overleaf indicates the total number of municipalities that undertook the survey whilst Table 7 provides municipality specific details.

Graph 10: Customer Satisfaction Survey



Source: Municipal Annual Reports 2015/16.

Table 7: Public Satisfaction Survey

MUNICIPALITY	CUSTOMER SATISFACTION SURVEYS UNDERTAKEN Y/N	WHEN WAS THE SURVEY CONDUCTED
City of Cape Town	Y	2015
Matzikama	N	-
Cederberg	N	-
Bergervier	Y	2016
Saldanha Bay	Y	2016
Swartland	N	-
Witzenberg	Y	2016
Drakenstein	N	-
Stellenbosch	Y	2016

MUNICIPALITY	CUSTOMER SATISFACTION SURVEYS UNDERTAKEN Y/N	WHEN WAS THE SURVEY CONDUCTED
Breede Valley	N	-
Langeberg	N	-
Theewaterskloof	N	-
Overstrand	N	-
Cape Agulhas	Y	2016
Swellendam	Y	-
Kannaland	N	-
Hessequa	Y	2016
Mossel Bay	N	-
George	N	-
Oudtshoorn	Y	-
Bitou	N	-
Knysna	N	-
Laingsburg	N	-
Prince Albert	N	-
Beaufort West	N	-

Source: Municipal Annual Reports 2015/16

COMMUNITY DEVELOPMENT WORKERS PROGRAMME

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

At the end of the 2015/16 financial year, CDWs facilitated 624 information sessions in various communities. These sessions covered a range of topics

including, amongst other: Crime prevention; Safety, Fire Awareness; Youth development; Gender Based Violence; Flood Awareness etc.

CDWs created partnerships with the following stakeholders with the intent of increasing public awareness and the accessibility of government services: South African Police Services in Khayelitsha; Chumisa Primary School in Khayelitsha; Family in Focus in Atlantis, Atlantis Community; Thuthuzela Centre etc.

1.4. CORPORATE GOVERNANCE

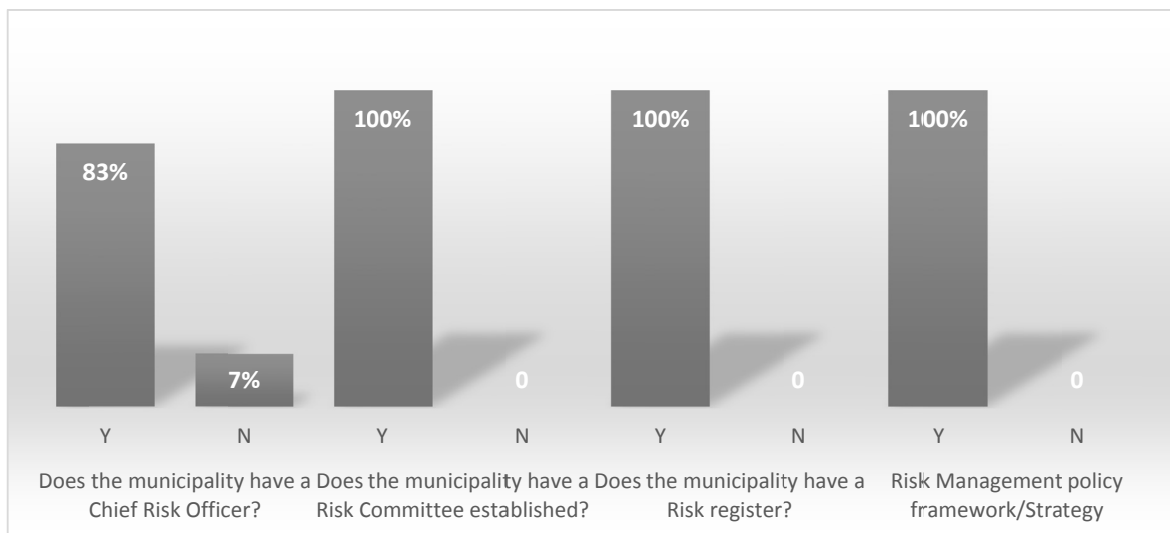
RISK MANAGEMENT

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

In ensuring that this function is embedded within the municipality, Western Cape Province municipalities had 25 officials who fulfilled the role of a Chief Risk Officers (CROs). CROs are tasked with the responsibility of establishing a risk management committee. During the year under review, all municipalities have reported to have risk management committees established and effectively functioning. Due to capacity constraints in municipalities, some municipalities are using the internal audit unit to fulfill the responsibilities of risk management.

West Coast, Overberg and Central Karoo Districts have implemented risks management as a shared service and have appointed a service provider that reports to the risk management committee on a quarterly basis. All municipalities have developed risk management policy frameworks/strategies which have been adopted by the Municipal Council as well as risk registers that are monitored and reported against on a quarterly basis. Graph 11 overleaf illustrates the number of municipalities fulfilling the risk management functions.

Graph 11: Risk Management



Source: Municipal Annual Reports 2015/16.

INFORMATION COMMUNICATION TECHNOLOGY (ICT) GOVERNANCE

Section 21(b) of the Systems Act requires municipalities to establish its own official website. The municipal website is an integral part of the municipality's communication infrastructure and strategy by making current information available, it serves as a tool for community participation, improved stakeholder involvement and stakeholder monitoring and evaluation of municipal performance. Municipalities are required to place all information that must be published in terms of the Systems Act and MFMA on this Website. The municipal manager is tasked with the responsibility of maintaining and regularly updating the municipality's website. All municipalities in the Province have functional

websites. The Department of Local Government supported eighteen municipalities with the standardisation of websites. The piloted municipalities were:

- Central Karoo District Municipality;
- Beaufort West Municipality;
- Prince Albert Municipality;
- Laingsburg Municipality;
- Matzikama Municipality;
- Cederberg Municipality;
- Kannaland Municipality;
- Theewaterskloof Municipality;
- George Municipality;
- Swellendam Municipality;
- Bergrivier;
- Breede Valley;
- Witzenberg;
- Cape Winelands;
- Overberg District;
- Cape Agulhas;
- Bitou; and
- Oudtshoorn.

Table 8 overleaf provide a detail compliance to Section 75 of the MFMA with regards the publication of documents on the website.

Table 8: Documents Published on Municipal Website

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

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

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

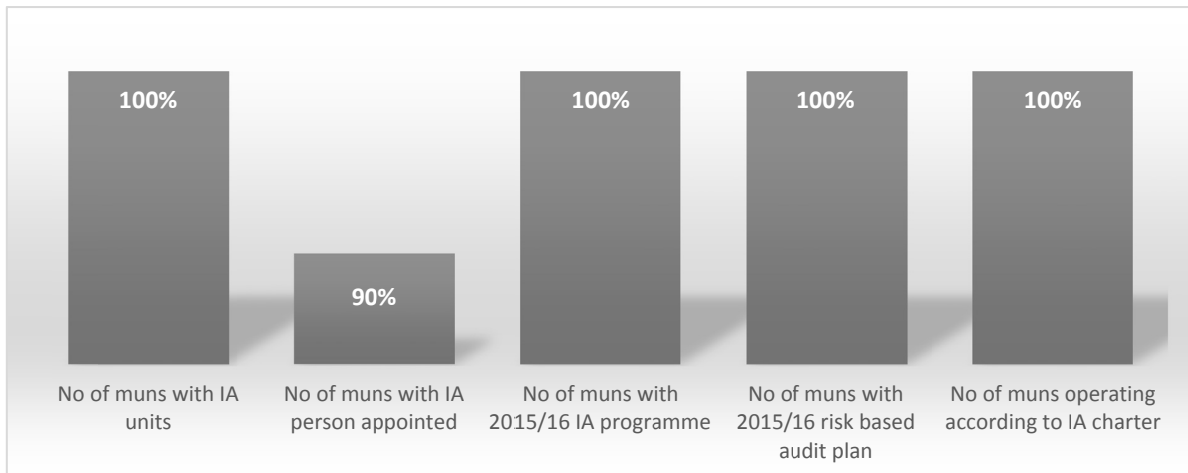
Source: Municipal Websites

INTERNAL AUDIT UNITS AND AUDIT COMMITTEES

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

As at June 2016, all municipalities were reported to have Internal Audit Units in place of which three municipalities (Kannaland, Central Karoo and Prince Albert) had outsourced this function. The remaining 27 municipalities have established Internal Audit Units and appointed dedicated personnel to fulfil the function. It was also reported that all municipalities have prepared their 2015/16 internal audit programme, risk-based plans and are operating in accordance with the internal audit charter. Graph 12 overleaf illustrates internal audit functionality in municipalities.

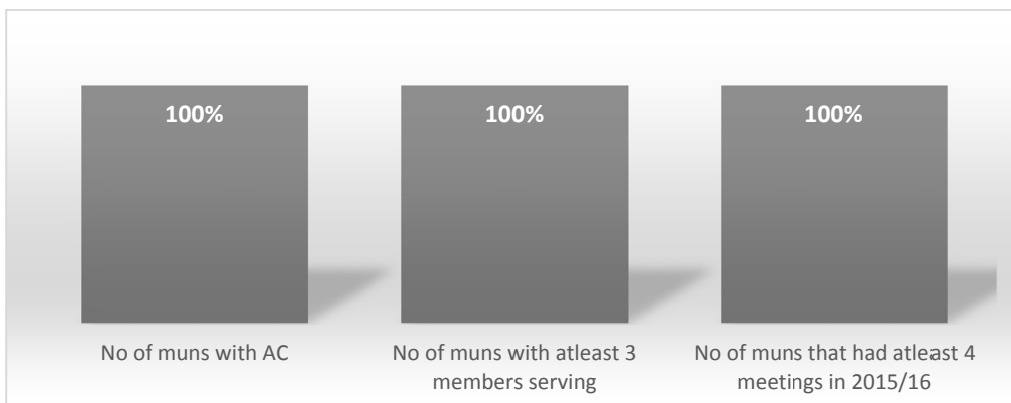
Graph 12: Internal Audit



Source: Municipal Annual Report 2015/16

The MFMA and Municipal Planning and Performance Management Regulations require municipalities to establish an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. It also requires the Municipal Council to appoint a chairperson who is not a municipal employee. During the period under review, all municipalities in the Western Cape Province had functional audit committees in place with at least 3 members serving on the committee. It was also reported that all municipalities had at least four meetings during the 2015/16 financial year. Graph 13 below illustrates audit committee audit functionality in municipalities.

Graph 13: Audit Committee



Source: Municipal Annual Report 2015/16

CHAPTER 2: SERVICE DELIVERY

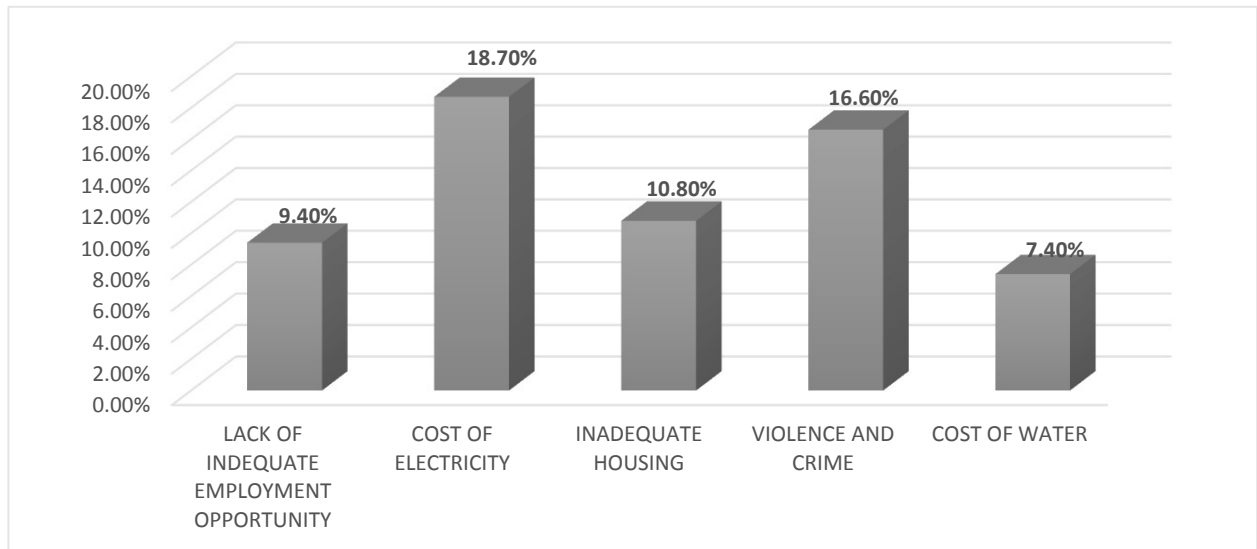
There have been differing opinions with regard to the causes underlying service delivery protests. Some caution observers about the possibility of political motivations behind such protests whilst others argue that service delivery backlogs and disruptions are the source of these protests. These backlogs and disruptions persist despite significant achievements in extending basic services to communities since democratisation in 1994. The fact, however, remains that households who either have no access or access to sub-standard basic service and shelter are living in conditions which are incongruent with the fundamental right to human dignity as enshrined in the Constitution of the Republic of South Africa.

A report by the Institute for Race Relations published in 2014, lists the following as some of the service delivery realities that result in service delivery protests:

- The inability of municipalities to manage and maintain infrastructure which has led to a decline in the condition of the infrastructure;
- Lack of water, housing, sanitation and electricity;
- High price of water and electricity;
- Installation of pre-paid electricity and meters; and
- Lack of responsiveness when utilising formal avenues.

The StatsSA 2016 Community Survey findings resonate with some of the reasons provided above. Households were asked about their perception with regard to the leading challenges faced by municipalities. Graph 14 overleaf illustrates the summary of answers provided by households in the Western Cape Province.

Graph 14: Western Cape Province Household Perceptions of Leading Challenges facing municipalities

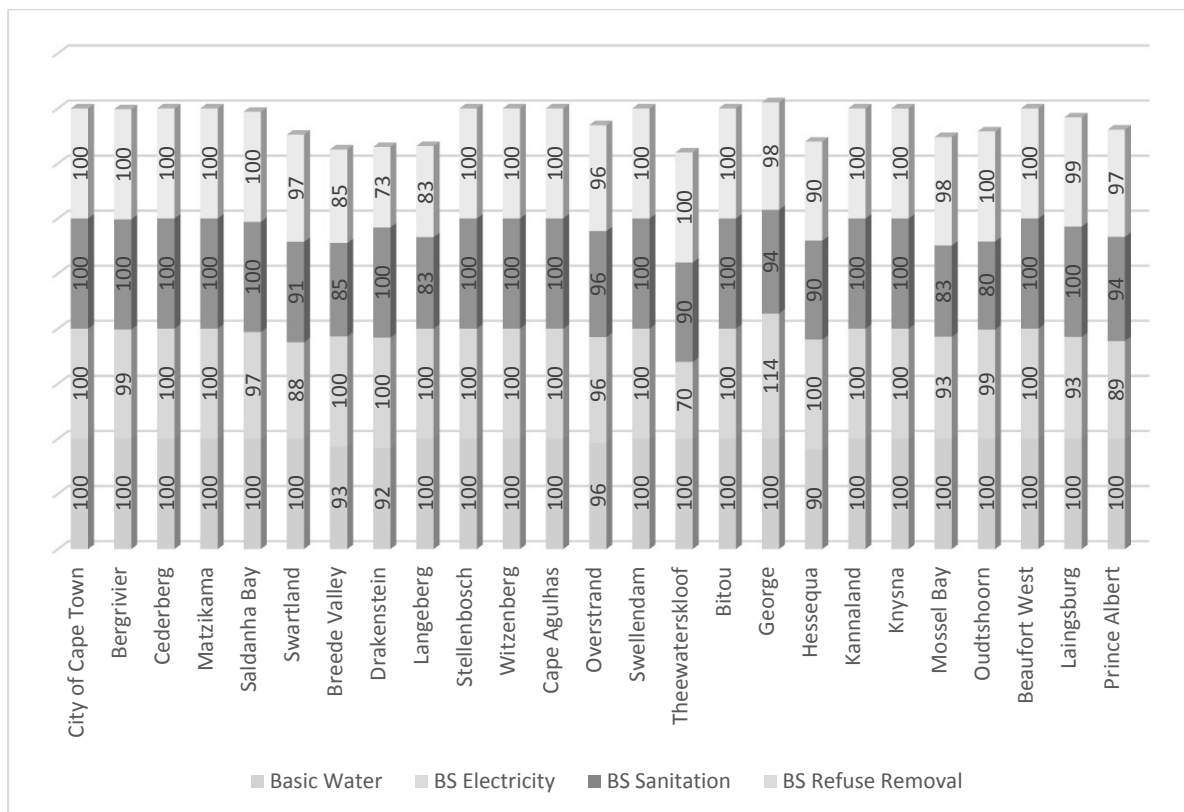


Source: StatsSA, 2016.

It might not be as intuitive to think that a lack of adequate employment and violence and crime as challenges that municipalities should address. The Development Local Government mandate, however, encompass more than service delivery roles, responsibilities and functions traditionally assigned to Local Government. The Community Worker Programme and the Expanded Public Works Programme are but two programmes through which municipalities take on this developmental mandate. The next section will provide information about the provision of both basic and free basic services.

2.1 PROVISION OF BASIC SERVICES

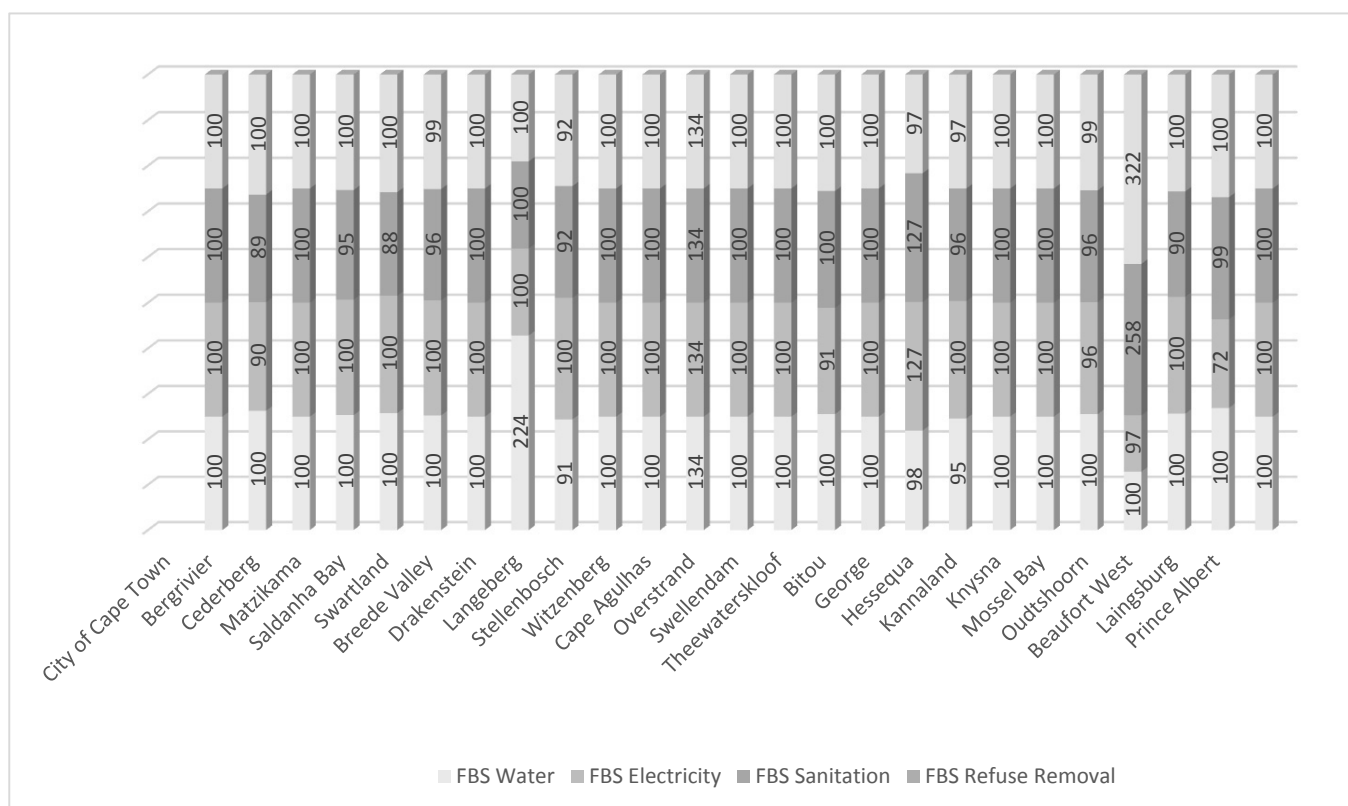
Graph 15 overleaf illustrates that with the exception of Breede Valley (93%), Drakenstein (92%), Overstrand (92%) and Hessequa municipalities, all municipalities in the province are providing access to Basic Water to all households within their jurisdiction. The provision of Basic Electricity is more varied with 15 municipalities providing the service to 100% of households within their jurisdiction and provision level in the remaining municipalities being as low as 70%.

Graph 15: Access to Basic Services

Source: Municipal Questionnaire, June 2016.

2.2 PROVISION OF FREE BASIC SERVICES

The provision of free basic services by municipalities and monitoring and support provided by provincial departments responsible for local government remain national indicators. Whilst all municipalities in the Province have adopted indigent policies, it's practical implementation as well as the calculations utilised to determine the funding arrangements support the implementation of indigent policies require attention. Graph 16 overleaf, illustrates the provision of free basic services by municipalities across the Province.

Graph 16: Provision of Free Basic Services

Source: Municipal Questionnaire, June 2016

2.3 MUNICIPAL INFRASTRUCTURE GRANT

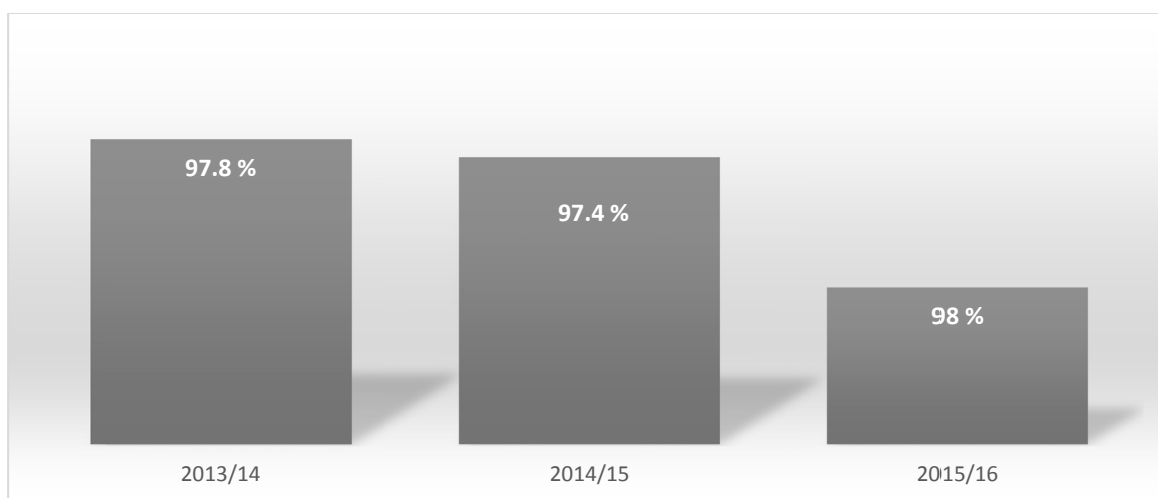
The increasing number of backyard dwellers is one of the challenges with which municipalities are faced. An analysis of AFSs indicates that most municipalities are reliant on capital grants to fund their capital expenditure and their revenue base is insufficient to generate enough funding for provision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

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

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

During the year under review, MIG expenditure at the end of June 2016 was at 98% as compared to 97,4% in the previous financial year, as illustrated in Graph 17 below. Municipalities who could not spend their allocation by the end of the financial year have applied to National Treasury to have the funds rolled over to the next financial year.

Graph 17: Municipal Infrastructure Grant



Source: DLG MIG Report as at June 2016

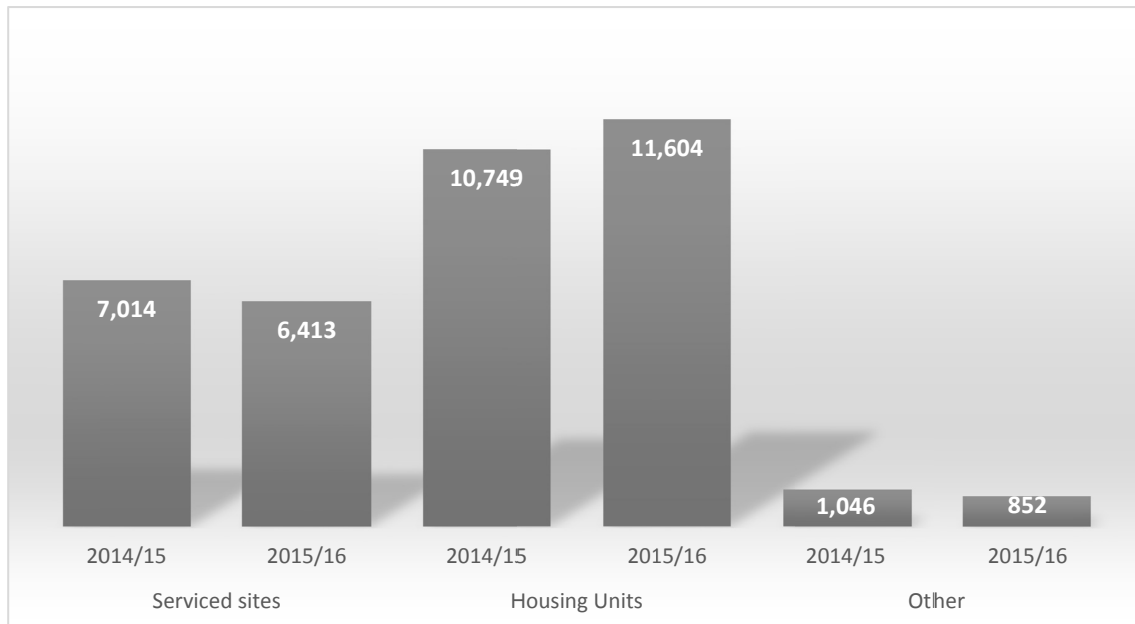
2.4 PROVISION OF HUMAN SETTLEMENTS (HOUSING)

In terms of Part A of Schedule 4 of the Constitution, housing is a concurrent National and Provincial competency. Section 10 of the Housing Act, 1997 (Act 107 of 1997) sets out the responsibilities of municipalities in relation to the provision of housing. There is a direct correlation between the provision of basic services and housing, which makes it a complex function that relies on high levels of cooperation between municipalities and Provincial and National Departments responsible for Housing.

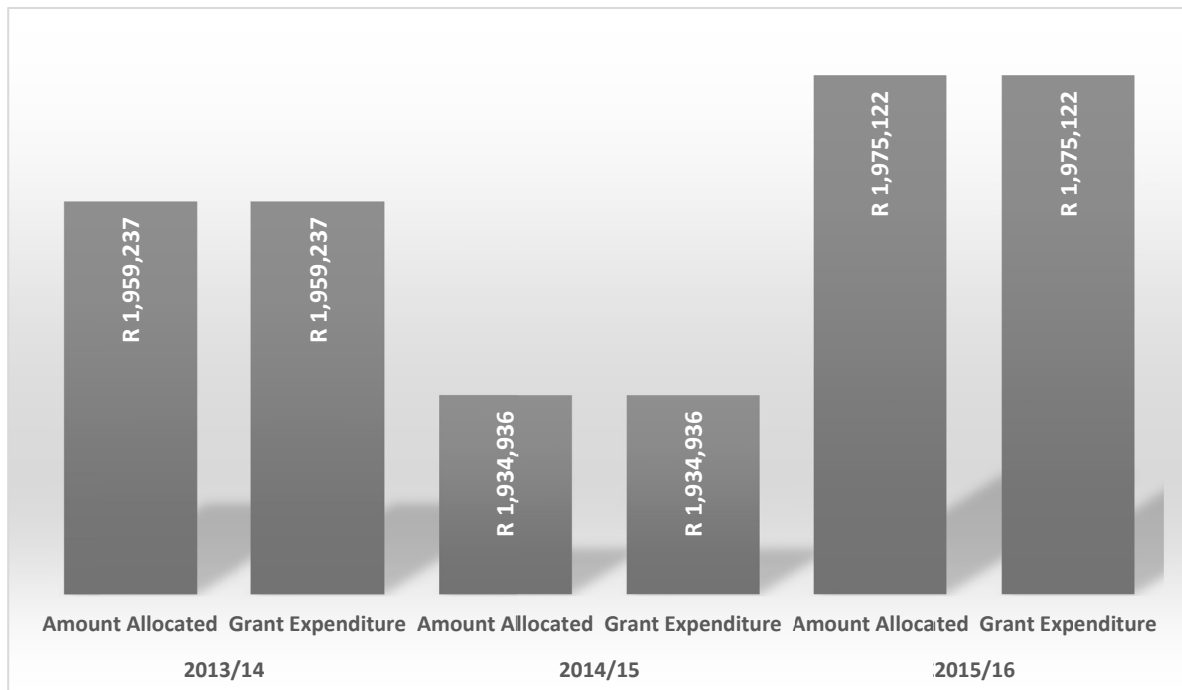
The Western Cape Province has continued with the positive trend of 100% expenditure on the Human Settlement Development Grant. The Department of Human Settlements reported that 11 604 houses were built during 2015/16, while there were 6 413 serviced sites completed and 852 other housing opportunities provided.

With regards to addressing security of tenure by responding to the backlog in the provision of title deeds, the Department of Human Settlements issued 7 680 title deeds to beneficiaries through the transfer of residential properties. The Department of Human Settlements further implemented land release projects which amounted to 132.09 hectares with the potential yield of 8 238 GAP units and 385 BNG units in well located areas. The graph overleaf shows the provision of housing per municipality.

Graphs 18 and 19 illustrate the expenditure on the Human Settlement Development Grant and delivery on housing during the past three financial years whilst Table 8 overleaf details housing provision per municipality.

Graph 18: Housing Delivery

Source: Department of Human Settlements Annual Report 2015/16.

Graph 19: Human Settlement Grant Expenditure

Source: Annual Report 2015/16, Department of Human Settlements

Table 9: Housing Delivery per Municipality

MUNICIPALITY	PROGRAMME	DELIVERY		
		SERVICED SITES	HOUSING UNITS	OTHER
City of Cape Town	Integrated Residential Development Programme (IRDP)	563	2 241	
	Upgrading of Informal Settlements Programme (UISP)	252		
	People's Housing Process		3 002	
	Social Housing Programme		342	
	Institutional Housing Programme		127	
	Community Residential Units Programme (CRU new units)		527	
	Community Residential Units Programme (CRU upgrades)			576
Breede Valley	Upgrading of Informal Settlements Programme	221		
	Integrated Residential Development Programme	20	75	
Drakenstein	Integrated Residential Development Programme		109	
	Peoples Housing Process		500	
Langeberg	Integrated Residential Development Programme	204		
Stellenbosch	Integrated Residential Development Programme	162	89	
Witzenberg	Integrated Residential Development Programme	712		
Cape Agulhas	Integrated Residential Development Programme		20	
Overstrand	Integrated Residential Development Programme	475	231	
	Upgrading of Informal Settlement Programme	354		
Swellendam	Integrated Residential Development Programme	124	55	
Theewaterskloof	Integrated Residential Development Programme		225	
	Upgrading of Informal Settlement Programme	122		

MUNICIPALITY	PROGRAMME	DELIVERY		
		SERVICED SITES	HOUSING UNITS	OTHER
	Peoples Housing Process		219	
	Rectification Programme			276
Laingsburg	Integrated Residential Development Programme		157	
Prince Albert	Integrated Residential Development Programme			
Beaufort West	Integrated Residential Development Programme	239	160	
Bitou	Integrated Residential Development Programme	89	438	
George	Integrated Residential Development Programme		22	
	Peoples Housing Process		89	
Hessequa	Integrated Residential Development Programme	122	41	
	Upgrading of Informal Settlements Programme	5		
Knysna	Upgrading of Informal Settlements Programme	345		
	Peoples Housing Process		161	
Mossel Bay	Upgrading of Informal Settlements Programme	66		
	Integrated Residential Development Programme	306		
	Peoples Housing Process		65	
Oudtshoorn	Upgrading of Informal Settlements Programme	300		
	Integrated Residential Development Programme	61	345	
Bergrivier	Integrated Residential Development Programme	184	155	
Cederberg	Upgrading of Informal Settlements Programme			
Matzikama	Upgrading of Informal Settlement Programme	283		
	Integrated Residential Development Programme		9	
	Emergency Housing Programme	165		

MUNICIPALITY	PROGRAMME	DELIVERY		
		SERVICED SITES	HOUSING UNITS	OTHER
Saldanha Bay	Integrated Residential Development Programme	391		
	Peoples Housing Process		216	
Swartland	Integrated Residential Development Programme	604		
	Peoples Housing Process		109	
Other housing programmes (Individual Housing Subsidy Programme, and Enhanced Extended Discount Benefit Scheme (EEDBS))			1 862	
Total		6 413	11 604	852

Source: Department of Human Settlements Annual Report 2015/16

2.5 DISASTER MANAGEMENT

The Disaster Management Act, 2002 (Act 57 of 2002) was promulgated on 15 January 2003, and became effective on 01 April 2004, for national and provincial governments and 1 July 2004, for municipalities. The introduction of the Act meant an increased and holistic responsibility for government, its partners and role players to incorporate disaster risk reduction measures (prevention, mitigation and preparedness) as opposed to the Civil Defence or Civil Protection approach, which had a limited focus on disaster response and recovery.

DISTRICT MUNICIPAL ADVISORY FORUMS

All district municipalities including the Cape Winelands, Eden, Overberg, West Coast, Central Karoo as well as the City of Cape Town Metropolitan Municipality have established Disaster Management Advisory Forums. The district municipalities have requested assistance from the WCDMC with the following matters:

- Financial and human resources capacity where and when required;
- ICT support with regards to disaster systems, etc., even looking at internships;

- Disaster Management in the Municipal IDP process;
- Establishing Municipal Disaster Management Forums; and
- Developing a Disaster Management Framework for the Eden District Municipality.

There is now a closer working relationship with the IDP section in the Department and municipalities and the sections dealing with disaster management. The WCDMC participated in the following exercises:

- Cape Winelands District Municipality: Huguenot Tunnel exercise held on 28 August 2015; and
- City of Cape Town/Eskom: Koeberg station exercise held on 11 June 2015.

STATUS OF DISASTER MANAGEMENT PLANS

The WCDMC embarked on a qualitative and all-inclusive approach in developing/reviewing disaster management plans. The centre supported the Overberg District Municipality and the Central Karoo District Municipality with a donation from Sasol in preventing and addressing potential disaster situations should they arise. The support to these districts was because of their location on strategic routes which were identified as being at risk of potential spillage. The Centre concentrated most of its efforts in assisting the Provincial Department of Education in drawing up a disaster management plan. The plan speaks to all the key performance areas of the National Disaster Management Framework. The centre earmarked Bergrivier Municipality and was requested to assist three local municipalities in the Overberg district.

The following plans were updated/reviewed or developed

- Bergrivier Municipality Disaster Management Plan;
- Theewaterskloof Municipality Disaster Management Plan;
- Swellendam Municipality Disaster Management Plan;
- Cape Agulhas Municipality Disaster Management Plan;
- WCDMC Preparedness and Response plan for municipal elections; and
- WCDMC festive Season plan.

The WCDMC provided input/comments to:

- Operation Phakisa Response task team;
- Airports Company SA roles and responsibilities;
- International Atomic Emergency Preparedness Review; and
- Provincial Drought Plan.

For the year 2015/16, the National Sea Rescue Institute and Lifesaving SA was supported with an amount of R400 000 each respectively, to fund water related emergencies (Annual Report: Western Cape Disaster Management Centre: 2015/16).

DROUGHT SUPPORT

The Western Cape Province has been identified as particularly vulnerable to climate change, inter alia, because of its coastal location and the influence of rising sea temperatures on the weather patterns in adjacent regions. In response to climate change and rainfall predictions, the DLG has proactively been allocating drought relief funding to drought stricken municipalities since the 2014/15 financial year. During 2015/16 financial year the Provincial Disaster Management Centre facilitated the classification of an agricultural disaster for two District municipalities (Central Karoo and West Coast Districts) and local hydrological disasters for three municipalities (Oudtshoorn, Prince Albert and Witzenberg).

Through engagements between the National Disaster Management Centre and the Provincial Disaster Management Centre a number of other financial streams were also explored including, amongst other, R87 Million from the Departments of Agriculture, Forestry and Fisheries and Rural Development and Land Reform for fodder relief and R200 000 from the Department of Water and Sanitation for the removal of the ride within the Voelvlei Dam. The Department

also provided Drought Relief Funding, through the Municipal Support Grant, to the four municipalities across the Province as follows:

Table 10: Drought Relief Funding Allocated to Municipalities

Municipality	Project	Funding
Laingsburg	Matjiesfontein - Critical water supply Intervention	R 470 000.00
Oudtshoorn	Dysselsdorp - Drought relief	R 970 000.00
Witzenberg	Tulbagh - Drought relief	R1 153 000.00
Prince Albert	Klaarstroom - Drought relief	R 500 000.00

CHAPTER 3: FINANCIAL SUSTAINABILITY

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

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

3.1 FINANCIAL PERFORMANCE

The total actual operating revenue for the 2015/16 financial year amounted to R46 013 510 while the total actual operating expenditure amounted to R43 299 742, resulting in a surplus of R2 713 768. The majority of municipalities were able to increase their operating revenue as compared to the 2014/15 financial year. Three municipalities namely, Bergrivier (35.8%), Laingsburg (54.7%), and Overberg District (39.8%) increased their operating revenues considerably. Two municipalities namely Kannaland (-19.3%) and Prince Albert (-15.3%), however, reduced their actual operating revenue.

The following table shows the operating revenue and expenditure for the financial year 2013/14, 2014/15 and 2015/16.

Table 11: Operating Revenue and Expenditure

Municipality	FY	Operating Revenue				Operating Expenditure		
		Budget	Actual	%	2014/15 – 2015/16 % CHANGE IN ACTUAL OPERATING REVENUE	Budget	Actual	%
		R'000	R'000			R'000	R'000	
City of Cape Town	13/14	25 774 438	25 193 881	97.7	9.9	25 786 892	25 271 974	98.0
	14/15	29 120 625	28 863 201	99.1		29 112 690	25 927 027	89.1
	15/16	32 531 966	31 713 949	97.5		32 340 172	29 629 378	91.6
Matzikama	13/14	198 493	188 947	95.2	13.8	208 795	177 404	85.0
	14/15	233 320	212 381	91.0		234 313	190 859	81.5
	15/16	254 584	241 640	94.9		261 265	215 355	82.4
Cederberg	13/14	175 397	167 929	95.7	7.3	176 483	172 372	97.7
	14/15	224 849	211 303	94.0		230 361	199 464	86.6
	15/16	236 132	226 743	96.0		242 691	238 689	98.4
Bergrivier	13/14	205 528	208 602	101.5	35.8	211 776	202 356	95.6
	14/15	232 020	231 747	99.9		236 869	222 473	93.9
	15/16	295 657	314 778	106.5		300 717	273 683	91.0
Saldanha Bay	13/14	677 532	654 334	96.6	16.3	752 149	668 750	88.9
	14/15	740 128	705 189	95.3		819 520	697 493	85.1
	15/16	867 009	820 260	94.6		937 065	777 044	82.9
Swartland	13/14	429 715	399 125	92.9	12.4	484 411	429 358	88.6
	14/15	480 874	442 776	92.1		546 436	446 555	81.7
	15/16	537 741	497 529	92.5		600 220	516 876	86.1
West Coast DM	13/14	269 908	265 092	98.2	11.1	269 288	238 885	88.7
	14/15	314 037	342 371	109.0		312 856	290 622	92.9
	15/16	384 841	380 574	98.9		399 900	363 900	91.0
Witzenberg	13/14	400 250	374 759	93.6	8.5	403 311	351 925	87.3
	14/15	421 195	400 088	95.0		413 757	345 865	83.6
	15/16	421 195	433 954	103.0 3		413 757	399 404	96.5
Drakenstein	13/14	1 405 404	1 444 903	102.8	17.4	1 489 296	1 327 993	89.2
	14/15	1 567 203	1 459 725	93.1		1 744 183	1 379 599	79.1
	15/16	1 844 900	1 714 453	92.9		1 948 931	1 506 639	77.3
Stellenbosch	13/14	1 033 726	1 022 857	98.9	11.6	1 054 769	924 883	87.7
	14/15	1 111 606	1 054 327	94.8		1 159 839	942 841	81.3
	15/16	1 229 753	1 176 314	95.7		1 284 671	1 100 064	85.6
Breede Valley	13/14	690 750	656 270	95.0	3.4	712 517	662 322	93.0
	14/15	765 080	698 070	91.2		791 534	714 869	90.3
	15/16	814 129	722 098	88.7		862 305	781 972	90.7
Langeberg	13/14	455 593	413 791	90.8	11.7	455 327	415 543	91.3
	14/15	489 635	462 955	94.6		511 441	475 727	93.0
	15/16	551 232	517 080	93.8		587 907	531 645	90.4

Municipality	FY	Operating Revenue				Operating Expenditure		
		Budget	Actual	%	2014/15 – 2015/16 % CHANGE IN ACTUAL OPERATING REVENUE	Budget	Actual	%
		R'000	R'000			R'000	R'000	
Cape Winelands DM	13/14	346 353	334 574	96.6	15.0	356 130	310 234	87.1
	14/15	359 446	353 147	98.2		351 483	299 193	85.1
	15/16	399 927	406 175	101.6		399 927	340 439	85.1
Theewaterskloof	13/14	355 124	339 332	95.6	6.8	471 375	303 608	64.4
	14/15	392 712	378 313	96.3		410 694	350 529	85.4
	15/16	465 321	404 084	86.8		488 948	411 345	84.1
Overstrand	13/14	742 464	735 579	99.1	15.8	827 491	824 620	99.7
	14/15	810 350	803 312	99.1		933 322	924 126	99
	15/16	913 073	930 565	101.9		989 724	938 107	96.9
Cape Agulhas	13/14	231 808	210 357	90.7	1.3	234 286	201 511	86.0
	14/15	230 104	226 012	98.2		245 689	235 786	96.0
	15/16	234 198	229 033	97.8		254 869	234 863	92.2
Swellendam	13/14	183 266	192 147	104.8	2.8	191 367	197 419	103.2
	14/15	207 713	202 707	97.6		221 190	212 690	96.2
	15/16	207 256	208 374	100.5		217 153	207 219	95.4
Overberg DM	13/14	123 727	120 795	97.6	39.8	127 170	122 548	96.4
	14/15	125 180	128 278	102.5		127 921	130 028	101.6
	15/16	162 485	179 369	110.4		162 759	159 538	98.0
Kannaland	13/14	112 080	81 158	72.4	-19.3	155 746	81 687	52.4
	14/15	114 096	78 343	68.7		114 156	92 041	80.6
	15/16	132 732	63 189	47.6		130 679	109 328	83.7
Hessequa	13/14	280 257	275 237	98.2	11.3	290 145	269 202	92.8
	14/15	339 102	317 685	93.7		338 725	288 652	85.2
	15/16	391 081	353 759	90.5		397 445	301 069	75.8
Mossel Bay	13/14	736 664	705 165	95.7	8.9	754 155	622 877	82.6
	14/15	823 058	807 454	98.1		763 794	723 782	94.8
	15/16	874 581	879 309	100.5		825 306	791 794	95.9
George	13/14	1 187 831	1 097 395	92.4	19.9	1 267 655	1 078 436	85.1
	14/15	1 217 777	1 090 102	89.5		1 278 991	1 127 332	88.1
	15/16	1 419 555	1 306 684	92.0		1 504 124	1 272 714	84.6
Oudtshoorn	13/14	422 014	391 137	92.7	17.8	421 659	416 660	98.8
	14/15	461 277	409 131	88.7		474 745	497 680	104.8
	15/16	513 189	482 031	93.9		565 797	480 441	84.9
Bitou	13/14	423 614	411 274	97.1	15.7	406 009	380 479	93.7
	14/15	501 266	445 923	89.0		504 200	414 240	82.2
	15/16	496 943	515 821	103.8		503 643	484 270	96.2
Knysna	13/14	521 593	517 455	99.2	16.3	521 240	526 452	101.0
	14/15	616 513	559 020	90.7		613 352	543 043	88.5
	15/16	692 645	650 160	93.9		681 666	602 548	88.4

Municipality	FY	Operating Revenue				Operating Expenditure		
		Budget	Actual	%	2014/15 – 2015/16 % CHANGE IN ACTUAL OPERATING REVENUE	Budget	Actual	%
		R'000	R'000			R'000	R'000	
Eden DM	13/14	274 692	184 059	67.0	2.6	273 462	150 321	55.0
	14/15	212 894	203 912	95.8		209 276	169 957	81.2
	15/16	375 786	209 159	55.7		367 884	159 207	43.3
Laingsburg	13/14	39 697	34 513	86.9	54.7	49 741	46 043	92.6
	14/15	39 697	42 651	107.4		49 741	50 143	100.8
	15/16	61 125	65 967	107.9		85 650	77 865	90.9
Prince Albert	13/14	45 879	35 502	77.4	-15.3	45 875	42 776	93.2
	14/15	55 301	49 131	88.8		71 028	48 250	67.9
	15/16	69 221	41 599	60.1		58 408	41 600	71.2
Beaufort West	13/14	209 686	208 818	99.6	21.5	223 878	217 780	97.3
	14/15	255 166	205 873	80.7		264 481	220 767	83.5
	15/16	287 884	250 244	86.9		300 305	253 987	84.6
Central Karoo DM	13/14	57 896	57 431	99.2	9.6	56 889	57 037	100.3
	14/15	82 809	71 748	86.6		82 802	67 275	81.2
	15/16	86 210	78 616	91.2		86 087	78 011	90.6
TOTAL	13/14	38 011 379	36 922 418	97.1		38 679 287	36 693 455	94.9
	14/15	42 545 033	41 456 875	97.4		43 169 389	38 288 908	88.6
	15/16	47 752 351	46 013 510	96.4		48 199 975	43 299 742	89.8

Source: PT. Local Government: Municipal Finance Management Act Quarterly Consolidated Statement. Quarters ending June 2014, 2015, 2016

3.2 CAPITAL EXPENDITURE

Table 12 below shows the capital expenditure for the financial year 2015/16.

Table 12: Capital Expenditure

Municipality	Adjusted Budget	Actual expenditure	YTD Expenditure
	R'000	R'000	%
City of Cape Town	6 129 094	5 095 515	83.1
Matzikama	30 478	27 594	90.5
Cederberg	50 574	43 519	86.1
Bergrivier	34 691	50 581	145.8
Saldanha Bay	215 809	138 661	64.3
Swartland	90 701	79 820	88.0
West Coast DM	7 162	11 644	162.6
Witzenberg	77 104	74 616	96.7
Drakenstein	541 613	318 019	58.7
Stellenbosch	437 183	294 027	67.3
Breede Valley	120 718	83 322	69.0
Langeberg	58 674	49 880	85.0
Cape Winelands DM	11 017	4 683	42.5
Theewaterskloof	79 791	53 819	67.4
Overstrand	103 386	95 286	92.1
Cape Agulhas	21 691	20 846	96.1
Swellendam	19 348	17 684	91.4
Overberg DM	3 989	3 154	79.1
Kannaland	42 464	11 736	27.6
Hessequa	93 110	62 200	66.8
Mossel Bay	160 990	147 023	91.3
George	258 236	211 064	81.7
Oudtshoorn	45 174	33 124	73.3
Bitou	102 237	91 467	89.5
Knysna	107 810	93 241	86.5
Eden DM	2 291	1 923	83.9
Laingsburg	36 196	30 689	84.8
Prince Albert	31 778	10 929	34.4
Beaufort West	36 429	22 327	61.3
Central Karoo DM	115	55	47.8
Total	8 939 981	7 177 149	80.0

Source: PT. Local Government: Municipal Finance Management Act Quarterly Consolidated Statement. Quarters ending June 2016.

3.3 FINANCIAL POSITION

Table 13 below shows the current assets and liabilities of municipalities against the adjusted budget for the financial 2015/16 financial year.

Table 13: Assets and Liabilities

Municipality	2015/2016				
	Total Current Assets		Total Current Liabilities		Current Ratio
	Adjusted Budget	Actual Budget	Adjusted Budget	Actual Budget	
	R'000	R'000	R'000	R'000	
City of Cape Town	8 714 796	9 735 954	8 341 577	7 762 064	1.25
Matzikama	31 960	39 295	40 836	29 633	1.33
Cederberg	45 167	42 076	51 060	26 688	1.58
Bergivier	146 341	-8 467	58 678	4 783	-1.77
Saldanha Bay	530 886	585 809	149 416	148 193	3.95
Swartland	327 884	384 157	105 488	171 835	2.24
West Coast DM	177 135	237 950	35 635	39 203	6.07
Witzenberg	102 984	165 596	65 347	96 796	1.71
Drakenstein	513 566	628 263	392 538	454 149	1.38
Stellenbosch	645 327	795 435	304 360	243 012	3.27
Breede Valley	263 832	262 071	112 724	118 439	2.21
Langeberg	144 090	145 150	69 331	102 391	1.42
Cape Winelands DM	396 300	622 414	33 000	25 148	24.75
Theewaterskloof	70 545	90 615	67 243	55 016	1.65
Overstrand	206 935	302 971	171 564	168 358	1.80
Cape Agulhas	37 510	42 099	29 173	23 975	1.76
Swellendam	64 778	69 115	30 278	42 998	1.61
Overberg DM	13 916	29 016	12 937	13 929	2.08
Kannaland	25 674	57 334	41 643	15 684	0.37
Hessequa	172 624	243 220	122 201	120 654	2.02
Mossel Bay	388 597	447 461	156 330	168 533	2.7
George	721 463	733 501	229 782	341 507	2.15
Oudtshoorn	51 300	65 272	103 851	34 601	1.89
Bitou	130 317	169 469	83 009	64 967	2.61
Knysna	161	196 866	117	101 761	1.93
Eden DM	175 537	158	38 215	29	5.45

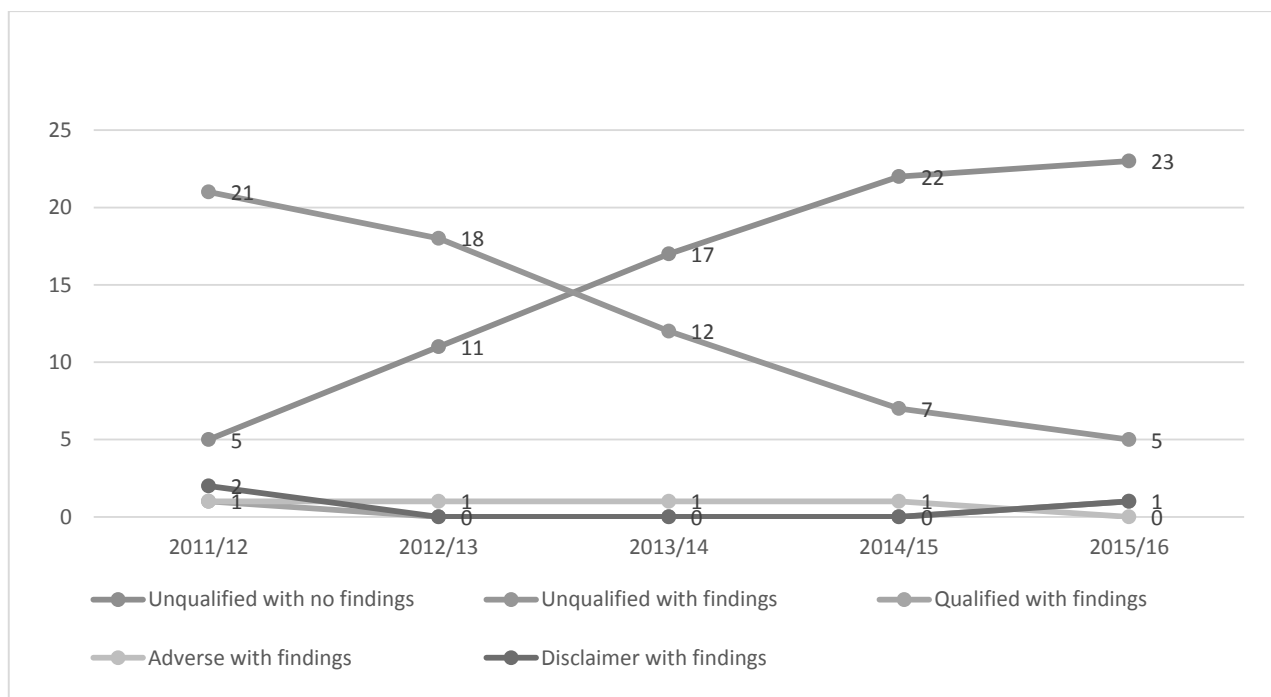
Municipality	2015/2016				
	Total Current Assets		Total Current Liabilities		Current Ratio
	Adjusted Budget	Actual Budget	Adjusted Budget	Actual Budget	
	R'000	R'000	R'000	R'000	
Laingsburg	21 758	25 997	8 219	14 077	1.85
Prince Albert	11 031	32 348	11 901	18 551	1.74
Beaufort West	60 078	165 604	52 520	59 184	2.80
Central Karoo DM*	15 705	4 835	13 183	7 861	0.62
Total	14 205 988	16 301 778	10 928 656	10 582 410	

Source: PT. Local Government: Municipal Finance Management Act Quarterly Consolidated Statement. Quarters ending Jun 2016.

The current ratio is a liquidity and efficiency ratio that measures a municipality's ability to pay off its short-term liabilities with its current assets. The current ratio is an important measure of liquidity because short-term liabilities are due within the next year. Only Bergrivier Municipality, was found to have a negative (1: -1.77) current ratio whilst Cape Winelands District Municipality had the highest (1: 24.75) ratio.

3.4 AUDITOR GENERAL REPORT

Municipalities are audited by the AG on an annual basis, and the findings are published in a "General Report on Local Government audit outcomes of the Western Cape". The MFMA states that "the AG must audit and report on the accounts, financial statements and financial management of each municipal entity". In addition, the MSA requires that the results of performance measures also be audited as part of a municipality's internal auditing processes. Graph 20 overleaf depicts the audit outcomes of the Western Cape Province municipalities for the past five years.

Graph 20: WC Audit Outcomes for the Period 2011/12 to 2015/16

AG: General Report on 2015/16 Audit Outcomes on in the Western Cape.

Graph 20 illustrates that there has been a steady increase in the number of municipalities receiving unqualified audit opinion with no findings, increasing from five municipalities in the 2011/12 to twenty three in 2015/16 financial year. Bergrivier Municipality improved from financially unqualified with findings to a clean audit outcome, while Oudtshoorn Municipality improved from an adverse opinion to a financially qualified opinion with findings. According to the Auditor General, the Central Karoo District's consolidated outcome improved to clean, but the individual Municipality's audit outcome remained unchanged on financially unqualified with findings. Of significant concern is the regression of Kannaland Municipality, which received a disclaimer in the financial year 2015/16 compared to a financially unqualified opinion with findings in 2014/15.

CHAPTER 4: LOCAL ECONOMIC DEVELOPMENT

4.1 DEVELOPMENT OF LOCAL ECONOMIC DEVELOPMENT STRATEGIES

OneCape2040 provides strategic direction for the transition towards a more inclusive and resilient economic future for the Western Cape Province. It serves as a reference point and guide for all stakeholders by:

- Promoting fresh thinking and critical engagement on the future;
- Providing a common agenda for private, public and civil society collaboration;
- Helping to align government action and investment decisions;
- Facilitating the changes needed to adapt to our (rapidly) changing local and global context;
- Addressing our development, sustainability, inclusion and competitiveness imperatives.

During the 2015/16 financial year the Provincial Department of Economic Development and Tourism (DEDAT), through its Regional Local Economic Development Unit focused its support on the industries identified as the key economic drivers. The unit has in partnership with Provincial Treasury elevated the need and opportunity to leverage procurement at local level as an economic tool to achieve economic development and improved growth. In pursuit of realising economic opportunity, the Unit coordinated support around joint planning initiatives with municipalities.

The DEDAT Red Tape Reduction Unit continued to provide services to the business sector through its primary delivery platform, the Red Tape Reduction Contact Centre, providing well in excess of 1 000 businesses with advice and assistance. It sought to improve the level of service delivery through the development of standard operating procedures that were implemented in the course of the year. Various projects were undertaken to systemically address

areas of less than optimal business-facing services delivered by government across especially the local and provincial spheres of government. It piloted a project to improve investment readiness of municipalities through the development of investment facilitation standard operating procedures and an investment readiness package. A municipal services benchmarking project was piloted in 2 municipalities with co-funding from the Dutch government. In addition, DEDAT also supported municipalities by:

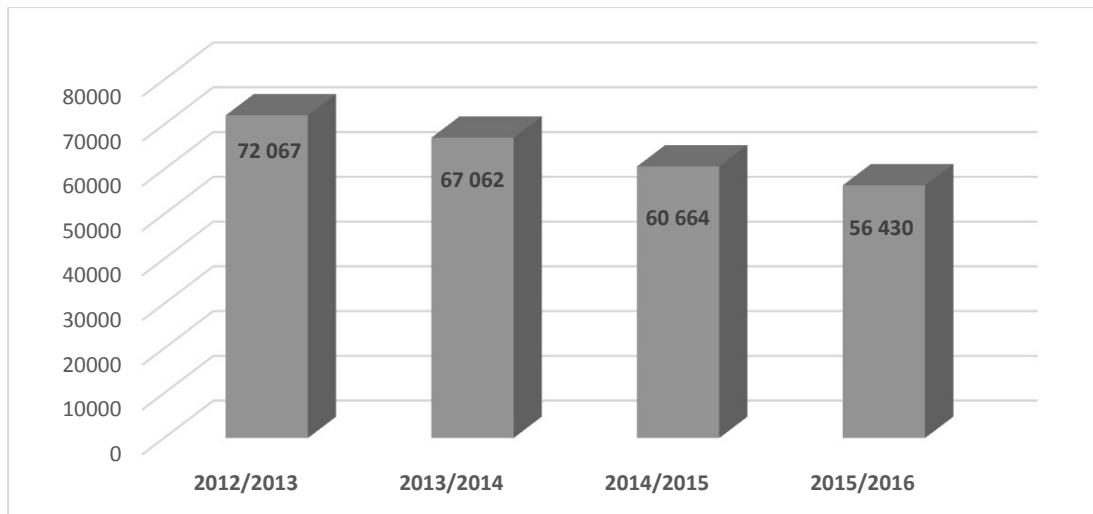
- Conducting primary research such as the collection of firm level data in three municipalities in the West Coast District;
- Creating a centralised economic data warehouse and disseminating economic information through a quarterly economic bulletin; and
- Developing a LED maturity index (LMI) which provides a value depicting municipal systemic capability to fulfil its LED role sustainably and credibly. (DEDAT, 2015/2016 Annual Report).

4.2 JOB OPPORTUNITIES

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

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

The graph overleaf shows the number of EPWP and CWP job opportunities created by municipalities during the 2013 – 2016 period. Graph 21 overleaf however illustrates that there has been a year on year steady decline in the number of employment opportunities created within municipalities over the past four years.

Graph 21: Job Opportunities (Incl. EPWP)

Source: Municipal Annual Report 2015/16.

PART C: PROVINCIAL INITIATIVES IN SUPPORTING MUNICIPALITIES

CHAPTER 5: MUNICIPAL GOVERNANCE REVIEW AND OUTLOOK

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

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

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

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

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

Findings identified	Support by WCG
<p>Governance Sustainability</p> <ul style="list-style-type: none"> • Audit Committee <ul style="list-style-type: none"> ○ Audit committee not fully functional due to competency of members to fulfil their role; ○ Attraction and recruitment of audit committee members was a challenge. • Risk Management <ul style="list-style-type: none"> ○ PT must become involved in the evaluation of the risk management shared services to improve effectiveness; ○ Municipalities lack the necessary knowledge and skills to perform the risk management function. • BTO management <ul style="list-style-type: none"> ○ Challenges its implementation of the regulations on minimum competency and consequences of non-compliance; ○ Lack of capacity within BTO to implement the MFMA and financial reforms. • MSCOA implementation <ul style="list-style-type: none"> ○ Funding; ○ Lack of technical knowledge. 	<p>Governance Sustainability</p> <ul style="list-style-type: none"> • Assist selected municipalities to review their organisational structures; • Conduct a best practices research project on cascading of performance management; • Assistance with the development of a set of generic SOPs; • Assistance with the implementation of the Middle Management Mentoring and Coaching Programme; • The rolling out two accredited training programmes (Junior Management Development Programme and Middle Management Development Programme) • Councilor Training will be provided to all councilors post the elections; • Assistance with the rationalization of redundant by-laws; • Supporting municipalities by attending municipal council meeting in order to improve decision making; • Capacitation of newly appointed financial officials within and across the organisation in terms of the MFMA and its related Regulations; • Audit committee training; • Assistance and support to internal audit units to execute mandate; • Support the strategic value add of the risk management process through increased guidance and technical reviews of risk registers and processes; and • Provision of guidance and technical reviews of audit strategic plans; • Support the Chief Risk Officer of the risk management shared services unit in

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

Findings identified	Support by WCG
	<ul style="list-style-type: none"> • Continued support to non-metro municipalities in relation to section 44 of the MFMA on government debt; • Providing a revenue management master class to share experience amongst municipalities with are grappling with challenges relating to revenue raising capabilities and management strategies; • Participating in IGR processes and forums to assist with improved planning relating to capital budget performance and implementation; • Continued implementation of accredited training in comprehensive budget preparation, budget implementation including in-year analysis; • Ongoing support to all local municipalities with the MPRA implementation; • Compilation and provision of socio-economic intelligence at district and local municipal level – Municipal Economic Review Outlook (MERO) provides economic intelligence in a district report while the Socio-Economic Profiles are done at local municipal level to provide socio-economic intelligence; • Assisting with the improving the responsiveness of budgets; • Support on Pre-determined Objectives (PDP) to improve target setting through capacity building interventions such as USB-Ed training and PDO forum; • Providing mSCOA training, sharing of lessons learnt from mSCOA pilots and funding; • Facilitating meetings between relevant system providers and municipalities.

Findings identified	Support by WCG
<p>Economic Sustainability</p> <ul style="list-style-type: none"> • Planning <ul style="list-style-type: none"> ◦ Planning in respect of strategic processes aligned to the ID, LTF, BEPP and Budgeting; and ◦ Red-tape limits municipalities' ability to take advantage of investment opportunities and the accessibility of government initiatives. • Sustainable procurement plans <ul style="list-style-type: none"> ◦ Lack of expertise within municipalities regarding demand management and the development of long term procurement plans to enable strategic procurement. 	<p>Economic Sustainability</p> <ul style="list-style-type: none"> • Assisting with MERO, SEP-LG to broaden the scope of economic intelligence • Assisting municipalities with the implementation of Procurement plans in terms of: <ul style="list-style-type: none"> ◦ Institutional and execution of procurement plans ◦ Performance reporting on implementation of procurement planning at Executing Management level; and ◦ Improve capital spending. • Assisting municipalities through the data analytics processes with identification of similar commodities through transversal contracts i.e. whenever it is beneficial cost saving, efficient and reduces unnecessary risks of non-compliance; • Assisting municipalities with conducting baseline assessment to determine readiness in terms of construction procurement system, contained in the NT infrastructure delivery management system • Providing USB-Ed training on procurement implementation institutionalization and performance monitoring • Providing assistance in terms of data analytics on IDP, SDBIP and past expenditure trends; and • Assist with planning and budgeting.
<p>Public Value creation</p> <ul style="list-style-type: none"> • Municipal infrastructure <ul style="list-style-type: none"> ◦ Electricity master plans; 	<p>Public Value Creation</p> <ul style="list-style-type: none"> • Rolling out of induction training to all newly elected ward committees;

Findings identified	Support by WCG
<ul style="list-style-type: none"> ○ Water losses; ○ Maintenance of bulk infrastructure; ○ Insufficient funds for housing projects; ○ Technical institutional capacity; and ○ Aging infrastructure. ● Public Participation <ul style="list-style-type: none"> ○ Functionality of ward committees; and ○ Capacity of councillors. 	<ul style="list-style-type: none"> ● Supporting municipalities with infrastructure grant planning and project registration ● Providing support with the development of a toolkit to support municipalities with ward committee establishment, capacity building and functionality; and ● Providing MIG support.

Source: Municipal Governance Review and Outlook, September 2015

CHAPTER 6: BACK TO BASICS

6.1 BACK TO BASICS IMPLEMENTATION PROGRESS

The Official Launch of the Back to Basics Programme in the Western Cape Province took place in March 2015 at the PCF. Diagnostic assessments were completed at nine back to basics municipalities with the exception of Oudtshoorn Municipality. The DLG took a decision that the approach for Oudtshoorn Municipality would be to undertake a municipal assessment which looked at the current functioning of the Municipality in terms of systems and processes. This municipal assessment was conducted during May 2015, whereby the Department assessed the functionality of each Directorate within the Municipality, in terms of their key functional areas. Following the diagnostic exercise at the other nine (9) municipalities, the following key themes were identified per the five (5) Back to Basics Pillars in the Province, namely:

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

6.2 IMPLEMENTATION OF BACK TO BASICS SUPPORT PLANS

The following progress with the implementation of the Back to Basics support plans can be registered (per pillar):

Cederberg

Putting People First

- The Department made an amount of R25 000 available to the Municipality during February 2016 for a bulk SMS system to improve communication between the Municipality and the community.

Communication

- Design and Implementation of standardised Website Project and content management system was completed- September 2015.
- Training on the maintenance of the content management system and the municipal website were completed- September 2015.
- Media training were conducted during October 2015.

Basic Services

- The storm water master plan for Clanwilliam has been completed with the assistance from South African Local Government Association (SALGA).
- The Municipal Infrastructure Support Agency (MISA) was drafting a Technical Support Plan, which will address all outdated master planning.

Capacity Building

- The Municipality implemented an organisational redesign project, which is co-funded by the Department of Local Government by an amount of R500 000.

Sound Financial Management

- Provincial Treasury made R250 000 available for the restructuring of electricity tariffs and tariff modelling during the 2015/16 financial year.
- Tariff modelling regarding the electricity and water functions were completed and implemented.

Matzikama

Putting People First:

- The Department assisted the Municipality with the roll out of the Community Based Planning training programme.
- Design and Implementation of standardised Website Project and content management system was completed- September 2015.
- Training on the maintenance of the content management system and the municipal website was completed- September 2015.
- Media training was conducted during October 2015.

Basic Services:

- MISA provided support with a Technical Support Plan, which will address all outdated master planning.

Capacity Building

- The Municipality reviewed its organisational structure, which was co-funded by the Department of Local Government.

Cape Agulhas

Putting People First

- Design and Implementation of standardised Website Project and content management system was completed- September 2015.
- Training on the maintenance of the content management system and the municipal website was completed- September 2015.
- Media training was conducted during October 2015.
- The Department assisted the Municipality with Ward Committee training.
- The South African Local Government Association (SALGA) assisted the Municipality with the development of the Consumer Service Charter.

Basic Services

- The Department of Environmental Affairs and Development Planning conducted a waste characterisation study in Elim from 10 to 12 February 2016.
- The Department provided funding to the Municipality to replace water meters.

Good Governance

- Training on the Municipal Public Account Committee (MPAC) was completed.
- The MPAC was functional.

Capacity Building

- The Department supported the municipality with the development of a Human Resource Strategy. The project is completed.
- The Department assisted with the reviews of the organisational structure. The project is completed.

Sound Financial Management

- Provincial Treasury provided funding for the development of a long term financial plan.

Swellendam**Putting People First**

- Design and Implementation of standardised Website Project and content management system was completed- September 2015.
- Training on the maintenance of the content management system and the municipal website was completed- September 2015.
- Media training was conducted during October 2015.
- The Department of Environmental Affairs and Development Planning provided SPLUMA training.

- The Department of Environmental Affairs and Development Planning assisted with the draft Manual for Municipal Tribunals.

Basic Services

- MISA assisted the Municipality with water losses project and providing technical support.
- MISA and the Department of Environmental Affairs and Development Planning assisted with the drafting of a waste management plan.

Capacity Building

- The Department conducted an ICT assessment at the Municipality and the assessment report was made available to the Municipality.

Beaufort West**Putting People First**

- Design and Implementation of standardised Website Project and content management system was completed- September 2015.
- Statistics South Africa in the process of conducting communication satisfaction survey – results will be released end of June 2016.
- The Department assisted the Municipality with the drafting of a Public Participation and Ward Committee Policies.

Basic Services

- MISA provided assistance with a Technical Support Plan, which addressed all outdated master planning.
- The Department provided funding for the identification of faulty water meters.
- Department of Environmental Affairs and Development Planning assisted with the compilation of an integrated Waste Management plan.
- Peer-Learner exchange programme was established between Beaufort West and Saldanha Bay Municipalities, which will be extended to include Knysna and Breede Valley Municipalities for Internal Audit and Fire Fighting Services, respectively.

Capacity Building

- The Department provided co-funding for the organisational redesign project at the Municipality.

Sound Financial Management

- Provincial Treasury assisted the Municipality with the development of a Revenue Enhancement Strategy.

Laingsburg**Putting People First**

- Nedbank partnered with the Municipality to raise awareness on how to budget properly.
- Design and Implementation of standardised Website Project and content management system was completed- September 2015.
- Training on the maintenance of the content management system and the municipal website was completed- September 2015.
- The Department provided Community Based training and ward committee operational plans training
- Statistics South Africa conducted communication satisfaction survey – results will be released end of June 2016.

Basic Services

- The Municipal Infrastructure Support Agency deployed a technical advisor to the Municipality.
- A graduate engineer is also being sought to improve technical capacity in the Municipality and to provide skills transfer.
- Department of Agriculture assisted the Municipality with Agri projects.

Sound Financial Management

- Provincial Treasury made funding available for the development of a Revenue Enhancement Strategy.
- The Development of a Long Term Financial Plan will be prioritised for the 2016/17 financial year.

Prince Albert**Putting People First**

- Design and Implementation of standardised Website Project and content management system was completed- September 2015.
- The Department assisted the Municipality with "Know Your Ward" Campaign.
- Communication strategy has been completed, with the assistance of the Department.
- SALGA assisted the Municipality with the drafting of a formal Service Charter.
- Statistics South Africa (StatsSA) conducted communication satisfaction survey – results were released end of June 2016.

Basic Services

- MISA deployed a technical advisor to the Municipality.
- MISA assisting the Municipality with the drafting of Electricity Master Plan.
- The Department provided funding for the upgrade of the electricity network.

Capacity Building

- The Municipality reviewed their organisational structure, which was co-founded by the Department of Local Government.

Sound Financial Management

- Provincial Treasury provided funding for an electronic correspondence system (Collaborator).
- Provincial Treasury provided funding for the development of a long term financial plan.

Central Karoo DM

Putting People First

- Design and Implementation of standardised Website Project and content management system was completed- September 2015.
- Training on the maintenance of the content management system and the municipal website were completed- September 2015
- The Department provided assistance with the development of a Communication Strategy.

Basic Services

- MISA deployed a technical advisor to the Municipality.
- Department of Transport and Public Works assisted with the completion of an Integrated Transport Plan.
- Department of Environmental Affairs and Development Planning assisted the Municipality with an Integrated Waste Management Plan.

Good Governance

- SALGA conducted MPAC training.
- SALGA assisting with the review of the Anti-Corruption Strategy.

Capacity Building

- The Municipality implemented an organisational redesign project, which was co-funded by the Department of Local Government.
- The Department provided co-funding to the Municipality for the cascading of the Performance Management System to the lower levels.
- The Department provided co-funding to the District for the development of a shared service model and business operations strategy for ICT.
- The Department appointed a service provider to develop a Fire Services Shared Service Model.
- The Department of Environmental Affairs and Development Planning assigned an official to the District to assist the Municipality with its environmental management function.

Kannaland

Putting People First

- Design and implementation of standardised Website Project and content management system was completed- September 2015.
- Training on the maintenance of the content management system and the municipal website was completed- September 2015.

Basic Services

- MISA assisted with a Technical Support Plan, which addressed all outdated master plans.
- MISA developed a Revenue Enhancement Strategy for the Municipality.
- The Department made funding available to the Municipality for the drafting of an electricity master plan.
- The Department of Environmental Affairs and Development Planning assisted with the drafting of the Integrated Waste Management Plan.

Good Governance

- SALGA assisted with the Anti- Corruption and Fraud Prevention Plans.
- Training on MPAC and Code of Conduct for Councillors is completed. MPAC is functional.

Capacity Building

- The Department made funding available for an HR strategy.

Sound Financial Management

- Provincial Treasury assisted Municipality through:
 - MGRO process
 - In-year monitoring reporting
 - Through support of a Credible Audit Action Plan

Oudtshoorn

Putting People First

- All Ward Committees were re-established and strengthened with training to facilitate public participation.
- Stakeholder meetings were held with all major stakeholders: business, NGOs, CBOs and religious organisations.
- A newsletter reporting on progress of interventions was circulated in December 2015 to the public.
- A manual complaints and enquiries management system has been developed and implemented.
- Municipal Ward Forum meetings were held in February 2016.

Basic Services

- The Municipality monitored the provision of services to households on a monthly basis.
- The Municipality increased the capacity and upgrading the Waste Water Treatment Plant.
- The Municipality developed Infrastructure and service delivery maintenance plans which included in the current and future budgets.

Good Governance

- MPAC committee established.
- All other council committees functional and terms of reference developed.
- Ward committees are being revitalised.
- Required legislative measures are being put in place e.g. by-laws in terms of LUPA, liquor, special rating area for CBD, disciplinary procedures, rules committee, review of SCM policy, indigent, delegations of powers, performance management, IDP, report back to council, roles and responsibilities (section 53), development of a policy framework towards a revised staff establishment.
- A Financial Investigation Unit (FIU) investigation has been completed.

Capacity Building

- Mr A Paulse (MM of Bitou) was appointed as Acting MM since 25 January 2016 (3 days per week).
- Mr F Lotter (CFO of Bitou Municipality) is Acting CFO since 25 January 2016.
- Mr C Koch seconded from DLG as an Acting Director: Technical Services 26 August 2015.
- Other staff deployed to the Municipality include: Housing Manager (DHS-January 2016), MISA Engineer (November 2015) and a part-time MISA Planner (January 2016).
- Drafted adverts for CFO post and 4 Finance management posts being developed with inputs from SALGA, COGTA, PT/NT and DLG.
- All Acting Managers returned to their original posts.
- The current Macro and Micro Structure is being re-designed and benchmarked with similar sized municipalities.
- Organisational redesign was in process and temporary staff of approximately 546, were reduced to 177.

Sound Financial Management:

- Forensic Report was submitted to the Provincial Director-General and the Minister for Local Government on 2 March 2016.
- A draft 5-year financial recovery plan is being finalised.
- New Tariff structures are being developed for the 2016/17 financial year.
- The adjustment budget and an adjusted SDBIP are in place.
- Adopted a revised SCM Policy.
- Cash Flow Committee has been established to manage monthly priority payments.
- Agreement reached with Eskom for a two-year repayment of outstanding debt (R53 million).
- R14 million debt settled with ASLA.
- An OPCA plan has been developed and presented to the Audit Committee.

CHAPTER 7: LOCAL GOVERNMENT MEDIUM TERM EXPENDITURE COMMITTEE

As part of 2015/16 LG MTEC engagements the Department of Local Government undertook assessments for all municipalities in the Province. This assessment included the analysis of the municipal IDP's and budgets including planning, budget responsiveness and the credibility and sustainability of the budget. Extracts of the key findings for the 2015/16 LGMTEC assessments are tabulated below.

West Coast District Municipality

- The Strategic Roads Trade Study and approved Integrated Transport Plan (as well as any projects addressing non-motorist transport infrastructure) should be clearly reflected in the Five-Year IDP.
- The Municipality was encouraged to include the progress made and further developments around the Agri-park programme in the new Five-Year IDP. The Municipality was further encouraged to include a section/chapter in the new Five-Year IDP indicating the short-, medium- and long-term Agri-project proposals, budgetary requirements and time frames for implementation.
- The West Coast Regional Waste Disposal/Management Facility, licensed in 2013, was not yet constructed and operating due to financial constraints. The WCDM together with the local municipalities was advised to collectively address how the regional facility will be resourced.
- It was recommended that the Municipality expands the work done on invasive alien plants eradication, for example, supporting private landowners through municipal valuation, tax rebates, and rate retrieval mechanisms and/or establishing a fund for eradication of alien invasive species other than EPWP or Environmental Protection and Infrastructure Programme (EPIP) and restoration of natural vegetation and planting of indigenous trees.

Cape Winelands District Municipality

- No direct evidence could be found in the Draft IDP Review of a link between it and the SDF. The SDF is a core component of the IDP and therefore the SDF should be reflected in the IDP, and any subsequent amendment to the IDP.

Overberg District Municipality

- Risks include aging infrastructure; the replacement of infrastructure (including vehicles) was not addressed in the budget due to lack of funding.
- According to the Annual Report the biggest risk facing the provision of fire-fighting service was finances in order to run a service according to the SANS standard.
- The Municipality tabled operational deficit budgets over the MTREF. Whilst this is not an indication of an unfunded budget it has the ability over time to reduce either the contributions to cash backed reserves or reduce the contributions to internal funds towards capital spending.

Eden District Municipality

- The bulk (R189.5 million or 48 per cent) of Eden District Municipality's operating expenditure for 2016/17 was allocated for regional bulk infrastructure planning and projects and roads maintenance and public transport.
- The District Municipality was advised to consider reviewing its funding model to sustain its holiday resorts as these are operating at a loss, effective management could result in a sound revenue source.

Central Karoo District Municipality

- The Municipality was advised that its IDP for the next 5-year cycle should accurately reflect the status of the Municipality's hazard specific contingency plans on priority risks. For this purpose, the disaster risk register

template ought to be used for capturing developmental risk (high risk planned developments) that may require disaster mitigation.

- The development of an agri-park will prove particularly beneficial to unlock economic growth in the region. Although the IDP provided a detailed overview as to what the development will entail, no information was provided as to what specific facets thereof would be implemented during 2016/17. The 5-year IDP should reflect the latest information relating to the Agri-Parks programme i.e. the short, medium and long term project proposals, budgetary requirements and time frames for implementation.
- Neither the Draft Reviewed 2016/17 IDP, nor the budget, provided any clarity as to how the Municipality in 2016/17 intended to drive tourism developments as a catalyst for growth in the region. This was a particular concern given that the Municipality has a strategic objective dedicated towards tourism.

Matzikama Municipality

- The Municipality was advised to priorities the development of the Integrated Infrastructure Asset Management Plan (IIAMP) and ensure that its systems are in place for implementation. It was recommended that the Municipality liaise with the Department of Local Government's Infrastructure Unit.
- The Municipality was advised to consider alignment to the Provincial Project Khulisa and include tangible local interventions supporting this project and its main thrust to create opportunities for growth and jobs through opportunities in the agri-processing industry.
- All services except waste management were operating at a surplus and the Municipality should explore alternative methodologies to budget for this service.
- The Municipality was reminded that demand management is becoming increasingly necessary as the country faces water shortages, and where

appropriate, the Municipality should re-evaluate the costs and benefits of universal or targeted provision of free basic services subsidies for water.

Cederberg Municipality

- The Municipality emphasised the need for infrastructure upgrades, including electricity infrastructure as the key to ensure the delivery of sustainable services. Infrastructure investment will not only improve livelihoods and quality of life, it also but plays an essential part in enhancing economic growth by creating jobs and by improving the competitiveness of the private business environment.

Bergivier Municipality

- The Municipality was encouraged to include information on crops, livestock and agricultural infrastructure as well as relevant base maps for the next five year IDP.
- The Municipality was also advised to incorporate interventions linked to PSG1 and Project Khulisa during the drafting of the new 5 year IDP with an emphasis on opportunities within the agri-processing subsector.
- DEADP recognised the current approved urban edges per town contained in the Municipal SDF. In order to properly give effect to the principle of spatial justice through urban integration, the consolidation and compaction of land within these defined edges will be crucial.
- Given that there has been both population and household growth, the Municipality was urged to consider more recent sources of information to ensure that planning is in line with current trends.
- The Municipality's bulk service and service infrastructure was already exceeding design capacity and its inability to provide sufficient bulk capacity makes it unable to respond to development opportunities (draft IDP review 2016/17). This makes ensuring that adequate services are available to enable future development a priority.
- The Municipality had a large and growing housing waiting list. The expansion of the housing developments is also subject to the expansion of

costly bulk services infrastructure and the ability to obtaining sufficient funding for this purpose.

Swartland Municipality

- The large job losses in the area have results in more households having no/minimal income to pay for municipal services. This has resulted in growth in the indigent numbers. The Municipality has made provision for steady growth in the number of indigent households for all services over the MTREF.
- The Municipality tabled operational deficit budgets over the MTREF. Whilst this is not an indication of an unfunded budget it has the ability over time to reduce either the contributions to cash backed reserves or reduce the contributions to internal funds towards capital spending.
- Cash generated from operations had slowed down due to growth in outstanding debtors, the Municipality was advised to focus on efforts to improve the generation of own revenues that can contribute towards cash surpluses to be utilised for future capital expenditure and better secure the long term financial health and sustainability of the Municipality.
- Repairs and maintenance as a percentage of property, plant and equipment was below the norm of 8 per cent, as indicated on MFMA Circular 71. This indicates that insufficient funds were made available for asset repair and is not sustainable over the long or medium term.

Saldanha Bay Municipality

- The establishment of the Saldanha Bay IDZ and related activities has medium and longer term implications for the development of the Saldanha region and the associated need for municipal services for both population and industry/business growth.
- It was encouraging to note that Saldanha Bay Municipality has submitted an application to NERSA for a feed-in tariff.

- The increase in the cost of electricity outstripped the growth in revenue which resulted in a decline in the net cash operating surplus that will have a negative impact on the funding mix of the Municipality.
- Repairs and maintenance as a percentage of property, plant and equipment and investment property was 2 per cent, below the norm of 8 per cent indicating that insufficient funds were made available for asset repair, which would not be sustainable over the long or medium term because the revenue generating assets are not being protected.

Drakenstein Municipality

- It was recommended that the storm water management system be updated and used to inform all the Municipality's storm water priorities. Furthermore, the storm water management system should be aligned to the pavement management system and other relevant master plans.
- The Final Reviewed 2016/17 IDP should reflect a list of the contingency plans that are under review e.g. the Flood Management Plan and the Social Conflict Management Plan. In addition, the Municipality was advised to reflect priority hazards in the Final Reviewed 2016/17 IDP as identified in the risk assessment report for the Cape Winelands District.
- The tariff increases for property rates, electricity, water, and sanitation and refuse removal were above CPIX as projected by the National Treasury. In light of debt escalation, the Municipality was cautioned in terms of the growth in debtors, as further increase in tariffs could lead to further growth in the outstanding debtors and billed revenue not realising into actual cash.
- The sustainability of the waste management services was at risk with the Wellington landfill site which would reach capacity at the end of 2016/17 with no cash provision for rehabilitation and the waste to energy public private partnership was still in the Environmental Impact Assessment phase.

Stellenbosch Municipality

- To ensure the continuation of basic services the Municipality was advised to not only strive to maintain the current infrastructure, but also invest in bulk infrastructure to meet future demand. The budget had several big allocations to infrastructure projects over the MTREF which will increase the capacity of the Municipality to service the demand on its current infrastructure.
- From a spatial perspective it would appear that there was not sufficient alignment in the current Stellenbosch SDF with neighbouring SDFs. A particular concern was the alignment with the Drakenstein SDF. The reason for the latter comment is that the Simondium node was being planned by Drakenstein Municipality whilst the Groot Drakenstein node is being planned by Stellenbosch Municipality and yet they are just over a kilometer apart. A similar concern existed for the Klapmuts node. Alignment with neighbouring SDFs is a requirement in terms of the Municipal Systems Act Planning and Performance Management Regulations of 2001, which requires that spatial development frameworks must be aligned with the neighbouring municipal spatial development frameworks.
- Repairs and maintenance as a percentage of property, plant and equipment and investment property were well below the norm of 8 per cent, as indicated on MFMA Circular 71, worsened by material under spending on allocated budget in the previous years might indicate that insufficient funds were made available for asset repair and is not sustainable over the long or medium term because the revenue generating assets are not being protected.

Breede Valley Municipality

- The Final Reviewed 2016/17 IDP should elaborate on future infrastructure development plans which should include backlogs on farms and rural settlements and how it would be integrated into capital funding plan of the Municipality.

- Residential and commercial customers are all likely to continue to feel the growing pressure from municipal services as tariffs keep increasing higher than inflation. The Municipality has opted to increase their tariffs of the respective trading services in line with the NT and NERSA guidelines. In spite of increasingly high tariffs, cost coverage remains a concern, especially for refuse collection, however, the Municipality has opted to keep the increase of this tariff at 6 per cent.
- The cost coverage analysis in the assessment illustrated the sufficiency of revenue to cover the operating cost of these services. However, capital expenditure was not included; the tariff should reflect the total costs of service provision i.e. both direct and indirect cost. It is therefore important to note that the cost of any planned expansion of services has to be factored into the budget. For the long term sustainability, it is important that the tariffs of trading services are fully cost reflective. Given that the Municipality has a costing unit it was important to highlight the importance of revenue forecasting based on proper costing of the trading services.

Langeberg Municipality

- In general, the budget of the Municipality was responsive to its current socio-economic reality over the 2016/17 MTREF as it addressed most of the key challenges facing the Municipality. However, the Municipality was advised to ensure that it allocates funding to housing as it is facing backlogs.
- The priorities afforded to electricity, waste management and water were in line with the 2015 National Medium Term Budget Policy Statement's call to invest in key sectors such as water, waste management and electricity.

Theewaterskloof Municipality

- The Municipality was advised to focus on incremental upgrading of informal settlements as there were a number of projects requiring full upgrades over the short term. Furthermore, emphasis should be placed on in-situ upgrading of informal areas to improve these living conditions.
- The Final Reviewed 2016/17 IDP should incorporate the housing pipeline approved by Project Planning Committee in 2015 in order to promote longer term financial and strategic alignment.
- The Municipality was encouraged as part of its planning, to consider (where required) the areas around schools for upgrading of stormwater systems in support of improved learner attendance and punctuality.
- Waste management facilities were non-compliant as waste pickers were seen at most of the facilities, however, access control was partially maintained in the Theewaterskloof area.
- The Municipality was faced with the challenge of an influx of indigent population to the area placing pressure on the Municipality's resources and capacity to meet the demand. The Municipality appears to be fully aware of its indigent challenge and had increased its budget accordingly.
- The revenue base of the Municipality in real terms contracted, with limited scope to increase tariffs beyond current levels, as all the trading service tariffs except for wastewater management were increased above the upper limit of inflation. Against the backdrop of a declining revenue base, current economic conditions, population growth, infrastructure backlogs, increasing maintenance pressure, the financial sustainability of the Municipality over the long term was at high risk.
- Although employee related costs were within the national norm it was growing close to the upper limit thereof and placed pressure on available resources as the Municipality.

- Repairs and maintenance as a percentage of property, plant and equipment and investment property was 2.1 per cent on average over the MTREF which is below the norm of 8 per cent.

Overstrand Municipality

- The Municipality was advised to consider including a section/chapter on agriculture, inclusive of proposals on Agri-processing projects in the next 5-year IDP.
- The Municipality should consider opportunities presented by the potential agri-hub currently under investigation, as supporting municipal plans for increasing export potential in the aquaculture sector.
- The Municipality should discuss with the DCAS the management of its heritage resources to optimise its economic benefits.
- In spite of keeping tariffs within CPI cost coverage remained a concern particularly with regard to Water, Water waste management and Waste management services that projected losses in the outer years of the MTREF. Hence a risk is envisaged relating to the sustainability of these services unless the Municipality realises returns over the medium term on the increased capital investments as a result of an expansion to the revenue base of the Municipality.

Cape Agulhas Municipality

- The tariff increases for property rates, electricity, water, and sanitation and refuse removal were above CPIX as projected by the National Treasury. In the light of debt escalation, the Municipality was cautioned in terms of the growth in debtors, as further increase in tariffs could lead to further growth in the outstanding debtors and billed revenue not realising into actual cash.
- The Municipality was cautioned to guard against non-priority spending. Likewise, the Municipality should note that excessive increases in Employee Related costs, without the corresponding increase in revenue,

could negatively impact on the long term sustainability of the Municipality.

- Important consideration should be given to the impact of capital spending on future operating expenses such as maintenance and the creation of new infrastructure and preference should be given to income generating assets that can contribute to the growth of revenue base thus ensuring adequate reserves for the replacement and refurbishment of assets.

Swellendam Municipality

- The Municipality should consider employing a Local Economic Development Officer as a resource to assist in the facilitation of improved relationships with business and ensuring their support for shared economic development priorities, as well as leveraging support for plans from other stakeholders.
- The Municipality should include into its 5-year IDP include a section on agricultural data, base maps information on crops, livestock and agricultural infrastructure as well as current trends, future scenarios and opportunities within this sector.
- The Municipality should seek assistance from DCAS and other entities to develop a Sports and Cultural Tourism Strategy to enhance the area's overall economic development.

Kannaland Municipality

- The Municipality's SDF predates the implementation of SPLUMA and LUPA and as such it did not comply with its process and content requirements. The Municipality should ensure that the SDF addresses the content and process requirements of the MSA and its Regulations in setting out of a capital investment framework and visual representation of where public and private land development and infrastructure investment should take place.

- The Municipality should reduce its distribution losses to acceptable levels to reduce loss of potential revenue and improving its cash flow.

Hessequa Municipality

- The tariff increases for property rates, electricity, water, and sanitation and refuse removal were above CPIX as projected by the National Treasury. In light of debt escalation, the Municipality was cautioned in terms of the growth in debtors, as further increase in tariffs could lead to further growth in the outstanding debtors and billed revenue not realising into actual cash.
- In order for the Municipality to be able to respond adequately to the infrastructure spending pressures, the replacement of assets and combating poverty, it was advised that the municipality implement the strategies, as adopted by Council, in the Long-term Financial Plan which endeavours to optimise the leveraging of grant funding, own and external sources of finance. In this regard the Municipality should adopt a strategy to monitor the revenue base that is envisaged to be broadening by capital spending at Stilbaai.

Mossel bay Municipality

- The review of the Municipality's Electricity Master Plan should be completed to ensure that electricity infrastructure is planned and developed in line with future housing development.
- The Municipality should formulate a separate long-term financial plan.
- The 2016 SDF must be finalised as a matter of urgency and should, amongst others, incorporate the findings and recommendations of the Mossel Bay Growth Options Study (2015).
- The Mossel Bay Municipality should work with the Eden District Municipality during the review of the District Coastal Management Programme (CMP) to ensure alignment with the National CMP and Provincial CMP, and to ensure that CMP projects are included in the IDP.

- The Municipality was advised to prioritise the planning and procurement processes of capital projects to mitigate the trend of underperforming. It was also advised that the Municipality should begin with the procurement of capital assets where long delivery period was an issue, prior to the commencement of the financial year.

George Municipality

- When developing the CMIP, the Municipality should include the development of a comprehensive Pavement Management System with condition indices based on the Technical Recommendation for Highway standards.
- No reference to the Garden Route Biosphere Reserve could be found in the SDF and the IDP. It was recommended that bio-regional planning should be strengthened in the IDP and SDF.
- The Municipality must place more focus on the operational conditions of the two WDFs with an emphasis on access control and the operation of machinery.
- The proposed increases of tariffs are in excess of the CPI guidance provided by National Treasury which raises concern, as the higher tariff contributes towards unaffordability of tariffs and growth in outstanding debtors.
- Although higher tariff increases were projected for Refuse removal, Provincial Treasury is aware of the emerging challenges with regard to the exorbitant costs to transport its waste to the proposed new Regional Landfill facility. Strategic decisions and innovative practices are needed to curb excessive tariff increases relating to Refuse removal versus securing and affordable service.

Oudtshoorn Municipality

- The SDF review was in its final stage, after a long period of inaction. The Municipality should ensure that the SDF addresses the content and process requirements of the MSA, SPLUMA, LUPA and the By-Law of this

Municipality, including a capital investment framework in a further amendment. It was, however, recommended that the Municipality seeks to adopt its SDF as a matter of priority.

- The bulk (R280.8 million or 48.4 per cent) of Oudtshoorn Municipality's operating expenditure for 2016/17 was allocated for the strategic objective on "investment in infrastructure and provision of basic services.

Bitou Municipality

- The Municipality was commended for the considerable strides made which were evident in Bitou's improved financial position, however, the Municipality was cautioned that its cash flow position remain under pressure and careful consideration should be given to the cost of the additional borrowing.
- The Municipality had also made a valuable effort on maximising its revenue base. Nevertheless, in the context of the prevailing economic constraints (slower growth and rising debt), in order for the Municipality to achieve financial stability over the medium to long term, it was advised that the Municipality institute appropriate measures to ensure that the limited resources and public funds are appropriately utilised.
- Provincial Treasury concurred that the Municipality should focus on opportunities to increase the competitiveness of domestic exports and strengthen Bitou's tourism sector by attracting more tourist to the Municipality.
- Although the municipal wage bill was within the national norm it was growing in excess of CPIX and that placed pressure on available resources. Hence effective management of employee related cost as one of the largest expenditure components was recommended with regard to making sufficient cash backed provisions; considering the impact of contract workers, if applicable, being appointed full time; considering the organogram inclusive of unfunded vacancies, efficiency of staff and TASK job evaluation in relation to growth in revenue.

- The current drought experienced by the municipalities across the country might have an impact on the increase of water tariffs hence the Municipality will be obliged to find alternative resources to mitigate the impact of drought.
- The Municipality was cited its challenges with regard to the exorbitant costs to transport its waste to the Petro SA dumpsite. The Municipality was encouraged to participate in the Provincial Oversight engagements in order to find an amicable solution together with the affected municipalities.

Knysna Municipality

- The Municipality was commended that the Knysna ISDF approach was a first of its kind, however it had to be recognised that the document was exceptionally lengthy and needs to be properly summarised to make it easier to use and implement.
- Provincial Treasury was aware of the emerging challenges with regard to the exorbitant costs to transport waste to the proposed new Regional Landfill facility. Strategic decisions and innovative practices are needed to curb excessive tariff increases relating to Refuse removal versus securing affordable services. The Municipality should explore the legality of the proposed supplementary tariff on waste it intended to impose in the second half of the 2016/17 prior to giving effect to the supplementary tariff.

Laingsburg Municipality

- The Municipality should develop a waste management by-law and needs to consider the recently developed DEADP Draft model by-law which is aligned with the Waste Act as a guideline.
- Repairs and maintenance was low which could result in further capital backlogs if assets were not maintained and will directly impact service delivery.

Prince Albert Municipality

- The budget responded adequately with the operating allocation towards water services increasing by more than 47 per cent from the previous year. This allocation is supported by a sizable capital budget for water which would be directed towards completing the new water reservoir. It was contended that despite its limited resources, the Municipality's budget had responded sufficiently to the current drought crisis.
- The Municipality had recently taken on the extra responsibility of providing sanitation services to settlements formerly under the jurisdiction of Transnet.
- The dire state of Prince Albert's road network infrastructure will negatively impact on the Municipality's economic development and growth potential. The Municipality's road transport budget was, however, not sufficient to address the current maintenance backlog.

Beaufort West Municipality

- The Municipality's IDP should reflect on the latest information regarding the agri-park programme, specifically relating to the agri-processing interventions identified within the municipal area.
- The IDP did not address the spatial development framework conceptual proposals for the municipal area. It was recommended that the Beaufort West MSDF be reviewed and that the outcomes of the reviewed SDF be integrated and reflected within the Municipality's IDP. As part of the SDF review it was also recommended that the Municipality develop a plan that would promote local heritage to inform heritage tourism as well as to underpin the Municipality's focus on recreation.
- Although the Municipality's waste by-law was published in 2005, it had not been aligned to NEMWA. The by-law needed to be updated to include all aspects of integrated waste management. The Municipality must place more focus on improving the operational conditions at the Vaalkoppies and Nelspoort waste disposal facilities. These facilities must

be managed in terms of their respective waste licence conditions in order to become compliant. In addition, the Municipality must provide receptacles for public place recycling.

- The current water budget did not fully pre-empt the severe impact of the drought on households within Beaufort West and its surrounding towns. The Municipality could potentially struggle to maintain its high levels of water provision. Several households within the Municipality stills made use of a bucket latrine which is detrimental to human dignity and overall health.
- The cash position could indicate that the Municipality might not be able to afford the budgeted internally generated funds. The current ratio was below the National Treasury norm range which poses liquidity risk. The Municipality should invest funds towards the long term financial plan in order to optimise own revenue collection. The Revenue Enhancement Strategy will also assist in debt control to manage the increasing trend in outstanding debtors.

CONCLUSION

There is a concerted drive towards evidence-based decision making in policy analysis and monitoring and evaluation. One such source is Good Governance Africa which has developed a Governance Performance Index composed of 15 indicators across administrative, economic development and service delivery related variables. During the year under review the GGA index placed 15 of the top 20 municipalities within the Western Cape Province. This can be attributed to improved compliance to regulations, adherence to by-laws and the implementation of policies as well as an ethos that prioritises service delivery. This report has detailed the year-on-year improvement with regard to the status of Western Cape Province municipalities across Governance, Service Delivery, Financial Sustainability and Local Economic Development indicators.

Our monitoring and support efforts will now be extended to administrations (both new and remaining) following the outcomes of local government elections. Notwithstanding this improvement, DLG has taken an honest look at the key challenges, including the need to support drought mitigation strategies, that remain to be addressed.

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