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PROVINCIAL NOTICE

The following Provincial Notice is published for general information.

ADV. B. GERBER,
DIRECTOR-GENERAL

Provincial Legislature Building,
Wale Street,
Cape Town.

PROVINSIALE KENNISGEWING

Die volgende Provinsiale Kennisgewing word vir algemene inligting gepubliseer.

ADV. B. GERBER,
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ISAZISO SEPHONDO

Esi saziso silandelayo sipapashelwe ukunika ulwazi ngokubanzi.

ADV. B. GERBER,
UMLAWULI-JIKELELE

ISakhiwo sePhondo,
Wale Street,
eKapa.

P.N. 10/2019

8 February 2019



CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE REPORT

2016/2017

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

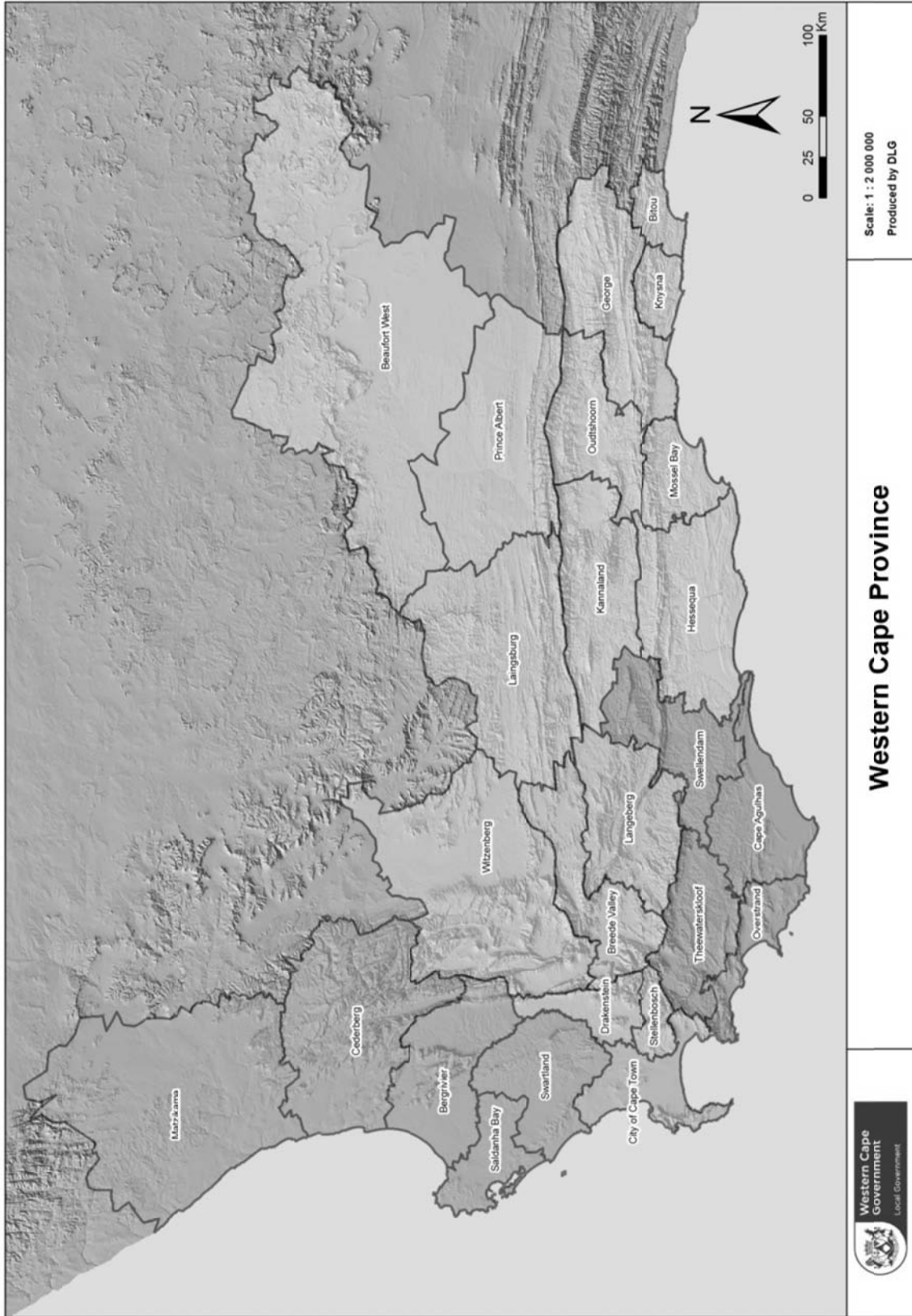


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AFS	Annual Financial Statements
AG	Auditor General
CDW	Community Development Worker
DEADP	Department of Environmental Affairs and Development Planning
DWS	Department of Water and Sanitation
IDP	Integrated Development Plan
JPI	Joint Planning Initiative
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

I'm pleased to submit the thirteenth Consolidated Municipal Performance Report 2016/17 to the Provincial Legislature, National Minister for Cooperative Governance and Traditional Affairs, National Council of Provinces as well as residents of the Western Cape.

The year under review marked a period of change at a political level with the Councils elected after the Local Government elections in August 2016. The newly elected Council members had to ensure democracy and accountability through ensuring the provision of services, development and poverty alleviation in their municipal areas.

Performance measurement is an important element of local government and this report provides an overview of the performance of Western Cape Municipalities for the 2016/17 financial year, the challenges identified and the interventions which were implemented.

Through continuous support and engagement with municipalities, the following performance as at June 2017 was noted:

- Municipal Infrastructure Grant expenditure to improve capital infrastructure was 93%;
- Anti-corruption and fraud prevention plans were developed and adopted in all 30 municipalities;
- Ward committees were functioning with 400 ward committees functional; and
- A total of 164 senior manager (including Municipal Manager) positions were approved across all municipalities and 150 posts were filled.

One of the key features of a developmental state is to ensure that all citizens, especially the poor and other vulnerable groups, have access to basic

services. The Western Cape experienced severe drought during this period which impacted on sufficient provision of basic services to communities. These municipalities have kept their Constitutional responsibility to ensure that such services are rolled out to all citizens. To this end, the Western Cape Municipalities had a service level of 98% in the 2016/17 financial year. Municipalities continued to ensure all indigent households have access to free basic services.

Municipalities in the Province have continued to improve their audit outcomes which is indicative of the support provided, with 25 municipalities receiving unqualified audit opinions.

I have high expectations that, given the opportunities, time and guidance, Municipalities will rise to the challenge of enhancing the quality of life of citizens in the Province.

Western Cape Municipalities have done well, but I know we can do even more to improve the living conditions of our communities.

EXECUTIVE SUMMARY

Local government has an obligation to account and report on decisions it took on behalf of the community it represents. People should be able to follow and understand the decision-making process. This means that they will 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.

There were a total number of 835 council seats across all municipalities in the Western Cape Province as at the end of June 2017. Political stability in all municipalities was restored with all municipal Councils fulfilling their legislative mandates. In spite of the fact that a few vacancies existed, municipalities were administratively stable, performing their assigned duties. Twenty-six of the 30 municipalities had Municipal Managers appointed. 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. During the 2016/17 financial year, municipalities have spent an average of 84% of their skills budget which is slightly lower than the previous financial year.

After the local government elections held on 03 August 2016, some municipalities had additional wards which increased the number of ward councillors. As at 30 June 2017, there were 400 ward across municipalities, of which all of them had ward committees established with the exception of 1 ward in Beaufort West Municipality. Western Cape municipalities still maintained the percentage provision of basic services (water, electricity, sanitation and refuse removal) is 98%. Generally, municipalities provided between 6kl and 10kl of free basic water, 50kWh to 100kWh of free basic electricity, free basic sanitation and weekly refuse removal.

PART A: INTRODUCTION

1. BACKGROUND AND PURPOSE OF THE REPORT

South Africa's Constitution establishes the framework of intergovernmental relations. It sets out the principles for co-operative governance and the application of these between national, provincial and local government. Local Government in South Africa is the sphere of government closest to communities and has a key role to play in ensuring service delivery and facilitating growth and development. The objectives of Local Government include:

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

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

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

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

The purpose of this Report is to assess the performance of municipalities and the state of service delivery in the Western Cape Province for the 2016/17 financial year. This is the twelfth Section 47 Report submitted by the Western Cape. In complying with the legislative prescripts, municipalities were probed on all legislative aspects related to their developmental priorities and the objectives of their IDPs. This Report was compiled with information collected from municipalities by means of annual reports, audit reports, IDPs and additional information obtained from provincial sector departments.

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

Table 1: Statutory annual report process

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

2. WESTERN CAPE POPULATION AND SOCIO-ECONOMIC OVERVIEW

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

According to the Community Survey 2016, the release of the new municipal demarcations in 2016 highlighting the changes in municipal boundaries with part of Theewaterskloof municipality now belonging to the Overstrand and Cape Agulhas municipalities. The Western Cape Province is the country's fourth largest Province (11,25% of South Africa's total population), with an estimated population of 6 279 730 in 2016, which is an increase of 7.8% as compared to 5 822 734 recorded in 2011.

Picture: % of Total Country population per province



The Western Cape Province comprised 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).

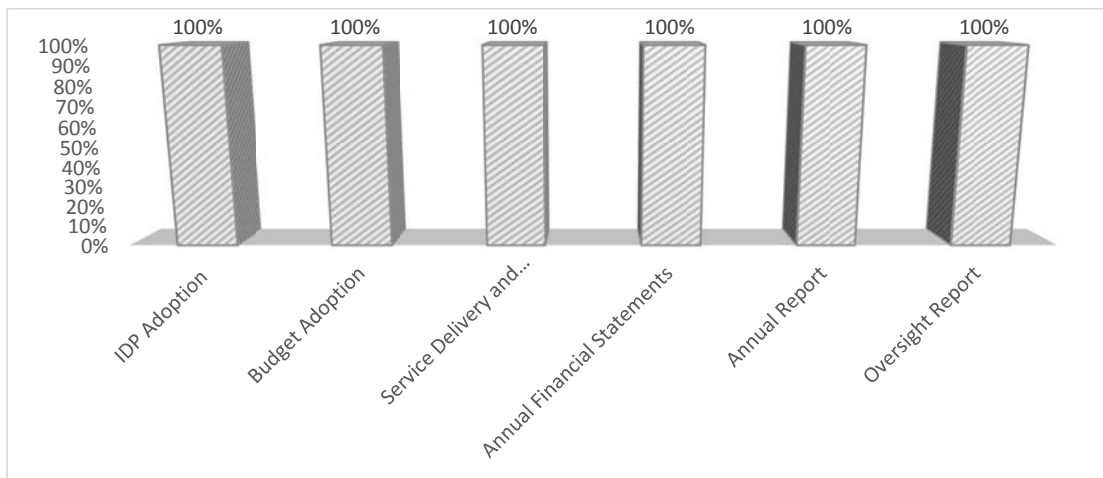
PART B: MUNICIPAL PERFORMANCE FOR 2016/17 FINANCIAL YEAR

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 2016/17 financial year in their respective municipal councils. Graph 1 below illustrates the number of municipalities that complied with the provisions of the Acts.

Graph 1: Compliance with Legislation

Source: Municipal Annual Reports 2016/17

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 below illustrates municipal compliance with Section 129(1).

Table 2: Resolutions on Annual Report Tabled 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	2014/2015	08-Mar-16			
	2015/2016	29-Mar-17			
	2016/2017	28-Mar-18			
West Coast DM	2014/2015	27-Jan-16			
	2015/2016	27-Feb-17			
	2015/2016	06-Dec-17			
Matzikama	2014/2015	02-Feb-16			
	2015/2016	31-Jan-17			
	2015/2016	30-Mar-18			
Cederberg	2014/2015	31-Mar-16			
	2015/2016	31-Jan-17			
	2015/2016	31-Jan-18			
Bergrivier	2014/2015	29-Mar-16			
	2015/2016	28-Mar-17			
	2016/2017	30-Mar-18			
Saldanha Bay	2014/2015	09-Mar-16			
	2015/2016	23-Mar-17			
	2016/2017	22-Mar-17			
Swartland	2014/2015	31-Mar-16			
	2015/2016	23-Mar-17			
	2016/2017	29-Mar-18			
Cape Winelands DM	2014/2015	12-Feb-16			
	2015/2016	30-Mar-17			
	2016/2017	26-Mar-18			
Witzenberg	2014/2015	01-Feb-16			
	2015/2016	10-Feb-17			
	2016/2017	16-Jan-18			
Drakenstein	2014/2015	01-Feb-16			
	2015/2016	29-Mar-17			
	2016/2017	14-Mar-18			
Stellenbosch	2014/2015	05-Feb-16			
	2015/2016	29-Mar-17			
	2016/2017	28-Mar-18			

MUNICIPALITY	Financial Year	Actual adoption date	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected
Breede Valley	2014/2015	13-Jan-16			
	2015/2016	24-Mar-17			
	2016/2017	06-Mar-18			
Langeberg	2014/2015	26-Jan-16			
	2015/2016	24-Jan-17			
	2016/2017	30-Jan-18			
Overberg District	2014/2015	04-Mar-16			
	2015/2016	30-Mar-17			
	2016/2017	26-Mar-18			
Theewaterskloof	2014/2015	24-Mar-16			
	2015/2016	23-Mar-17			
	2016/2017	08-Mar-18			
Overstrand	2014/2015	30-Mar-16			
	2015/2016	29-Mar-17			
	2016/2017	28-Mar-18			
Cape Agulhas	2014/2015	02-Feb-16			
	2015/2016	31-Jan-17			
	2016/2017	22-Jan-18			
Swellendam	2014/2015	10-Mar-16			
	2015/2016	30-Mar-17			
	2016/2017	27-Mar-18			
Eden District	2013/2014	04-Mar-15			
	2015/2016	31-Mar-17			
	2016/2017	14-Mar-18			
Kannaland	2014/2015	30-Mar-16			
	2015/2016	31-Mar-17			
	2016/2017	29-Mar-18			
Hessequa	2014/2015	08-Mar-16			
	2015/2016	08-Mar-17			
	2016/2017	28-Mar-18			
Mossel Bay	2014/2015	10-Mar-16			
	2015/2016	23-Jan -17			
	2016/2017	19-Jan-18			
George	2014/2015	10-Mar-16			
	2015/2016	29-Mar-17			
	2016/2017	28-Mar-18			
Oudtshoorn	2014/2015				
	2015/2016	31-Mar-17			
	2016/2017	24-Jan-18			

MUNICIPALITY	Financial Year	Actual adoption date	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected
Bitou	2014/2015	31-Mar-16			
	2015/2016	31-Mar-17			
	2016/2017	20-Mar-18			
Knysna	2014/2015	30-Mar-16			
	2015/2016	23-Mar-17			
	2016/2017	23-Mar-18			
Central Karoo District	2014/2015	30-Mar-16			
	2015/2016	28-Mar-17			
	2016/2017	22-Mar-18			
Laingsburg	2014/2015	30-Mar-16			
	2015/2016	23-Mar-17			
	2016/2017	20-Mar-18			
Prince Albert	2014/2015	18-Mar-16			
	2015/2016	31-Mar-17			
	2016/2017	01-Feb-18			
Beaufort West	2014/2015	22-Mar-16			
	2015/2016	03-Mar-17			
	2016/2017	29-Mar-18			

Source: Municipal Oversight Reports 2016/17

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.

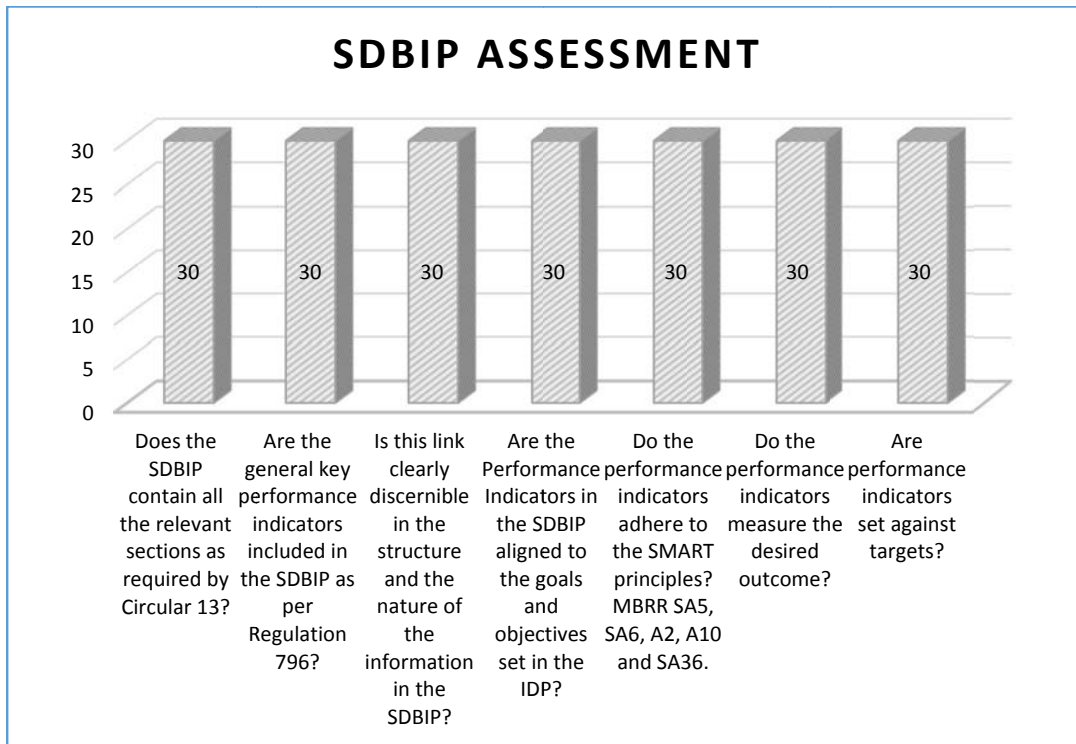
In accordance with section 21(a) of the Systems Act and Section 19 of the Municipal Budget and Reporting Regulations (the Regulations), the Accounting Officer must make public the approved SDBIP within 10 days after the Mayor of a municipality has approved it. Subsequent to the above, in accordance with 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 2 below.

Graph 2: Compliance to SDBIP Assessment Indicators.



Source: Department of Local Government SDBIP Assessment 2016/17

1.2. INSTITUTIONAL ARRANGEMENT AND CAPACITY BUILDING

MUNICIPAL POLITICAL COMPOSITION

Post the 2016 local government elections, municipalities were required establish new councils to build on the governance excellence established in the respective municipalities and where necessary strengthen governance. The 2016 local government elections marked the beginning of a five-year planning cycle for municipalities, which has commonly been referred to as the Fourth Generation Integrated Development Planning Process. Municipalities were provided guidance through the municipal election help desk prior and post the elections. In ensuring that the newly elected Councils fulfils their mandate, the Department supported all municipalities during the convening

of the first council meeting with the Department's management team deployed to monitor the first council meetings and provide guidance where necessary.

As at the end of June 2017, there were a total number of 835 council seats across all municipalities in the Western Cape Province. The Democratic Alliance became a party in control in 21 municipalities and governed in coalition with other parties or independents in 7 municipalities. The Democratic Alliance obtained a total number of 501 seats across all municipalities in the Province, while the African National Congress had a total of 242 seats and was in coalition in two municipalities in coalition with other political parties.

Political governance in municipalities across the Province was stable during the year under review. 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	57		153			1	7 EFF 3 ACDP 2 AJA 1 AIC 1 DIP 1 CMC 1 PAC 1 COPE 1 VFPLUS 1 PA 1 UDM		DA	231
West Coast DM	3	6	7	9					DA	25

MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
Matzikama	5	1	8	1			1 EFF 1 UP		DA	15
Cederberg	4	1	6	1			1 ADC		DA	11
Bergrivier	4	1	9	1					DA	13
Saldanha bay	8	2	17	3			1 EFF 1 SRA-SIA		DA	27
Swartland	6	1	16	3			1 EFF		DA	23
Cape Winelands DM	5	6	11	16			1 EFF	1 EFF 1 BO	DA	41
Witzenberg	8	1	11	2			1 COPE 1 EFF 1 ICOSA 1 WA		DA + COPE	23

MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
Drakenstein	15	2	43	5			1 ACDP 2 EFF 1 PDM 1 ICOSA 1 FD 1 VFPLUS	1 EFF	DA	65
Stellenbosch	8	1	30	4			1 ACDP 1 DNCA 2 EFF 1 PDM		DA	43
Breede Valley	12	1	22	3			4 BO 1 EFF 1 PDM 1 VFPLUS	1 BO	DA	41
Langeberg	6	1	12	2			1 PDM 1 COPE 1 LIP 1 ICOSA 1 EFF		DA	23
Overberg DM	3	4	6	8					DA	21
Theewaters-kloof	10	2	14	3			1 EFF 1 ICOSA 1 UFEC		DA	27

MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
Overstrand	8	1	16	3			1 EFF		DA	25
Cape Agulhas	3	1	6	1			1 DLRP 1 KAPCO		DA	11
Swellendam	5		6	1					DA	11
Eden DM	5	7	8	13			1 ICOSA	1 AIC	DA	35
Kannaland	2		2	1			3 ICOSA		ANC + DA	7
Hessequa	8	1	8	1			1 VFPLUS		DA + VFplus	17
Mosel Bay	7	1	17	3			1 ACDP 1 ICOSA 1 VFPLUS		DA	27

MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
George	17	2	28	3			1 ACDP 1 AIC 1 EFF 1 ICOSA 2 PBI 1 SAC 1 VFPLUS	1 AIC	DA	53
Oudtshoorn	7	1	14	2			1 EFF 2 ICOSA 1 SARCO		DA	25
Bitou	6	1	6	1			1 AUF		ANC + AUF	13
Knysna	7	1	10	2	1		1 COPE 1 KUC 1 ACDP		DA + IND + ACDP	21
Central Karoo DM	2	2	3	4 1 KDF			1 KGP	1 KGP	DA +	13
Laingsburg	3		3	1			1 KOP		DA + KOP	7
Prince Albert	2		3				2 KGP	1 KGP	DA + KGP	7

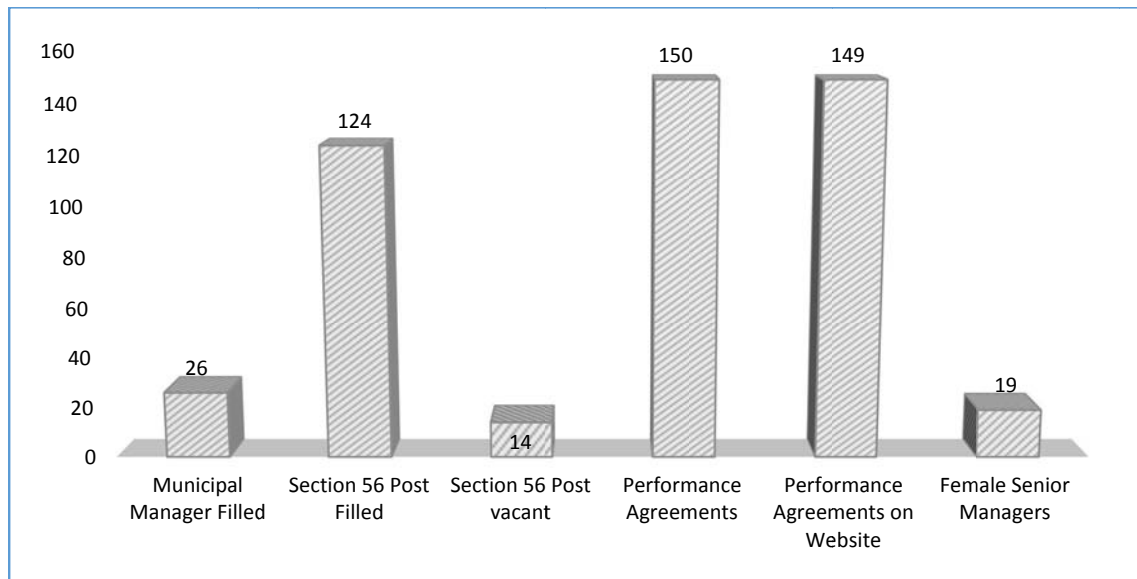
MUNICIPALITY	ANC	ANC REP ON DC	DA	DA REP ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL	TOTAL
Beaufort West	6	2	6	3			1 KDF		DA + KDF	13
Total	242	25	501	50	1	1	90	4		835

Source: Political Composition Report as at end June 2017, 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 3 below depicts the status of Municipal Manager and Senior Manager appointments, women in senior management positions as well as the conclusion of performance agreements as prescribed in Section 57(2)(b) of the Systems Act.

Graph 3: Administrative stability

Source: Municipal Annual Reports 2016/17

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. Vacancies of Municipal Manager positions existed in Saldanha Bay, Theewaterskloof, Knysna and Beaufort West municipalities. 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.

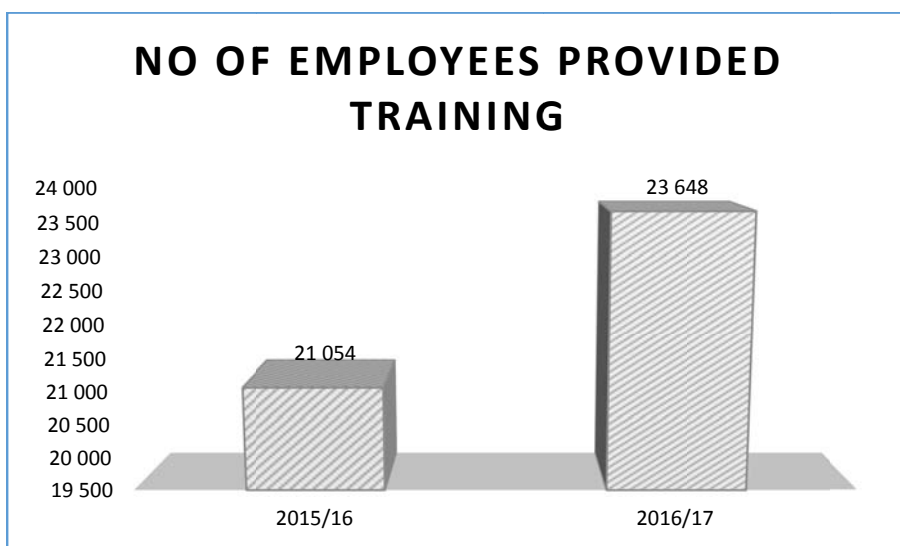
PERFORMANCE AGREEMENTS

During the year under review, 150 performance agreements were signed and submitted to the MEC for Local Government. All municipality with performance agreements ensured that all performance agreements of Section 54 as well as Section 56 were aligned to the strategic objectives of the IDP.

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 4 below indicates the number of personnel trained, learnerships provided and the percentage spent on skills.

Graph 4: Skills Development

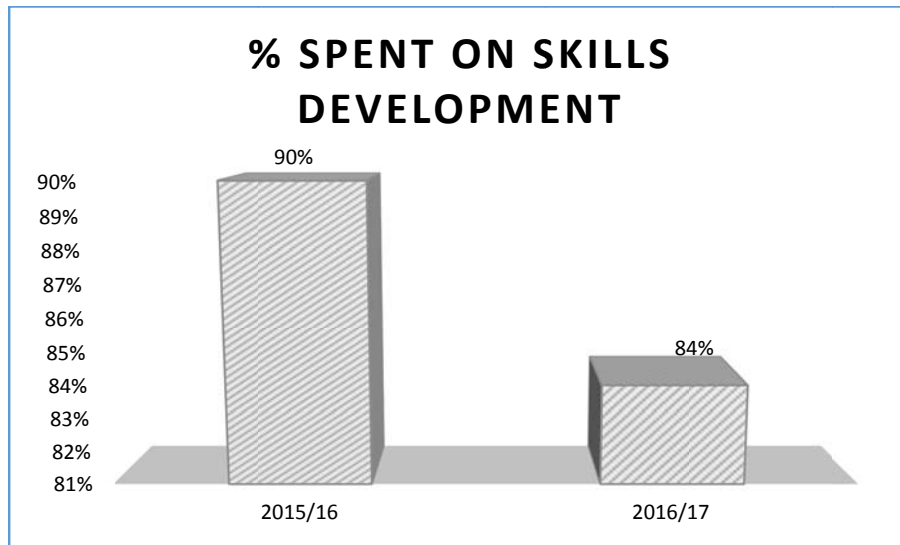


Source: Municipal Annual Reports 2016/17.

All municipalities across the Province had workplace skills plans submitted 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. There were 23 648 employees received training in municipalities. During the 2016/17 financial year, municipalities have spent an average of 84% of their skills budget which is a decline as compared to the 90% expenditure in 2015/16. 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 5: Skills Budget Expenditure



Source: Municipal Annual Reports 2016/17.

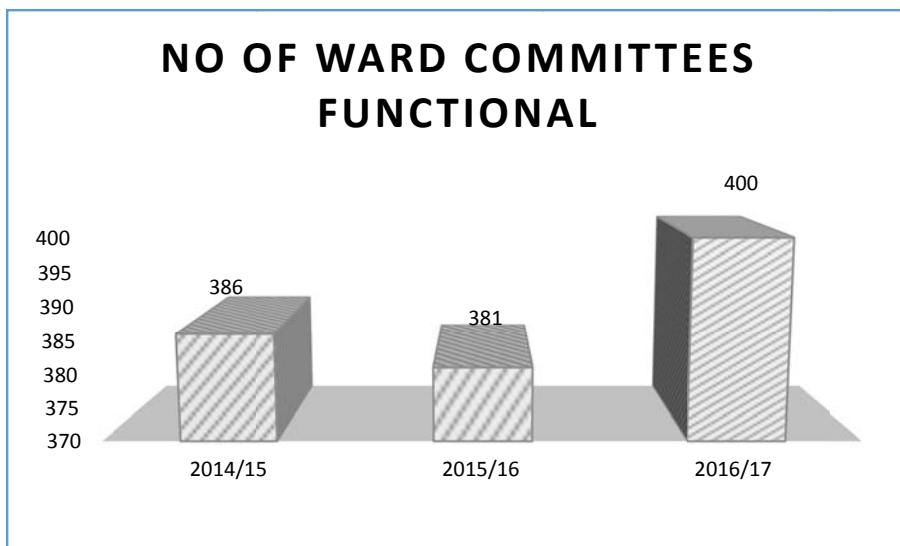
1.3. PUBLIC PARTICIPATION

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.

WARD COMMITTEES

The Local Government Municipal Structures Act (1998), Chapter 4, Section 72 – 78 provides the legal framework for the establishment, election and operation of ward committees. The ward committee system was designed to ensure that citizens' inputs are taken into account during planning and decision-making processes at Local Government level. Ward committees play a very important role in the development and annual revision of the Integrated Development Plan of the Municipality and facilitate wider community participation. The municipal elections of 3 August 2016, necessitated the establishment of new ward committees. As at end of June 2017, there were 400 ward across municipalities, of which all of them had ward committees established, with the exception of 1 ward in Beaufort West Municipality. The City of Cape Town indicated that their establishment of ward committees was delayed, therefore no meetings were held as from July 2016 until January 2017. Graph 6 below outlines functional ward committees in each municipality.

Graph 6: Ward Committee Functionality



Source: Municipal Annual Reports 2016/17

Ward committee functionality in Matzikama and Breede Valley municipalities declined during the period under review. The DLG provided the required

support to these municipalities to ensure that ward committee members are held accountable to the communities they serve. Table 4 below outlines the number of wards and functional ward committees in each municipality.

Table 4: Ward Committee Functionality

MUNICIPALITY	NO OF WARDS ESTABLISHED	WARD COMMITTEE FUNCTIONALITY		
		2014/15	2015/16	2016/17
City of Cape Town	116	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	All 8 ward committees were functional.
Cederberg	6	All 6 ward committees were functional	All 6 ward committees were functional	All 6 ward committees were functional
Bergrivier	7	All 7 ward committees were functional	All 7 ward committees were functional	All 7 ward committees were functional
Saldanha Bay	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional
Swartland	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Witzenberg	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Drakenstein	31	All 31 ward committees were functional	All 31 ward committees were functional	All 33 ward committees were functional

MUNICIPALITY	NO OF WARDS ESTABLISHED	WARD COMMITTEE FUNCTIONALITY		
		2014/15	2015/16	2016/17
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	All 21 ward committees were functional
Langeberg	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Theewaterskloof	13	All 13 ward committees were functional	All 13 ward committees were functional	All 14 ward committees were functional
Overstrand	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional
Cape Agulhas	5	All 5 ward committees were functional	All 5 ward committees were functional	All 6 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 6 ward committees were functional
Kannaland	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional

MUNICIPALITY	NO OF WARDS ESTABLISHED	WARD COMMITTEE FUNCTIONALITY		
		2014/15	2015/16	2016/17
Hessequa	8	All 8 ward committees were functional	All 8 ward committees were functional	All 9 ward committees were functional
Mossel Bay	14	All 14 ward committees were functional	All 14 ward committees were functional	All 14 ward committees were functional
George	25	All 25 ward committees were functional	All 25 ward committees were functional	All 27 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 11 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	6 of the 7 wards had committees established.

Source: Municipal Annual Reports 2016/17

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. The public satisfaction surveys conducted in municipalities were intended for different purposes e.g. Bergrivier's survey was firstly intended to assist the municipality in collating a demographic profile by doing a 10 % sample of each ward. The second purpose was to do a client satisfaction survey on the same basis of a 10 % sample in each ward. While, Swartland's survey mainly focussed on the satisfaction of communities with the provision of services by the municipality Table 5 below indicates the total number of municipalities that undertook the survey during 2016/17 financial year.

Table 5: Public Satisfaction Survey

MUNICIPALITY	CUSTOMER SATISFACTION SURVEYS UNDERTAKEN Y/N	WHEN WAS THE SURVEY CONDUCTED
City of Cape Town	Y	2016
Matzikama	N	-
Cederberg	N	-
Bergrivier	Y	2016
Saldanha Bay	Y	2016
Swartland	Y	2017
Witzenberg	Y	2017
Drakenstein	N	-
Stellenbosch	N	-
Breede Valley	N	-
Langeberg	N	-
Theewaterskloof	Y	2016
Overstrand	N	-
Cape Agulhas	Y	2016
Swellendam	N	-
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 2016/17

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 2016/17 financial year, CDWs facilitated 32 298 Case referrals relate to Labour, Home affairs, Municipal, Justice, Socio Economic Claims, Education, Job opportunities, Rural development, Agriculture, Social matters, SARS, Economic Development. CDWs supported communities to improve access to small scale economic opportunities. During 2016/17 financial year, 76 Initiatives ranged from Backyard Vegetable Garden, establishment of cooperatives with South African Enterprise Development, Nursery Project, Needle work and bakery cooperative establishment, farmers through skills development.

1.4. CORPORATE GOVERNANCE

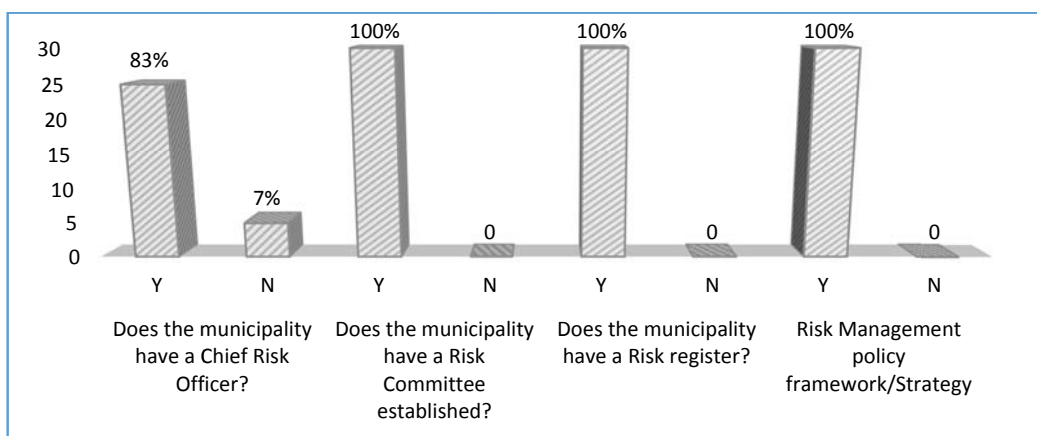
RISK MANAGEMENT

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 7 below illustrates the number of municipalities fulfilling the risk management functions.

Graph 7: Risk Management



Source: Municipal Annual Reports 2016/17.

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. Table 6 below provide a detail compliance to Section 75 of the MFMA with regards the publication of documents on the website.

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	✓	✓	X	✓
Swellendam	✓	✓	✓	✓	✓	✓	X	✓	✓	N/A	N/A	✓
Eden District	✓	✓	✓	✓	✓	✓	X	X	✓	X	X	✓
Kannaland	✓	✓	✓	✓	✓	✓	X	X	✓	X	X	✓
Hessequa	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	X	✓
Mossel Bay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	✓
George	✓	✓	✓	✓	✓	✓	N/A	✓	✓	✓	N/A	✓
Oudtshoorn	✓	✓	✓	✓	✓	✓	X	✓	✓	X	X	X
Bitou	✓	✓	✓	✓	✓	✓	X	✓	✓	X	X	✓
Knysna	✓	✓	✓	✓	✓	✓	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
Prince Albert	√			X	√	√	X	X		X	X	X
Beaufort West	√	√	√	√	√	√	√	√	√	√	N/A	√

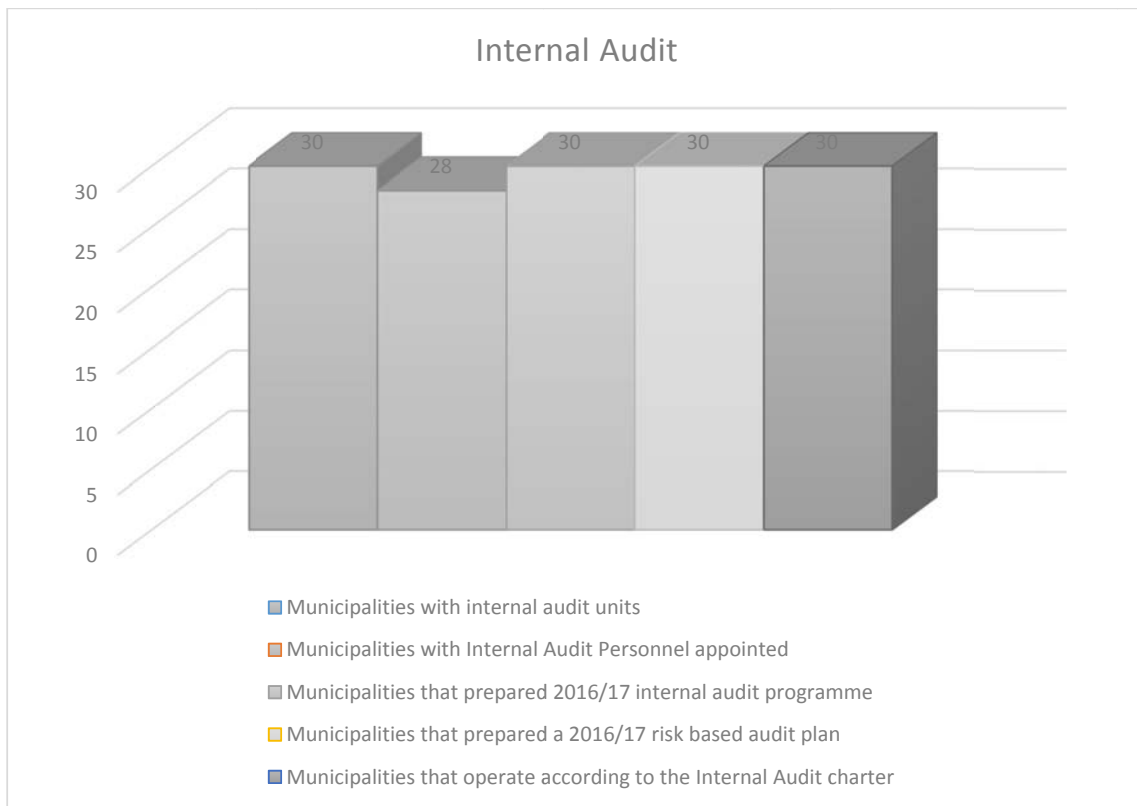
Source: Municipal Websites

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.

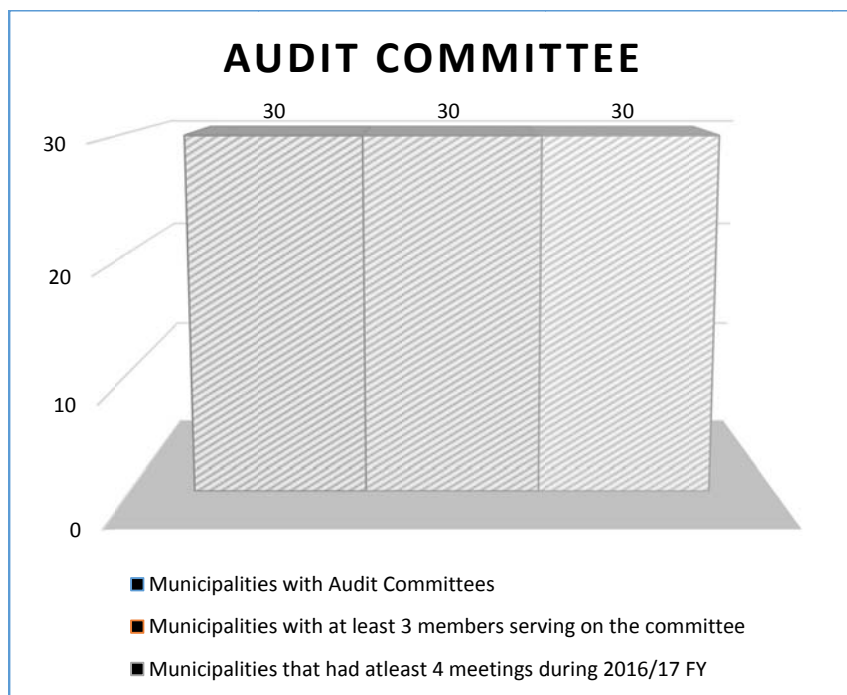
As at June 2017, all municipalities were reported to have Internal Audit Units in place of which two municipalities (Kannaland and Central Karoo District Municipality) had outsourced this function. Twenty-eight (28) of the thirty (30) municipality appointed a dedicated person to drive internal auditing function. It was also reported that all municipalities have prepared their 2016/17 internal audit programme, risk-based plans and are operating in accordance with the internal audit charter. Graph 8 below illustrates internal audit functionality in municipalities.

Graph 8: Internal Audit



Source: Municipal Annual Report 2016/17

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 2016/17 financial year. Graph 9 below illustrates audit committee audit functionality in municipalities.

Graph 9: Audit Committee

Source: Municipal Annual Report 2016/17

CHAPTER 2: SERVICE DELIVERY

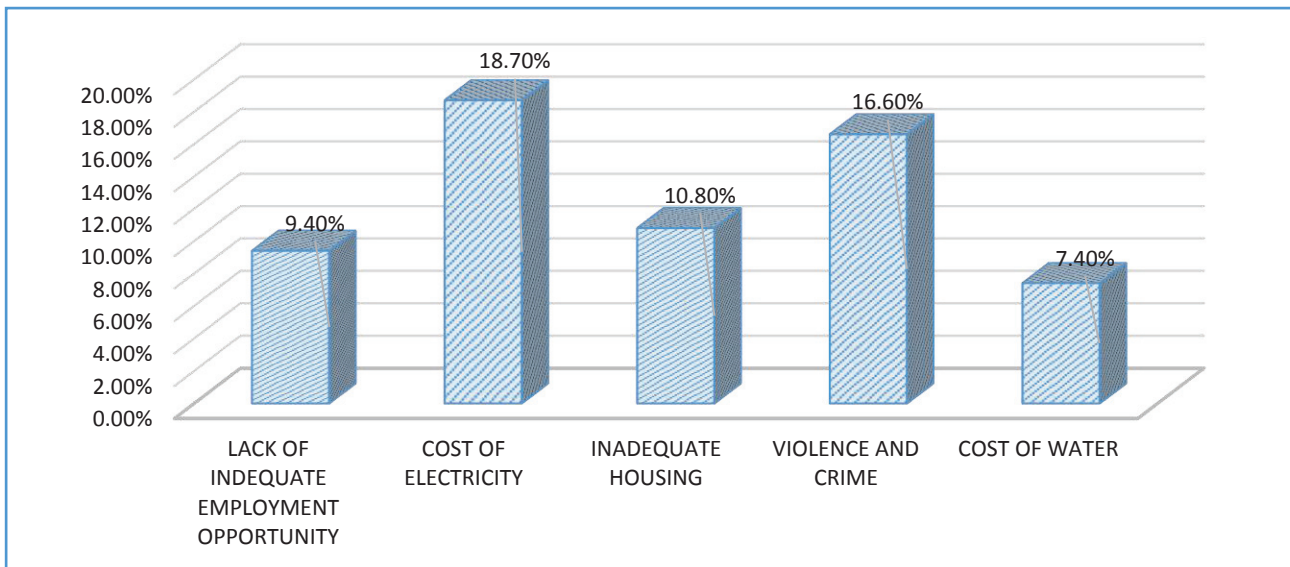
There have been differing opinions with regard to the causes underlying service delivery protests. Some caution observers about the possibility of political motivations behind such protests whilst others argue that service delivery backlogs and disruptions are the source of these protests. These backlogs 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 10 below illustrates the summary of answers provided by households in the Western Cape Province.

Graph 10: Western Cape Province Household Perceptions of Leading Challenges facing municipalities



Source: StatsSA, 2016.

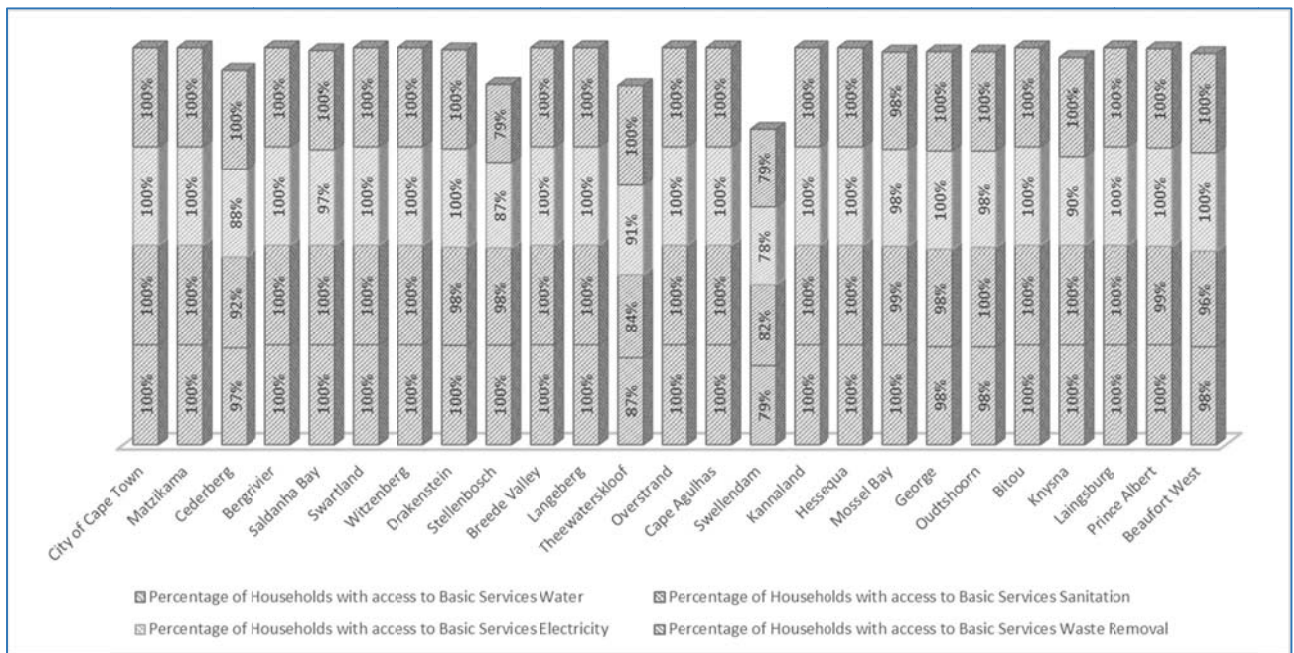
It might not be as intuitive to think that a lack of adequate employment and violence and crime as challenges that municipalities should address. The Development Local Government mandate, however, encompass more than service delivery roles, responsibilities and functions traditionally assigned to Local Government. The Community Worker Programme and the Expanded Public Works Programme are but two programmes through which municipalities take

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 11 below illustrates that with the exception of Cederberg (97%), Theewaterskloof (87%), Swellendam (79%), George, Oudtshoorn and Beaufort West (98%) 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 17 municipalities providing the service to 100% of households within their jurisdiction.

Graph 11: Access to Basic Services



Source: Municipal Annual Reports 2016/17.

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. The table below, illustrates the percentage of indigent households with access to free basic services by municipalities across the Province.

Table 7: Provision of Free Basic Services

Municipality	Total no of Households	Percentage of Indigent Households with access to Free Basic Services			
		Free Basic Water	Free Basic Sanitation	Free Basic Electricity	Free Basic Waste Removal
City of Cape Town	1 264 849	17%	17%	17%	17%
Matzikama	15 014	21%	19%	20%	21%
Cederberg	7 515	27%	26%	26%	27%
Bergvriev	9 426	5%	4%	4%	5%
Saldanha Bay	35 550	18%	8%	19%	18%
Swartland	39 139	21%	20%	19%	21%
Witzenberg	14 085	32%	32%	32%	32%
Drakenstein	71 686	26%	26%	25%	26%
Stellenbosch	48 008	12%	12%	8%	12%
Breede Valley	27 359	29%	29%	29%	29%
Langeberg	27 919	25%	25%	28%	25%
Theewaterskloof	33 097	13%	13%	6%	13%
Overstrand	33 240	22%	22%	22%	22%
Cape Agulhas	8 995	28%	28%	28%	28%
Swellendam	7 810	79%	25%	78%	25%
Kannaland	6 749	31%	31%	22%	31%
Hessequa	17 278	31%	31%	31%	31%
Mossel Bay	32 422	35%	34%	38%	35%
George	14 635	32%	31%	41%	31%
Oudtshoorn	14 465	38%	38%	36%	38%
Bitou	18 939	33%	14%	37%	14%
Knysna	1 399	24%	24%	24%	24%
Laingsburg	1 359	53%	53%	26%	54%
Prince Albert	2 554	100%	34%	34%	34%
Beaufort West	14 168	56%	30%	41%	12%
TOTAL	1 767 660	32%	25%	28%	25%

Source: Municipal Annual Reports 2016/17

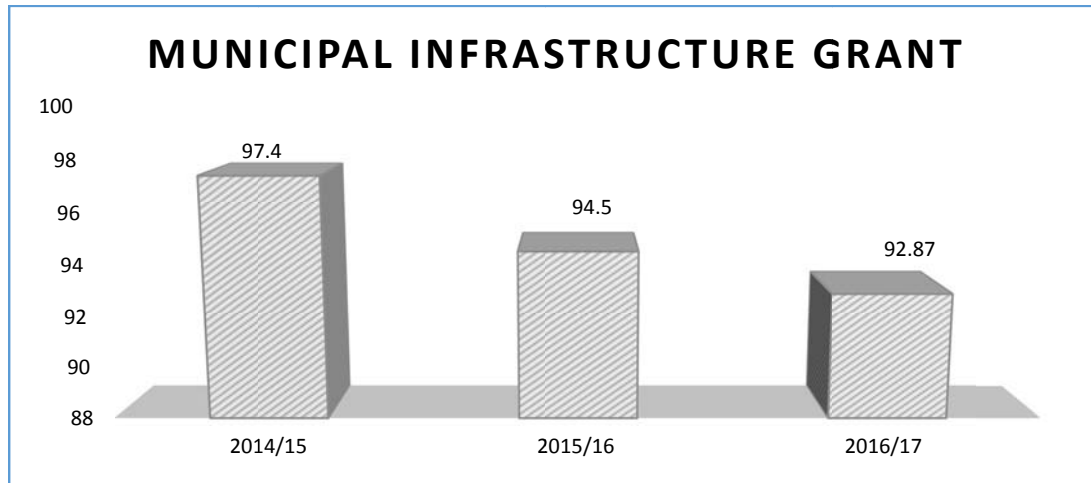
2.3 MUNICIPAL INFRASTRUCTURE GRANT

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 2017 was at 92.87% as compared to 98% in the previous financial year. Beaufort West, Hessequa, Swellendam and Cederberg Municipalities had the lowest MIG expenditure as at June 2017. 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 12: Municipal Infrastructure Grant

Source: Western Cape MIG Expenditure Report as at June 2017

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.

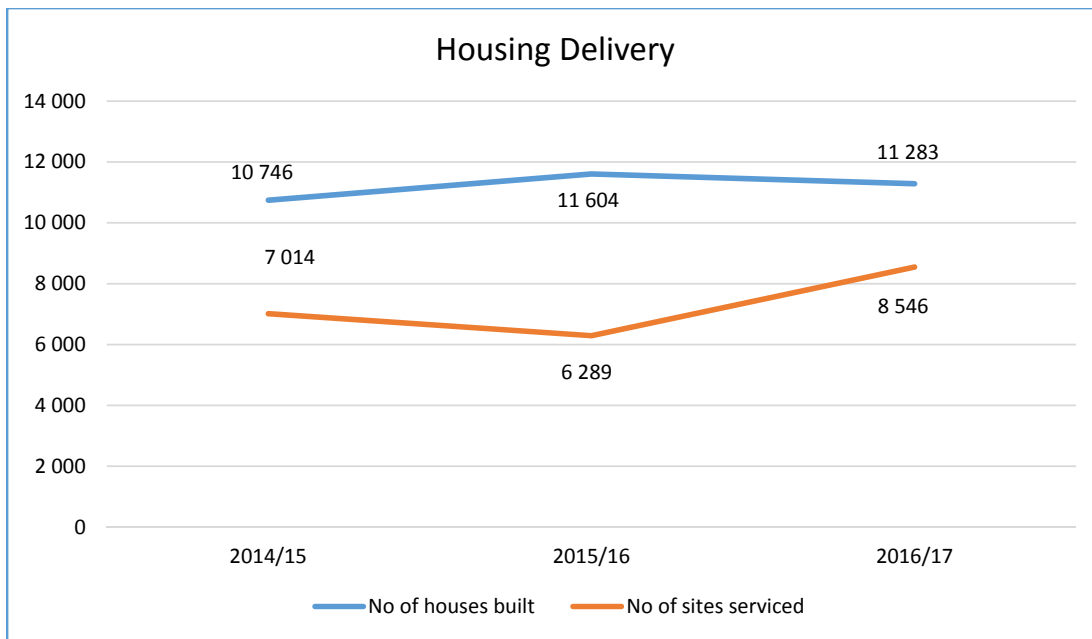
The Western Cape Province has continued with the positive trend of 100% expenditure on the Human Settlement Development Grant. The Department of Human Settlements reported that 11 238 houses were built during 2016/17, while there were 8 546 serviced sites completed.

With regards to addressing security of tenure by responding to the backlog in the provision of title deeds, the Department of Human Settlements issued 504 title deeds to qualifying beneficiaries of pre-1994 housing units. The

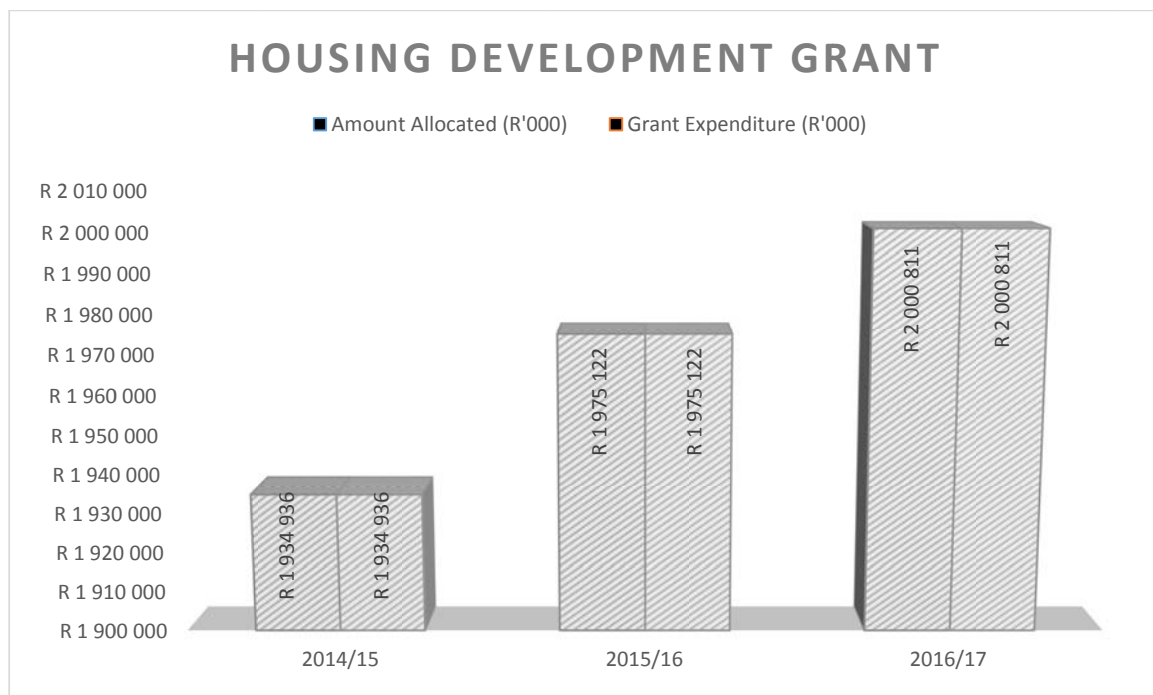
Department of Human Settlements secured 50.11 hectares of suitable land for the development of affordable housing. In addition, 483.16 hectares of land was secured for catalytic projects as at March 2017.

Graphs 13 and 14 illustrate the expenditure on the Human Settlement Development Grant and delivery on housing during the past three financial years whilst Table 8 below details housing provision per municipality.

Graph 13: Housing Delivery



Source: Department of Human Settlements Annual Report 2016/17.

Graph 14: Human Settlement Grant Expenditure

Source: Annual Report 2016/17, Department of Human Settlements

Table 8: Housing Delivery per Municipality

Municipality	Programme	Delivery	
		Serviced Sites	Housing Units
City of Cape Town (Includes provincial projects)	Integrated Residential Development Programme (IRDP)	4 165	2 257
	People's Housing Process	-	3 280
	Social Housing Programme	-	450
	Community Residential Programme	-	195
Breede Valley	Peoples Housing Process	-	68
	Integrated Residential Development Programme	109	97

Drakenstein	Integrated Residential Development Programme	629	72
	Peoples Housing Process	-	33
Langeberg	Integrated Residential Development Programme	327	60
Stellenbosch	Integrated Residential Development Programme	-	240
	Upgrading of Informal Settlement Programme	277	-
Witzenberg	Integrated Residential Development Programme	-	100
Cape Agulhas	Integrated Residential Development Programme		
Overstrand	Integrated Residential Development Programme	-	131
	Upgrading of Informal Settlement Programme	-	58
Swellendam	Integrated Residential Development Programme	35	-
Theewaterskloof	Peoples Housing Process	-	177
	Upgrading of Informal Settlement Programme	251	26
	Integrated Residential Development Programme	136	-
Laingsburg	Integrated Residential Development Programme		
Prince Albert	Integrated Residential Development Programme	243	-
Beaufort West	Integrated Residential Development Programme	264	75
Bitou	Integrated Residential Development Programme	530	82
George	Integrated Residential Development Programme	20	-
	Peoples Housing Process	-	54
Hessequa	Integrated Residential Development Programme	-	122
Kannaland	Integrated Residential Development Programme	191	295
Knysna	Upgrading of Informal Settlements Programme	446	-
	Peoples Housing Process	-	60

Mossel Bay	Peoples Housing Process	-	4
	Integrated Residential Development Programme	-	43
Oudtshoorn	Upgrading of Informal Settlements Programme	335	45
	Integrated Residential Development Programme	-	43
Bergrivier	Integrated Residential Development Programme	-	90
	Upgrading of Informal Settlements Programme	137	-
Cederberg	Upgrading of Informal Settlements Programme		
Matzikama	Upgrading of Informal Settlement Programme	-	207
	Integrated Residential Development Programme	268	-
Saldanha Bay	Integrated Residential Development Programme	-	20
	Peoples Housing Process		276
Swartland	Integrated Residential Development Programme	130	-
	Peoples Housing Process	-	98
Other housing programmes (Individual Housing Subsidy Programme, and Enhanced Extended Discount Benefit Scheme (EEDBS))		-	2 515
Total		8 546	11 283

Source: Department of Human Settlements Annual Report 2016/17

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.

LINKING DISASTER MANAGEMENT PLANNING AND INTEGRATED DEVELOPMENT PLANNING

Risk Assessments will inform and underpin all risk reduction planning, which can be implemented in the following ways.

- Disaster risk is incorporated into risk reduction planning on a strategic level to inform any required interventions:
 - Risk reduction objectives are developed and prioritised (in the DM Chapter);
 - Risk reduction projects are created to support the objectives (project plans in the DM Plan); and
 - Implementation of projects (through the IDP).

- Disaster risk is incorporated into service delivery plans by municipal line departments:
 - Using Risk Assessment information for risk reduction orientated service delivery; and
 - Enhanced or targeted service delivery in high risk or prioritised areas.

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

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

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

Since Disaster Management in practice is essentially a management and coordination function, it requires suitable institutional arrangements and subsequent corporate planning activities. This has been found to be a critical aspect and success factor in order for both processes (DM and IDP) to be aligned and functional.

Should a municipality have a binding Disaster Management Policy (which would be based on a District Municipality's Disaster Management Framework) that underwent a council resolution, the required directives and defined arrangements, roles and responsibilities would create the enabling institutional and corporate environment required for effective synchronisation of the Disaster Management and Integrated Development Planning processes.

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 main matters that the Forum collaborated their efforts included the following:

- Human Settlements and Social Development policies and procedures relating to disasters;
- Lifesaving South Africa and the development of Drowning Prevention Strategy;
- Incident Command System Training: Liaison with Stellenbosch University in terms of the handling and transportation of hazardous material;
- Assisting in the formulation of planning and response strategy in terms of Operation Phakisa;
- Coastal Protection Zones;
- Drought coordination and management across the member provinces;
- Russian engagement and partnership with the BRICS (Brazil, Russia, India, China and South Africa) coastal disaster working group;
- Improving the recording and archiving system of the Forum;
- Research regarding flooding and sharing lessons learnt; and
- Coastal PDMC Forum Summit and improving wider partnerships

DROUGHT SUPPORT

The Western Cape is currently experiencing a drought in many areas thus necessitating the intervention of the Provincial Disaster Management Centre (PDMC) to minimize the impact on communities. Emanating from agricultural drought assessments during the course of 2015, as well as a preliminary scan and assessment of the hydrological drought situation within municipalities, the PDMC notified the Provincial Cabinet on 25 November 2015 of the prevailing situation pertaining to drought. The National Disaster Management Centre (NDMC) was also requested to classify the drought disaster, which took place on 11 January 2016. Subsequently the affected five municipalities declared local disasters for drought as follows:

- Central Karoo District Municipality (agricultural drought);
- West Coast District Municipality (agricultural drought);
- Witzenberg Municipality (hydrological drought);
- Prince Albert Municipality (hydrological drought); and
- Oudtshoorn Municipality (hydrological drought).

Further engagements and verifications and site visits took place within the above municipalities with the view to secure additional technical and financial support through diverse resources and funding streams.

A Province Drought Task Team consisting of representatives from the following organisations was established by the PDMC:

- All District and Metro Heads of Centres;
- National Department of Water and Sanitation: Western Cape;
- Western Cape Department of Environmental Affairs and Development Planning (DEADP);
- Western Cape Department of Agriculture;
- Western Cape Department of Local Government: Municipal Infrastructure;
- South African Weather Service (SAWS); and
- PDMC.

The Task Team has successfully coordinated the following:

- Determined the high risk areas;
- Determining the total water availability for each area in the Province (both surface and groundwater);
- Implemented urgent measures in areas where serious water issues manifested (i.e. Voelvlei dam);
- Monitoring water levels on a monthly basis;
- Initiated and coordinated inputs for a Communication Strategy; and
- Issuing on a regular basis Drought Situation reports, highlighting the current situation in the Province with regard to the drought and water availability.

From 13 – 15 March 2017 Western Cape Drought Tribunals were held with all thirty Municipalities to discuss the current drought situation in the Province and to ascertain the necessity to initiate Section 35 and 49 procedures of the

Disaster Management Act, 57 of 2002 as amended in 2015. Each Municipality presented the current situation with regards to its available water resources and indicated whether it was necessary to declare a proactive disaster in their area. The City of Cape Town and Kannaland Municipality requested that a drought disaster to be declared in the areas, whilst the Theewaterskloof and Hessequa Municipalities recalled their intentions to declare.

Due to the current drought situation in the Western Cape, the PDMC will continue to monitor and coordinate efforts to reduce the impact of the drought on the population of the Western Cape.

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 2016/17 financial year amounted to R52 657 681 000 while the total actual operating expenditure amounted to R48 848 633. The majority of municipalities were able to increase their operating

revenue as compared to the 2016/17 financial year. The following table shows the operating revenue and expenditure for the financial year 2016/17.

Table 9: Operating Revenue and Expenditure

Municipality	Operating Revenue			Operating Expenditure		
	Budget	Actual	%	Budget	Actual	%
	R'000	R'000		R'000	R'000	
City of Cape Town	35 506 148	36 035 830	-1,5%	35 506 148	32 857 718	-7,5%
Matzikama	281 196	265 991	5,7%	282 491	274 024	-3,0%
Cederberg	255 737	244 754	4,5%	272 469	260 779	-4,3%
Bergrivier	310 206	287 918	7,7%	317 683	276 988	12,8%
Saldanha Bay	904 394	972 420	-7,0%	924 055	885 986	-4,1%
Swartland	386 483	420 646	-8,1%	624 518	582 652	-6,7%
West Coast DM	350 043	362 270	-3,4%	347 360	321 387	-7,5%
Witzenberg	524 961	610 010	13,9%	526 312	512 695	-2,6%
Drakenstein	1 977 119	2 009 415	-1,6%	2 062 841	2 002 501	-2,9%
Stellenbosch	1 479 042	1 519 123	-2,6%	1 450 237	1 307 335	-9,9%
Breede Valley	894 953	870 025	2,9%	939 545	920 081	-2,1%
Langeberg	638 292	622 186	2,6%	667 354	570 087	14,6%
Cape Winelands DM	399 696	388 400	2,9%	397 391	362 285	-8,8%
Theewaterskloof	447 975	443 453	1,0%	468 797	432 724	-7,7%
Overstrand	1 036 518	1 080 563	-4,1%	1 072 964	1 039 559	-3,1%
Cape Agulhas	276 070	258 722	6,7%	267 704	286 994	7,2%
Swellendam	219 392	216 552	1,3%	233 780	216 006	-7,6%
Overberg DM	154 916	157 000	-1,3%	165 968	161 971	-2,4%

Kannaland	136 028	142 912	-4,8%	136 013	159 548	17,3%
Hessequa	510 022	530 855	-3,9%	426 477	392 027	-8,1%
Mossel Bay	965 005	958 401	0,7%	890 768	819 329	-8,0%
George	1 529 671	1 494 761	2,3%	1 641 524	1 602 057	-2,4%
Oudtshoorn	540 464	561 835	-3,8%	519 410	483 023	-7,0%
Bitou	597 090	616 945	-3,2%	550 392	528 500	-4,0%
Knysna	761 103	761 729	-0,1%	768 881	762 544	-0,8%
Eden DM	333 736	339 683	-1,8%	347 021	326 729	-5,8%
Laingsburg	89 677	74 593	20,2%	96 864	80 647	-
Prince Albert	57 334	67 535	15,1%	58 226	63 770	9,5%
Beaufort West	262 385	274 106	-4,3%	277 707	289 916	4,4%
Central Karoo DM	77 582	69 048	12,4%	77 305	68 771	-

Source: Annual Financial Statements 2016/17

3.2 CAPITAL EXPENDITURE

Table 10 below shows the capital expenditure for the financial year 2016/17.

Table 10: Capital Expenditure

Municipality	Adjusted Budget	Actual expenditure	YTD Expenditure
	R'000	R'000	%
City of Cape Town	6 774 460	6 274 301	92,6
Matzikama	31 708	25 343	79,9
Cederberg	70 035	28 253	40,3
Bergrivier	29 144	27 823	95,5
Saldanha Bay	232 281	200 679	86,4
Swartland	81 428 433	76 822 440	94,3
West Coast DM	11 305	10 852	96,0

Witzenberg	60 367	58 783	97,4
Drakenstein	546 072 195	544 359 708	99,7
Stellenbosch	482 580 383	410 562 394	85,1
Breede Valley	139 166	101 711	73,1
Langeberg	58 658 763	50 839 216	86,7
Cape Winelands DM	11 784	11 351	96,3
Theewaterskloof	71 646	63 010	87,9
Overstrand	86 266	91 868	106,5
Cape Agulhas	28 164	24 279	86,2
Swellendam	20 579	14 790	71,9
Overberg DM	7 664	6 782	88,5
Kannaland			
Hessequa	173 802	139 090	80,0
Mossel Bay	152 376	144 823	95,0
George	317 023	213 033	67,2
Oudtshoorn	42 341	49 452	116,8
Bitou	135 416	120 670	89,1
Knysna	145 497	96 404	66,3
Eden DM	6 713	6181	92,1
Laingsburg	11 724	9 676	82,5
Prince Albert	30 243	23 820	78,8
Beaufort West	60 119	45 236	75,2
Central Karoo DM	1562	1056	67,6
Total	1 177 391 159	1 090 373 024	92,6

Source: Municipal Annual Report: 2016/17

3.3 FINANCIAL POSITION

Table 11 below shows the current assets and liabilities of municipalities against the final budget for the financial 2016/17 financial year.

Table 11: Assets and Liabilities

Municipality	2016/2017				Current Ratio
	Total Current Assets		Total Current Liabilities		
	Final Budget	Actual	Final Budget	Actual	
	R'000	R'000	R'000	R'000	
City of Cape Town	12 586 022	12 250 660	8 814 994	8 766 304	1,40
Matzikama	35 346	25 502	39 646	27 624	0,92

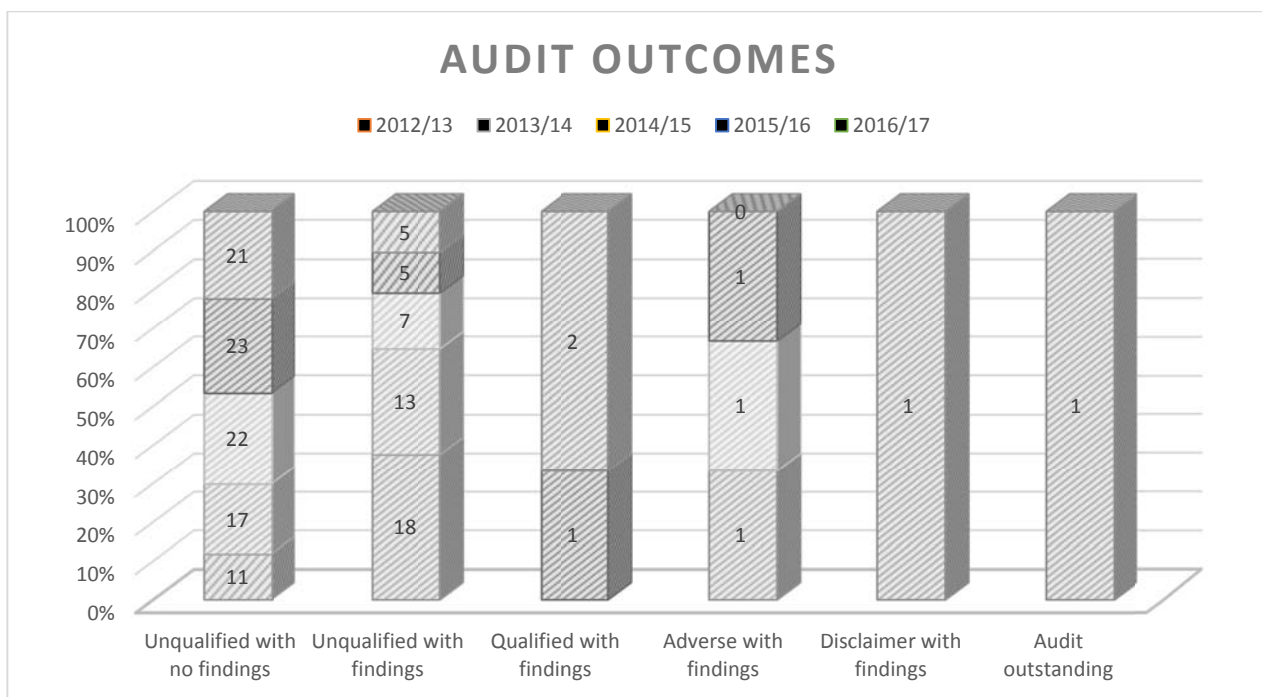
Cederberg	44 161	34 412	40 126	85 590	0,40
Bergrivier	138 404	163 627	42 543	51 095	3,20
Saldanha Bay	707 812	682 961	164 722	177 737	3,84
Swartland	429 374	434408	109 171	102 975	4,22
West Coast DM		273 996		43 974	6,23
Witzenberg		150 794		73 511	2,05
Drakenstein	360 587	685 382	1 880 607	535 676	1,28
Stellenbosch	621 548	946 772	256 237	445 838	2,12
Breede Valley		316 971		173 614	1,83
Langeberg	199 764	225 309	108 106	109 909	2,05
Cape Winelands DM	669 812	617 629	40 956	38 397	16,09
Theewaterskloof	99 565	114 701	115 093	81 827	1,40
Overstrand	316 779	410 829	184 098	181 973	2,26
Cape Agulhas	52 179	62 317	41 963	48 899	1,27
Swellendam	79 169	89 606	40 028	54 016	1,66
Overberg DM	21 323	38 391	12 891	22 050	1,74
Kannaland	62094	10488	42814	61409	0,17
Hessequa	164 161	264 212	98 363	105 045	2,52
Mossel Bay	430 735	529 796	155 997	210 933	2,51
George		820 017		427 498	1,92
Oudtshoorn	58 030	83 503	94 504	116 054	0,72
Bitou	108 679	208 447	75 323	132 814	1,57
Knysna	256127	253 006	142455	152 268	1,66
Eden DM	155066	164766	59 235	44578	3,70
Laingsburg					
Prince Albert	11 081	36 942	3 265	12 698	2,91
Beaufort West	51 257	54 520	54 531	59 714	0,91
Central Karoo DM*	11 777	15 256	8 435	11 274	1,35
Total	17 670 852	19 965 220	12 626 103	12 355 294	

Source: Municipal Annual Financial Statements, 2016/17

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 15 below depicts the audit outcomes of the Western Cape Province municipalities for the past five years.

Graph 15: WC Audit Outcomes for the Period 2012/13 to 2016/17



AG: General Report on 2016/17 Audit Outcomes

Graph 15 illustrates that over the past four years, Western Cape municipalities have been steadily showing an increase in their audit outcomes. During the period under review, two (2) municipalities progressed to clean audit outcomes namely Cederberg and Prince Albert Municipalities while nineteen (19) municipalities maintained their clean audit status. There has been a

regression in five (5) municipalities namely, City of Cape Town, Bitou, Knysna and Eden District Municipality from clean audit outcome to unqualified audit outcome, Beaufort West Municipality regressed from unqualified with findings audit outcome to a disclaimer, Laingsburg Municipality regressed from unqualified with findings audit outcome to qualified audit outcome. Two (2) municipalities' audit outcomes remained unchanged with Outshoorn Municipality maintaining the qualified audit status and Central Karoo District Municipality maintaining the unqualified audit with findings.

CHAPTER 4: LOCAL ECONOMIC DEVELOPMENT

4.1 DEVELOPMENT AND IMPLEMENTATION OF LED STRATEGIES AND PLANS

Local Economic Development (LED) strategies are at the centre of efforts by municipalities to create economic growth and development. It is an absolutely vital tool at the disposal of all municipalities and has the potential to radically improve the lives of all municipal constituents by enabling growth and reducing poverty. However, the strategies associated with LED are not to be viewed as a quick-fix solution to these problems. There are a myriad of potential challenges and obstacles that need to be overcome in implementing such a comprehensive strategy – from local political conditions to the impact of globalization. In essence, the aim of an effective LED strategy is to reduce the impact of factors that adversely affect local economic growth – such as the rapid increase in urbanisation (which affects all municipalities in some way), as well as global economic ruptures, such as the financial crisis which had a significant impact during the year under review. In order to mitigate these risks, LED requires absolute commitment from the various stakeholders involved in its development and implementation.

An LED strategy forms part of the IDP for each municipality. In many respects, it is the most crucial aspect of an IDP and plays a determining role in the

effectiveness of the overall IDP approach. As such, an LED strategy needs to ensure the following:

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

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

Table 12: Local Economic Development Strategy

Municipality	LED strategy
City of Cape Town	The City's Economic Growth Strategy (EGS) addresses unemployment and poverty through a targeted approach to encourage economic growth and investment.
West Coast DM	The WC regional economic development strategy covers the investment promotion support and destination marketing of the region as a whole and to the five local municipalities within its area of shared jurisdiction, namely Bergrivier, Cederberg, Matzikama, Saldanha Bay and Swartland municipalities.
Matzikama	The current LED strategy is built around commitment to develop a climate in which economic development and economic growth can prosper.
Cederberg	The LED strategy was approved by Council in January 2016, and forms the backbone of Cederberg Municipality's strategic vision to achieve local economic development.

Bergrivier	The LED strategy was adopted in May 2015. The strategy describes projects that have been identified during the various public participation processes to enhance the fulfilment of the local economic development objectives.
Saldanha Bay	The local economic development and growth has been identified by Saldanha Bay Municipality as one of the five Game Changer obsessions, and these focus areas will serve as a framework which will enable the SBM to realise its vision to create prosperity for all through effective objectives promoting service prosperity.
Swartland	The final approval of the Municipality's LED strategy was in February 2016. The LED strategy includes various objectives for economic growth i.e. strengthen the competitive advantages of Swartland; attract business to locate and grow; make local markets work better to increase opportunity for small businesses; attract more rate paying citizens; and make it easier for citizens to access economic opportunity
Cape Winelands DM	The Local Economic Development Strategy (CW-RLEDS, which is a five-year plan) was adopted in October 2012 after an extensive consultative and strategy formulation process with relevant stakeholders and role-players. The key drivers of the strategy includes: Institutional development for investor readiness; Business retention and expansion; economic infrastructure development; human development; environmentally integrity; economic development; and quality of life improvement.
Witzenberg	The LED Strategy along with the LED process plan is in the process of being implemented. The LED Strategy is built upon commitment to develop a climate in which economic development and economic growth can prosper. The LED Strategy identifies various issues and strategic areas for intervention such as Creating an enabling business environment; Addressing the key development challenges; and Creating sustainable job opportunities.
Drakenstein	During 2016/17 the LED and Tourism unit continued their drive to accelerate economic development through the provision of strategic interventions that focused mostly on Job Creation, support to the Informal Economy, Entrepreneurship and Capacity building programmes and intensifying strategic tourism interventions in the area.
Stellenbosch	Local Economic Development encompasses a spectrum- from informal, small medium and micro enterprises, through to infrastructure and catalytic developments, and that the input required from the Municipality to enable is very different in each area.
Breede Valley	Breede Valley Municipality has embarked on a process to draft the 2017- 2022 LED Strategy which will focus amongst other on issues linked to: Establishing an SMME incubator service; SMME's and the development of informal trade; Supporting initiatives towards creating an enabling environment for green economy and other related commercial activities; and Promoting innovative tourism programmes

Langeberg	Economic growth at the municipal level is essential for the attainment of economic development, the reduction of poverty and improved accessibility (forward and backwards linkages between the first and second economy). Fostering growth requires an understanding of the economic landscape within which each respective municipality operates.
Overberg DM	Council adopted the District LED Strategy and Action Plan, which also included Tourism on 30 June 2017. The current strategy aims to change the economic trajectory by implementing economic development initiatives. 2017
Theewaterskloof	During the 2016/17 period, in line with the PACA process and the current LED strategy, focused strongly on three of these priorities: Develop a Standard Operating Procedure to promote investment in the region; Aggressively pursue clothing and agro-processing investment; and Co-ordinate a forum for Non-Governmental Organisations.
Overstrand	The LED Strategy reviewed in line with socio-economic data and approach to current economic environment and conditions.
Cape Agulhas	The LED Strategy review was submitted to Council on 27 June 2017. This strategy focuses on initiatives that can be achieved within the short to medium term and is in essence a consolidation of the 2013 revision with updated with other internal and external strategic processes, initiatives and programmes relating to economic development.
Swellendam	The Municipality does not have a LED Manager or officer to ensure the implementation of the LED strategy to enhance the LED support network at national, provincial and local level.
Eden DM	The District's vision for economic growth and development continues to develop a diverse, sustainable and shared regional economy through innovation and partnerships. This has stimulated employment and business development opportunities which in turn increases the quality of life for all.
Kannaland	The current LED strategy is outdated and need to be reviewed.
Hessequa	Hessequa Municipality through a PACA Process developed the LED Strategy, whereby seventeen initiatives were identified clustered into five themes i.e. sectoral (i.e. tourism, agriculture, property development), SMME support & development, responsible and enabling public sector.
Mossel Bay	The Municipality reviewed and approved its LED and Tourism strategy. Therefore, the main objective is to create sustainable growth opportunities by forming partnerships with other NGO's, NPO's and Private Sector companies and set realistic goals (guidance) that improves the quality of life for all.

George	The strategic focus areas (2012 Economic Strategy) were arrived at based on existing economic activity coupled with the potential to build a lasting competitive position in the face of fiercely competitive local and international market forces. ICT and Broadband development - Global Leadership Institute" established with the incubators for mentoring and access to venture capital (VC).
Oudtshoorn	Oudtshoorn has a robust local economy that is rapidly diversifying. The economy has the ability to attract larger investments (i.e. in ecotourism, potential manufacturing activity or a regional airport hub). The Oudtshoorn Municipality understands that they should ' get the basics right ' by delivering basic services (such as water, sanitation, electricity, roads and street lighting), supporting the creation of adequate settlements and housing opportunities, contributing to a robust local economy that creates and sustains job opportunities.
Bitou	The LED and Tourism unit is tasked with the obligation of growing the Bitou economy by enabling small, medium and micro-sized enterprise (SMME), creating an environment wherein business can optimally operate and to ensure that sustained increases in growth is obtained. Tourism is the key success to Bitou economy and is seen as a primary source for revenue enhancement and creating job opportunities.
Knysna	The LED strategy was reviewed and being implemented.
Central Karoo DM	The District LED Strategy is to support pro-poor economic growth and job creation through an integrated approach. Several areas are mentioned in this regard, incorporating new business creation, improving infrastructure, attracting inward investment, strengthening the LED capacity, encouraging local procurement, improving skills and knowledge.
Laingsburg	The Municipality's LED strategy identifies various issues and strategic areas for intervention such as: sustain existing agricultural practices; promoting agri-processing industries; provide for urban agriculture and small scale farming; identify and support agri-tourism practices; alternative energies; and agri-tourism.
Prince Albert	The Municipality's strategy was enhanced by the participation in the Small Town Regeneration Programme. Around 28% of the Karoo has been estimated to be commercial development. Unique to the Karoo the presence of dolerite dykes intruding into targeted shale, which makes accessing the natural gas much more difficult and uncertain. In order to access the natural trapped by shale, the Hydraulic Fracturing process is required which is where vertical drilling is used to puncture deep boreholes to access deeply buried shale deposits.
Beaufort West	LED Strategy was last reviewed in 2009/2010 but not approved. LED forum was established but not functional.

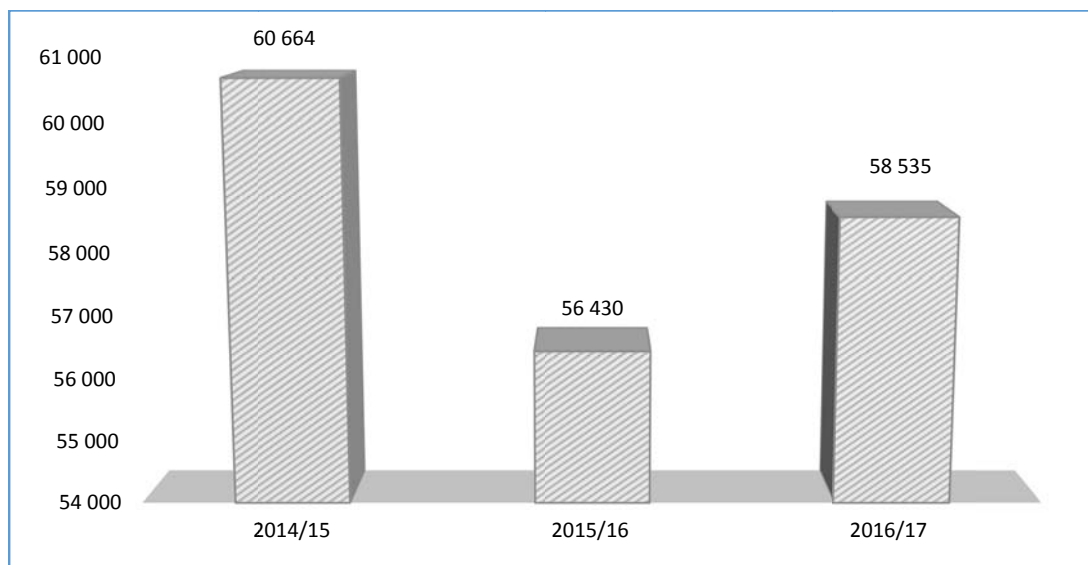
4.2 JOB OPPORTUNITIES

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 below shows the number of EPWP job opportunities created by municipalities during the 2014 – 2017 periods. Graph 16 below however illustrates that there has been a slight increase on the number of employment opportunities created through EPWP at municipalities in 2016/17 as compared to the previous financial year.

Graph 16: Job Opportunities (EPWP)



Source: Municipal Annual Report 2016/17.

PART C: PROVINCIAL INITIATIVES IN SUPPORTING MUNICIPALITIES

CHAPTER 5: TECHNICAL INTEGRATED MUNICIPAL ENGAGEMENT

As part of the Provincial Strategic Plan 2014-2019 (PSP) the Western Cape Government (WCG), in partnership with the national organs of state and Western Cape Municipalities aims to give effect to the imperatives of coordination, alignment, integration and complementarity. The transversal planning, budgeting and implementation are to be achieved through the work undertaken as part of Provincial Strategic Goal (PSG) 5: *“Embed Good Governance and Integrated Service Delivery through Partnerships and Spatial Alignment”*. A key element of PSG 5 includes promoting and institutionalising the practice of *“Integrated Management”*. Integrated Management is centred on providing seamless, citizen-centred service delivery through a whole of government approach which promotes cooperation, coordination and collaboration within government at all levels. This involves greater alignment of Provincial - and Local Government.

During February and March 2017, the Department of Local Government, Provincial Treasury and Department of Environmental Affairs and Development Planning engaged with senior officials of municipalities as part of the Technical Integrated Municipal Engagements (TIME).

The purpose of these engagements was to identify and unpack solutions, synergies and opportunities for partnership in addressing municipal challenges in relation to institutional and political governance, infrastructure governance, financial governance as well as aspects related to spatial and environmental governance.

These engagements formed part of the provincial integrated work plan that was communicated to municipalities at the beginning of the 2016/17 financial year. The

engagements were technical in nature and were aligned to the National Development Plan (NDP) as well as Provincial Strategic Goal 5 (PSG 5).

The technical engagements served as a platform for performance and mid-year budget discussions with municipalities. These discussions provided the Provincial Government of the Western Cape with the opportunity to exercise its oversight, monitoring and support mandates in respect of local government. The focus on the engagements was on corporate governance, financial governance as well as aspect related to spatial and environmental governance.

Transversal Findings

Transversal findings were identified during the TIME and structured as per the sustainability quadrants:

- Enhanced Governance
- Financial Sustainability
- Economic Sustainability
- Public Value Creation

5.1 Enhanced Governance

The following transversal challenges relating to **Enhanced Governance** was highlighted:

- 5.1.1 Organisational Structure - not reviewed and adopted annually in terms of the Senior Manager Regulations.
- 5.1.2 Budget and Treasury Office (BTO) Capacitation – Non-compliance with minimum competency.
- 5.1.3 Consequence Management – poor implementation of Financial Misconduct Regulations.
- 5.1.4 Information and Communication Technology (ICT) Governance - Development and Implementation of ICT policies.
- 5.1.5 Assurance - lack of quality assurance framework.

5.2 Financial Sustainability

The following transversal challenges relating to **Financial Sustainability** were highlighted:

- 5.2.1 Long term financial plan - Linking economic and financial sustainability – regarding the long term financial planning
- 5.2.2 Municipal Standard Chart of Accounts (MSCOA) Implementation - Co-ordination between relevant role players.
- 5.2.3 Preferential Procurement - The Municipalities have incorporated the Preferential Procurement Regulations, 2017 into their Supply Chain Management (SCM) Policy prescripts, however the municipalities have no economic empowerment strategy in place.
- 5.2.4 Expenditure management - Closer monitoring of expenditure management is required.
- 5.2.5 Revenue management - Closer monitoring of revenue management is required.
- 5.2.6 SCM Risk and Mitigation: Disaster (drought) Impact - Currently there is no disaster procurement framework or strategy in municipalities and in the province alike, to be prepared with response mechanisms to minimise the impact.
- 5.2.7 SCM Technology: Trend analysis – Municipalities are not fully utilizing the Central Supplier Database (CSD) and e-portal system. Municipalities are also unable to conduct trend analysis on procurement spending given system configurations.
- 5.2.8 Enterprise Resource Planning (ERP) system - The Municipalities do not have ERP systems therefore the system is unable provide the Municipalities with statistical data for future procurement planning purposes.
- 5.2.9 Standard for Infrastructure Procurement and Delivery Management (SIPDM) and SCM Delegations - Delegations have not been aligned to meet the SIPDM requirements.
- 5.2.10 Asset Management - Municipality's asset management policy is currently not in line with ISO5500 international standards. Municipalities requested assistance to develop a standard Asset Management Policy and assist the municipality with the amendment and review of the policy.

- 5.2.11 Asset Management strategies – Municipalities are currently not within the norm (8%) of Property, Plant and Equipment and Investment Property. The Municipalities have maintenance plans for individual capital items. However, municipalities need to introduce an overall maintenance plan framework.
- 5.2.12 Asset management Capacity Building - Inadequate staff capacity, asset management and asset management training.
- 5.2.13 Baseline Assessment outcomes - The Asset Management areas that need to be focused on are the following in terms of the baseline assessment outcomes:
- Asset Management Policy & Guidance;
 - Asset Management Unit & Capacitation;
 - Asset Management Information Integration; and
 - Monitoring and Performance Indicators.

The municipalities require additional funding for systems upgrades.

5.3 Economic Sustainability

The following transversal challenges relating to **Economic Sustainability** were highlighted:

- 5.3.1 Predetermined Objectives - Target setting not credible.
- 5.3.2 SCM (strategic procurement) - not utilized as an economic development enabler.

5.4 Public Value Creation

The following transversal challenges relating to **Public Value Creation** were highlighted:

- 5.4.1 Waste management
- Regional Waste Facility progress
 - Water diversion and recycling
- 5.4.2 Infrastructure and Service Delivery
- Financial constraints for bulk infrastructure
 - Lack of infrastructure growth plans
 - No long terms infrastructure investment strategy

TRANSVERSAL SUPPORT PLANS

Transversal support has been identified in order to address the challenges listed above. The following transversal support initiatives will be implemented in the short to medium term to assist municipalities. This support depends on the availability of resources and is subject to reprioritisation.

1.1 Enhanced Governance

- 1.1.1 Assist municipalities with the review of their organizational structure.
- 1.1.2 Monitoring compliance to minimum competency regulation i.t.o. the filling of vacant posts.
- 1.1.3 Training and capacitation to municipalities and Disciplinary Board members i.t.o implementation of financial misconduct regulations.
- 1.1.4 Support and guidance in respect ICT governance practices.
- 1.1.5 Quality assurance framework development and subsequent training to be rolled out transversally.

1.2 Financial Sustainability

- 1.2.1 Provincial Treasury directorates need to discuss a way forward with regards to linking the economic sustainability and the financial sustainability issues as it affects the Municipality's long term financial planning.
- 1.2.2 Provincial Treasury to co-ordinate interventions with National Treasury, Provincial Government, the Municipalities as well as the vendors on MSCOA implementation and reporting.
- 1.2.3 Provincial Treasury will be facilitating the process to identify key champion(s) to drive the process of incorporating the SCM-LED strategy into the Integrated Development Plan (IDP) to enhance economic transformation through, utilising procurement as a strategic enabler for local economic development (LED).
- 1.2.4 Monitoring, support and guidance on expenditure management (capital and Opex budget).

- 1.2.5 Monitoring, support and guidance on debt collection strategies and revenue management support.
- 1.2.6 Provincial Treasury is in process of finalising a Western Cape Provincial Disaster Procurement Policy which aims to assist both municipalities and provincial departments to rapidly dispense procurement to mitigate risks and minimise regulatory risk exposure. Furthermore, the unit will assist municipalities at the Disaster Centre Unit with emergency procurement related procedures.
- 1.2.7 Provincial Treasury to assist municipalities with a refresher training on the latest CSD and e-portal developments. Provincial Treasury will be rolling out Data Analytics training in the coming year to showcase what Business Intelligence can contribute to the municipal environment and enable municipalities to make sound decisions based on scientific data.
- 1.2.8 Provincial Treasury will assist municipalities through the data analytics project by conducting an audit/assessment on all 3rd party systems feeding data in to the ERP System to ensure accurate and reliable data.
- 1.2.9 Provincial Treasury to assist Municipality with establishing clearly defined SCM delegations and sub-delegations to meet the minimum requirements as required in the infrastructure model policy, SIPDM.
- 1.2.10 Review of the Asset Management (AM) Policy with the assistance of the Municipal Financial Management Improvement Project (MFMIP) advisor.
- 1.2.11 Provincial Treasury has commenced with phase 1 of the AM project which will focus on:
- Drafting the governance framework of which National Treasury via the MFMIP advisor will assist with the roll out of the framework.
 - Assistance from Provincial Treasury when required for the reviewing the municipality's framework.

1.2.12 Provincial Treasury to arrange training on AM for the Asset Management Unit.

1.2.13 Provincial Treasury will conduct an AM Baseline assessment during the 2018/19 financial year. Through the AM Baseline assessments, Provincial Treasury will assist in areas of deficiencies, where possible.

1.3 Economic Sustainability

1.3.1 Transversal workshop conducted by School of Public Leadership (SPL) and the Auditor-General's office scheduled for 5 - 6 April 2018 to guide municipalities on target setting and in-year performance. Provincial Treasury directorates needs to discuss a way forward with regards to linking the economic sustainability and the financial sustainability issues as it affects the Municipality's long term financial planning

1.3.2 Provincial Treasury to co-ordinate intervention with National Treasury to assist municipalities with utilising procurement as an economic development enabler. Furthermore, Provincial Treasury will be facilitating the process to identify key champion(s) to drive the process of incorporating the SCM-LED statement into the IDP to enhance economic transformation through, utilising procurement as a strategic enabler for local economic development.

1.4 Public Value Creation

1.4.1 Monitor and assist progress in respect of waste management and landfill sites implementation. Co-ordinate support with Department of environmental affairs.

1.4.2 Support and assistance on Infrastructure and Service Delivery Challenges:

- Provincial Government will deploy internal expertise to conduct a study on how to improve and solves the challenges faced by municipalities.
- DLG in conjunction with PT to provide funding and support for the municipality for the meter replacement project.
- Provide assistance and guidance with regards to the investment strategy.
- Provide assistance to implement Infrastructure Master Plans.

SPECIFIC SUPPORT

Specific support plans were compiled to address the regression and unchanged audit outcomes for the following municipalities:

1. Laingsburg Municipality
2. Bitou Municipality
3. Beaufort West Municipality
4. Eden District Municipality
5. Oudtshoorn Municipality
6. Central Karoo District Municipality

Aside from the transversal support that will be provided to these municipalities, the municipal specific support is imperative to assist these municipalities to improve their audit outcomes.

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 THE BACK TO BASICS PROGRAMME IN THE PROVINCE:

Originally diagnostic exercise was conducted at all ten (10) identified Back to Basics Municipalities. These diagnostics took the form of a municipal visit by all key sectors, to determine the extent of performance at the Municipality in terms of the five (5) Back to Basics Pillars. The diagnostic report highlighted key challenges per directorate, with proposed solutions.

Following the diagnostic exercise at the ten (10) Municipalities, the following key themes were identified per Back to Basics Pillar in the Province:

- **Putting People First:**
 - Functionality of Ward Committees (Wards on Privately owned land)
 - Lack of Public Participation Strategy
 - Lack of Communications Strategy
- **Basic Services:**
 - High water losses
 - Aging Infrastructure
 - Co-Funding of Infrastructure Grants unaffordable
 - Cost of new Waste Management Sites
- **Good Governance:**
 - Establishment and Functionality of MPAC
 - Councillor Training, including Roles and Responsibilities
 - Cost of Gazetting of By-Laws too high
- **Capacity Building:**
 - Attraction and Retention of Skilled personnel
 - Organisational Re-Design
- **Sound Financial Management:**
 - Long-Term Financial Planning
 - Revenue Enhancement Strategies
 - Outdated Billing System
 - Review of Funding model for Equitable Share

Back to Basics Action Plans were developed for all ten (10) Municipalities, based on the 5 pillars of the programme focussing on the challenges highlighted during the diagnostic exercise. Thereafter the Back to Basics Support Plans was introduced to the relevant Municipalities for finalisation and sign off by the Municipal Manager. The assistance of both National and Provincial Sector Departments are then secured to commit their support and re-prioritise resources in support of the Back to Basics support plans. As a monitoring mechanism, Back to Basics Steering Committees are thereafter established to ensure that all sectors report to the Municipality on a quarterly basis on the progress on the implementation of individual projects on the Back to Basics Support Plans. Depending on the intensity of the intervention/support at

a particular municipality, Back to Basics Steering Committees, might occur on a monthly basis, until crucial challenges has been resolved. On an annual basis, based on the monitoring mechanisms employed, the leadership of the Department will determine instances where a full Municipal Assessment needs to be undertaken at identified Municipalities, with the aim of updating the Back to Basics Support Plan and ensure relevance.

ROLE PLAYERS IN THE IMPLEMENTATION OF THE BACK TO BASICS PROGRAMME:

To ensure the successful implementation of the Back to Basics Programme, the active participation of the following sectors/role-players are crucial:

- Municipal Manager
- Provincial Department of Local Government
- Provincial/National Sector Departments and Stakeholders
- National Department of Co-operative Governance

ROLES AND RESPONSIBILITIES OF STAKEHOLDERS:

The roles and responsibilities of the different stakeholder is defined as follows:

Municipal Manager:

- The role of the Municipal Manager is crucial with the development and finalisation of individual Back to Basics Support plans, through:
 - Giving strategic guidance on the projects that will find a home on the Support Plan;
 - Identification of priorities
 - Identification of different Sectors to be approached for assistance
 - The signing off of the Back to Basics Support Plan for the individual Municipality.
- The Municipal Manager is responsible for driving the implementation of Back to Basics Support Plans.
- The Municipal will be the Chairperson of all Back to Basics Steering Committees, thereby driving the agenda with both provincial and national sector departments, as well as keeping the municipal team accountable for progress.

Provincial Department of Local Government (DLG)

- The DLG established itself as the single Window of Co-ordination in terms of support in the Province.
- This means that all support provided by provincial sector department will flow through the Department and eventually the Back to Basics Support Plans.
- The DLG also has a facilitation role between the needs of the Municipality and the support to be provided by provincial/national stakeholders.
- The DLG are also responsible for all logistical arrangements around the implementation of the Programme.
- The DLG is also the link between the Municipalities and national COGTA and reports regularly to national on progress on the programme.
- The DLG with the assistance of certain provincial sector department will also be responsible to conduct full municipal assessments at identified municipalities, to ensure that the current Back to Basics Support Plans is still relevant.

Provincial/National Sector Departments and Stakeholders

- Provincial / National Departments/Stakeholders will be the implementation agents of projects at Municipal Level.
- Progress on the implementation of these individual projects by these sectors/stakeholders, which is represented on the individual Back to Basics Support Plans, will be given at the Monthly/Quarterly Steering Committee Meetings.

National Department of Co-operative Governance (COGTA)

- The COGTA also plays a facilitation role between the Municipality, DLG and national Departments.
- COGTA also attends all Steering Committee meetings and assist in unblocking challenges at a national level.
- COGTA drives the provincial challenges on behalf of Province on a national level.

TYPES OF PROJECTS IMPLEMENTED IN TERMS OF BACK TO BASICS PROGRAMME:

The following represents the different types of projects implemented, based on the 5 Back to Basics Pillars:

Pillar 1: Putting People First:

- Ongoing training of Ward Committee Members.
- Design and Implementation of standardised Website Project and content management system.
 - Training on the maintenance of the content management system the municipal website
 - Media training.

Pillar 2: Basic Services:

- Review of outdated Master Planning (assistance from DBSA, SALGA and DWS).
- Master planning entails the bulk service delivery related master plans such as the electricity master plans, roads and transport, sanitation, storm water and solid waste master plans. All of these master plans guide future infrastructure related development and forms part of the Spatial Development Framework and also the Integrated Development plans (IDP).
- Co-Funding of Infrastructure Grants unaffordable (taken up on a national level for review).
 - The big national infrastructure related grants all require that municipalities provide co-funding depending on their high vs low income ratio (this data is obtained through reports from StatsSA).
- Implementation of "Replacement of Water Meters project".
 - This project looks at the eradication of water losses, through the replacement of water meters. Water losses have a great impact on the financial viability of the municipality.
- Secured DBSA assistance regarding the pre-feasibility work in some Municipalities.
 - Before a municipality can develop a business plan to try and secure funding for a project, a pre-feasibility study is conducted to ensure that the project is viable and feasible.

Pillar 3: Good Governance:

- Ongoing Councillor training, which includes:
- Municipal Public Accounts Committee functionality
 - This is a special committee established by a Municipal Council in terms of Section 79 of the Municipal Structures Act with the purpose to promote oversight and ensure that all required actions in terms of the Statues are in place.
- Roles and Responsibility of Councillors
- Code of Conduct for Councillors

Pillar 4: Capacity Building:

- Implementation of an Organisational Re-sign project at various Municipalities
 - This is a project where the Department assists municipalities to review their entire macro and micro structures to ensure that the most cost effective and efficient organisation structure is put in place to ensure delivery on their constitutional mandate.
- Technical skills gap: Deployment of engineering support to Municipalities.
- Implementation of **Shared Services** models in 3 districts.

Pillar 5: Sound Financial Management:

- Implementation of the Financial Management, Assistance and Guidance Project, which focusses on:
 - Pre-determined objectives
 - Supply Chain and Asset Management
 - Budget Management
 - Revenue and Expenditure Management
 - Corporate Governance

OVERALL IMPACT OF BACK TO BASICS PROGRAMME

- Through the diagnostics, key themes within the Province were identified, which are receiving the required focus and attention.

- Key themes which require national action/conversation were elevated to the relevant national Departments.
- The commitment of key stakeholders to participate in the initiative was strengthened.
- A renewed focus was awakened within Sector Departments to align themselves with the 5 pillars of the B2B Programme.
- Greater co-ordination and alignment between Provincial and National sectors were established.
- Concerted drive by both provincial and national partners to unblock municipal challenges.
- Provincial resources were aligned to the Back to Basics Priorities.

FUTURE PLANS:

- The Department is currently in the initial stages of implementing its Provincial Framework for a Differentiated approach to Municipal Support and Capacity Building.
- This framework will ensure that all municipal monitoring and support is done on the basis of set pre-determined indicators. The performance of the municipality on these indicators will determine its categorisations and ultimate support to be crafted.
- This framework will ensure enhanced governance, through the development of a Municipal Governance Framework and a governance capability maturity model and the implementation of an assessment tool, which will
 - Have an impact on the second phase of implementation of the Back to Basics Programme in terms of:
 - Categorisation of Municipalities in terms of a pre-determined set of indicators per local government functional area, which is both compliance and performance driven.
 - Categorising the different types of support packages available to a different category of Municipality.
 - Monitoring the implementation of support packages to ensure that Municipalities progress within their identified category.

- The system will be automated and will form the basis of online monitoring going forward.

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 constrains (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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