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PROVINCIAL NOTICE

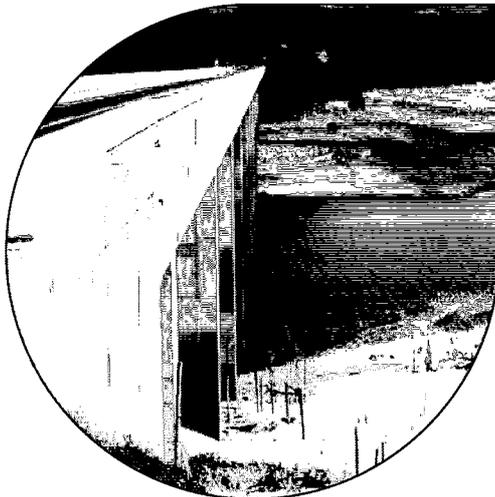
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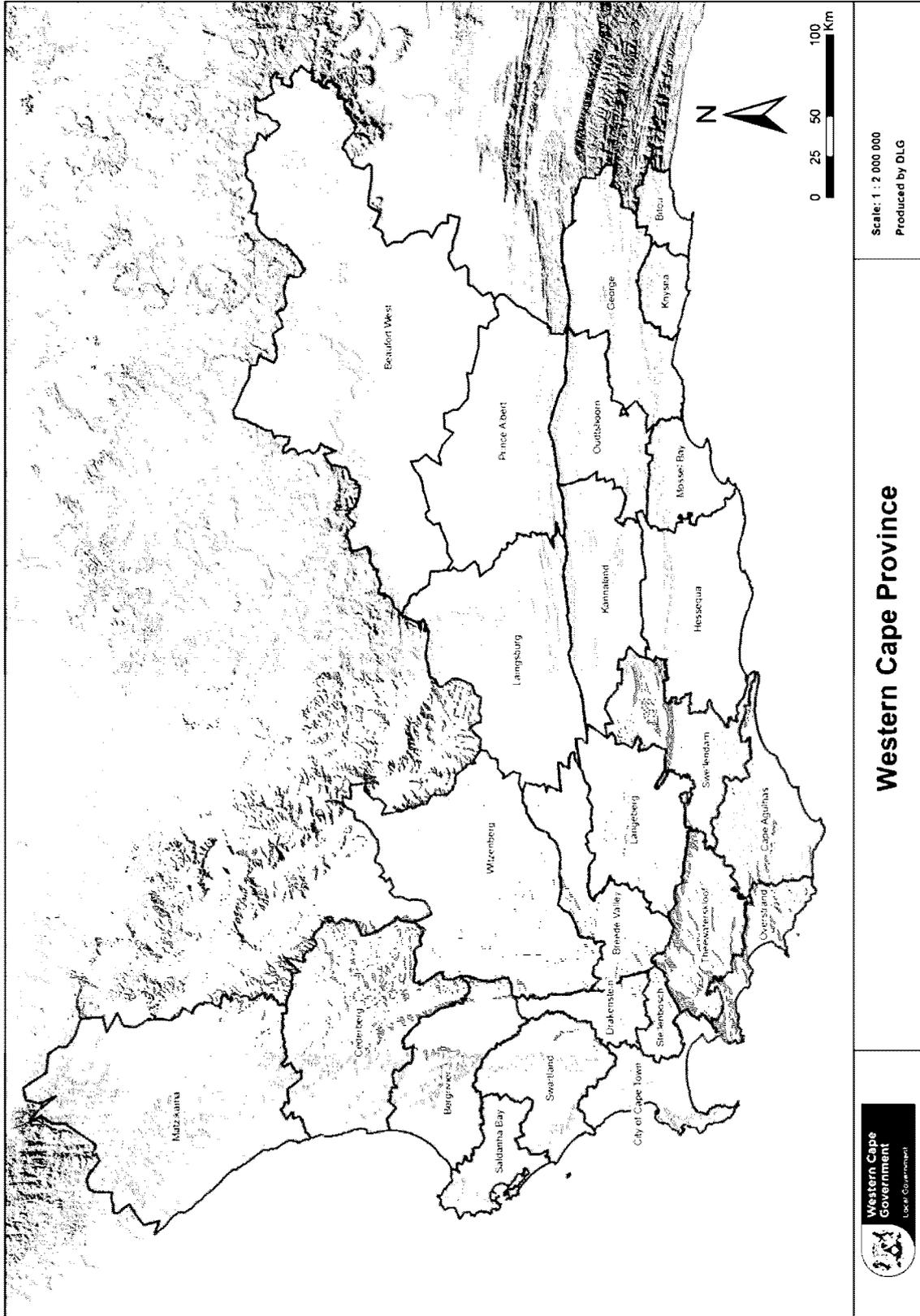
Provincial Legislature Building,
Wale Street,
Cape Town.

P.N. 13/2020

21 February 2020



**Consolidated Annual
Municipal Performance
Report 2017/2018**



Western Cape Province

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LIST OF ACRONYMS

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

MINISTER'S FOREWORD

The year under review saw the Western Cape managing an ongoing and relentless drought across large parts of the province including the City of Cape Town. In response the department of Local Government and the local government authorities as well as colleagues from national government, pulled together to manage a coordinated relief and water management plan. These combined and ongoing efforts enabled the province to pull through a trying time and we must acknowledge all the efforts that went into combating this natural disaster.

Performance measurement is an important element of local government and this report provides an overview of the performance of Western Cape Municipalities for the 2017/18 financial year, the challenges identified and the interventions which were implemented.

Through continuous support and engagement with municipalities, the following highlights as at June 2018 was noted for the Western Cape:

- Municipal Infrastructure Grant expenditure to improve capital infrastructure increased to 94%, up from 93% in the previous year;
- During the 2017/2018 financial year, municipalities trained 26 783 employees (2016/2017: 23 648) in various programs to better capacitate employees to perform their duties.
- As at end of June 2018, there were 402 wards across Western Cape municipalities, of which all of them had ward committees established.
- Over 1.3 million government services and information were accessed by citizens through Thusong Service Centres

Anti-corruption measures are an integral part of ensuring good governance at municipalities and promotes whistle-blowing for corrupt activities. With the exception

of Oudtshoorn and Kannaland Municipalities, all municipalities have adopted anti-corruption and fraud prevention plans which are being implemented. Work continues in the two municipalities that still fall short, to address the matter.

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. Municipalities continued to ensure all indigent households have access to free basic services. The percentages of households in the Western Cape being serviced in terms of water (98%), electricity (97%), sanitation (97%) and refuse removal (98%) are unmatched in South Africa.

In addition, over and above the national standards stipulated in the national indigent policy, municipalities in the Western Cape, in their policies have put procedures in place that allow residents to receive more than what is required in terms of the national policy. Generally, municipalities provided 6kl of free basic water, between 50kWh to 100kWh of free basic electricity, free basic sanitation and weekly refuse removal.

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

This report details the year-on-year performance with regard to the status of Western Cape Province municipalities across Governance, Service Delivery, Financial Sustainability and Local Economic Development indicators.

EXECUTIVE SUMMARY

The local government sphere has contributed to the achievement of a number of social and economic development advances. The majority of people have increased access to a wide range of basic services and more opportunities have been created for their participation in the economy. Both the National and Provincial Government are providing continuous monitoring and support in ensuring that the Constitutionally mandated powers and functions of municipalities are fulfilled. The Western Cape Government (WCG) in partnership with municipalities aims to progressively improve the state of governance to ensure sustainable and optimal service delivery to communities and improve the lives of people. The Consolidated Annual Municipal Performance Report provides an analysis of the performance of municipalities in the Western Cape during 2017/2018 financial year.

The report of the Auditor-General revealed a decrease in the number of municipalities who received clean audits in 2017/18 financial year. Various challenges that require attention and needs to be addressed were identified such as leadership and oversight, effective financial management. Additionally, the Auditor-General identified mSCOA implementation challenges and non-compliance related to the submission of documents for auditing purposes, as well as reflecting the occurrences to prevent management complacency to internal audit functions.

In relation to the institutional capacity of municipalities, it is encouraging to note that as at June 2018, 29 of the 30 municipalities had Municipal Managers appointed. However, transformation at senior levels remains a challenge, with gender imbalances being particularly pronounced as women account for only 14% of senior management positions. It is encouraging to note that there has been an improvement in spending the skills budget, as well as the number of employees capacitated which amounted to 26 783 as compared to 23 648 in the previous

financial year. However, municipalities still reported a lack of skilled staff and capacity as major challenge during the year under review.

From a financial perspective, the total actual operating revenue for the 2017/2018 financial year amounted to R54.5 billion (R52,7 billion 2016/17) while the total actual operating expenditure amounted to R49.9 billion (R48,9 billion 2016/17). When evaluating the budgeted (planned) revenue to be generated versus the actual revenue, 11 municipalities were within the 2% variance threshold as compared to 8 municipalities in 2016/17. Concern is raised that at nine (9) municipalities the expenditure incurred exceeds the revenue generated. Municipalities in the Province spent an average of 82.4% of their adjusted capital budgets in the 2017/2018 financial year as compared to 92.6% in 2016/17. This translates to an average under spending of 17.6%.

Service delivery lies at the core of municipal functions and provides communities with the clearest indication of the performance of municipalities. Even though the information provided by municipalities was lacking in some respects, there has been an overall improvement in delivering services throughout the Province. This is reflected by the slight increase in Municipal Infrastructure Grant (MIG) spending amounting to 94% as at end of June 2018 as compared to 93% in the previous year. Western Cape municipalities also continued to deliver basic and free basic services throughout the Province. In addressing the challenge of the housing backlog in the Province, the Department of Human Settlements in collaboration with municipalities have built about 10 212 houses and serviced 9 773 sites.

PART A: INTRODUCTION

1. BACKGROUND AND PURPOSE OF THE REPORT

The status of local government has evolved incrementally since 2001. Local government is a sphere of government; its powers are derived from the Constitution and are no longer delegated from the national or provincial government. The by-laws of a municipal council are legislative acts and, therefore, not reviewable in terms of administrative law. In Chapter 7 of the Constitution, Section 151 (3) states that a municipality has the right to govern, on its own initiative, the local government affairs of its community, subject to national and provincial legislation as provided for in the Constitution.

The Constitution guides intergovernmental relations. It sets out the principles for co-operative governance between the three spheres namely national, provincial and local government. This framework highlights that all three spheres of government as well as the private sector and communities have a role to play in service delivery. 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 prepare an Integrated Development Plan (IDP) which sets a five-year strategic plan that enables municipalities to achieve service delivery and

development goals for their municipal areas in an effective and sustainable way. 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 Municipal Systems Act, places an obligation on the MEC for Local Government to annually compile and submit to the Provincial Legislature and the National Minister a consolidated report on the performance of municipalities in the Province. The 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 2017/2018 financial year. This is the thirteenth Report submitted by the MEC for Local Government within the Western Cape. In complying with the legislative prescripts, municipalities were probed on 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 annual reporting process of municipalities is presented in the table below.

Table 1: Statutory annual report process

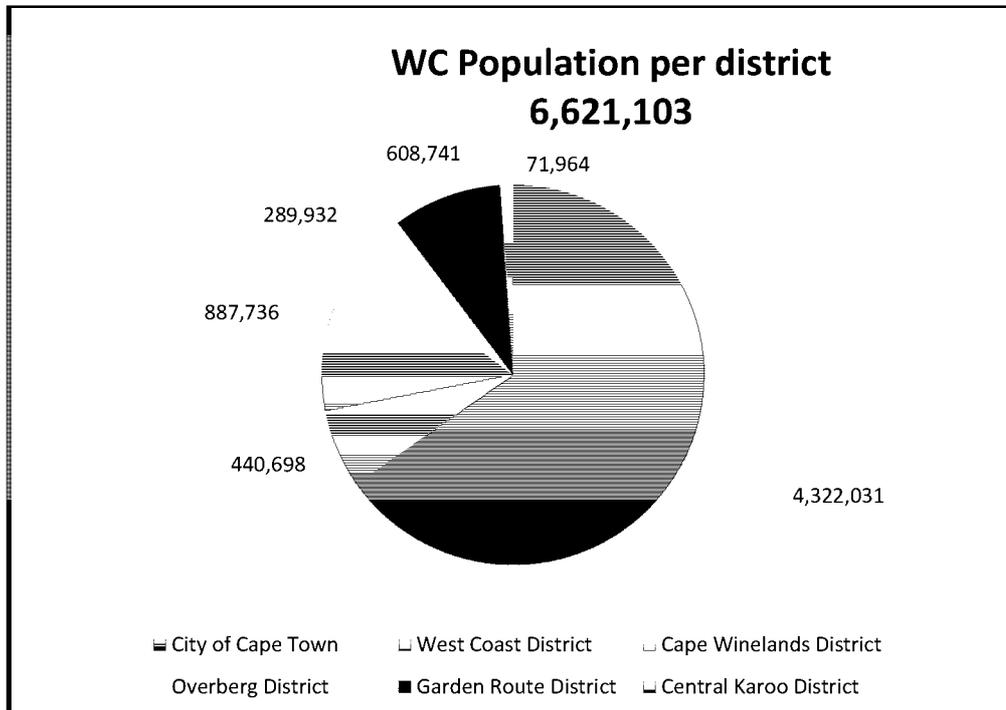
Report	Applicable legislation	Responsible entity/ person	By when
Submission of financial statements	MFMA Section 126(1)	Municipalities	31 August (2 months after the end of a financial year)
Auditor-General to audit financial statements and submit report	MFMA Section 126 (4)	Auditor-General	30 November (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 province, respectively, the Atlantic Ocean in the west and the Indian Ocean in the south. The Province is geographically diverse, encompassing areas as vastly differentiated as the Metropolitan area, Boland, West Coast, Southern Cape and the Karoo. The Province is divided into five district councils, which are made up of 24 municipalities and one metropolitan municipality.

According to the statistics released by Quantec EasyData, the Western Cape Province at the end of 2018 had a total population estimated at 6 621 103 which is 11.5% of the population of South Africa and with 1 849 767 total number of households.

Graph 1: Population per district



Source: Quantec EasyData, 2018

2.1 WESTERN CAPE ECONOMIC PERFORMANCE

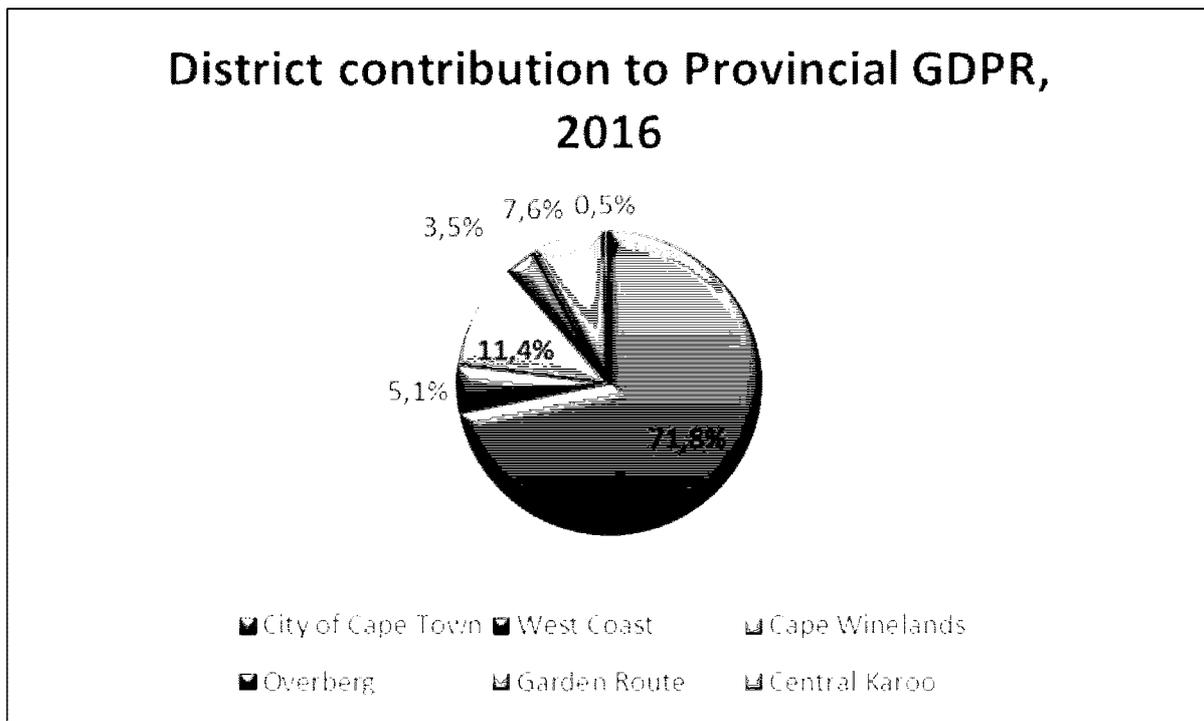
According to the Municipal Economic Review and Outlook, 2018 the Western Cape economy expanded by 1.2% in 2016, down from 1.5% in 2015. Leading growth in the region in 2016 was the finance, insurance, real estate and business services sector (2.3%) followed by the wholesale, retail trade, catering and accommodation sector (2.2%). In contrast, economic output in the agriculture, forestry and fisheries sector declined by 7.2% on the back of the drought. The drop-in output by this sector mirrors that of the national economy although less severe. The electricity, gas and water sector also recorded a contraction in value added (2.4%).

Although overall Regional Gross Domestic Product (GDPR) was lower in 2016 than in 2015, the Western Cape still outperformed the rest of South Africa. In fact, the difference in growth in 2016 between the Western Cape and the rest of South Africa amounted to 0.6 percentage points i.e. the Western Cape economy grew at twice the rate of the rest of South Africa. This outcome was due to divergent performances of the various sub-sectors. The contraction in value added by the agriculture, forestry and fisheries sector in the Western Cape was much less pronounced than that registered in the rest of South Africa. The rest of South Africa also suffered due to a fall in mining sector output, which the Province was largely unaffected by (due to the small representation of mining activity in Western Cape GDPR). Finally, the wholesale, retail trade, catering and accommodation sector fared better in the Western Cape than in the rest of South Africa.

Due to a contraction in output in the agriculture, forestry and fisheries sector because of the drought, the economic growth in the Western Cape in 2018 was sharply moderated to 0.2%. Value added in the agriculture, forestry and fisheries sector was estimated to decline by close to 25% in 2018. Related to this was the food and beverages manufacturing sector with a likely fall in output of 9.1% in 2018.

The poor performance of these sectors contributed greatly to the expectation of muted growth in 2018. Other negative developments included a slowdown in construction sector output as house price growth in the Western Cape became more subdued and government infrastructure spending was constrained. Growth in general government services was predicted to remain flat at 0.4%. This was a noticeable turnaround from growth recorded in previous years (1.3% in 2016). Due to base effects in the agriculture, forestry and fisheries sector, growth in the Western Cape is forecast to accelerate to 2.7% in 2019.

Graph 2: District Contribution to Provincial GDP



Source: MERO 2018, Provincial Treasury

PART B: MUNICIPAL PERFORMANCE FOR 2017/2018 FINANCIAL YEAR

CHAPTER 1

GOVERNANCE

1.1. INSTITUTIONAL ARRANGEMENT AND CAPACITY BUILDING

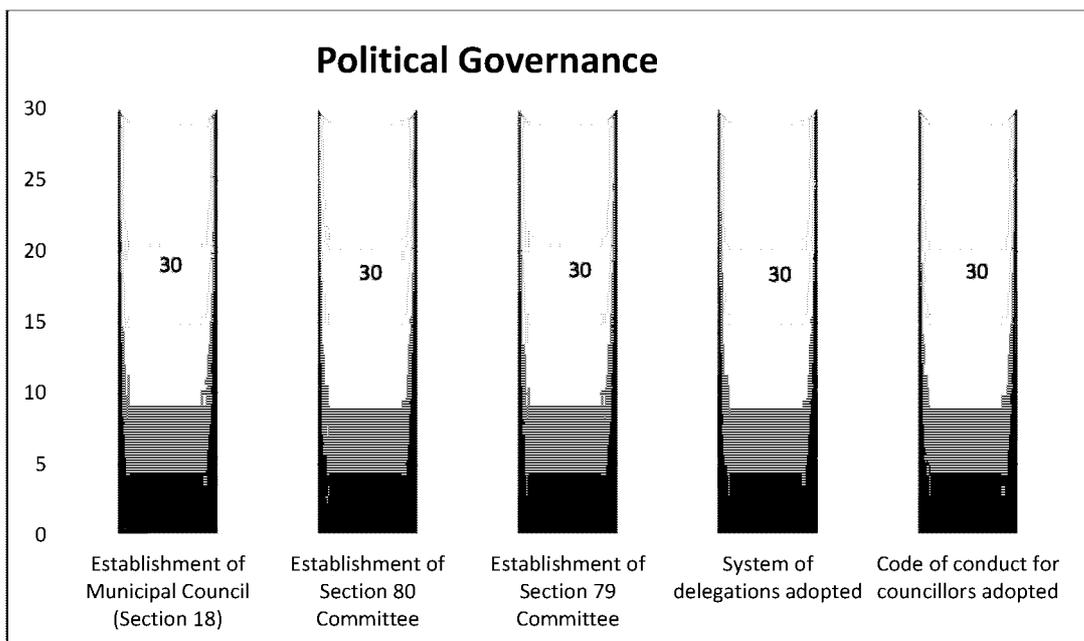
1.1.1 Political Governance

After the 2016 Local Government Elections, municipalities had a total number of 835 council seats across all municipalities in the Western Cape Province. 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 the remaining 92 seats were obtained by other Political Parties/or Independents. The Democratic Alliance still maintained its control in 21 municipalities and governed in coalition with other parties or independents in seven (7) municipalities.

Political Governance in municipalities is vested in the Municipal Council and its Committees. The Municipal Council performs both legislative and executive functions. A municipality is established by the MEC for local government by means of a section 12 notice, referring to section 12 of the Municipal Structures Act. Among other things, this notice determines the choice between having an executive mayor, executive committee or no separate executive at all. The Western Cape municipalities have opted for the option of Mayoral Committee system. It focuses on legislative, oversight and participatory roles, and has delegated its executive function to the Executive Mayor and the Mayoral Committee. Its primary role is to debate issues publicly and to facilitate political debate and discussion. Apart from their functions as policy makers, councillors are also actively involved in community as public representative with consultative responsibilities between the municipality and the citizens. Councils were conducting their meetings as per statutory requirements which indicates an overall level of stability and ability of councils to perform their functions. There were serious concerns in relation to accountability in Kannaland Municipality where they experienced difficulties to implement their financial recovery plan instituted in terms of Section 139 (5) of the Constitution intervention. The

Municipality has been experiencing serious governance and administrative challenges, overshadowed by excessive debts payable to its creditors.

Graph 3: Political Governance



Source: Municipal Annual Reports 2017/2018

All municipalities managed to establish their Councils as required by section 18 of the Municipal Structures Act. Municipal Councils have got powers to change and improve their delegations on an ongoing basis. Based on the information obtained from the annual reports, all 30 municipalities have adopted their system of delegations in line with Section 59 of the Municipal Systems Act, ensuring the maximisation of administrative and operational efficiency. Codes of conduct were adopted in accordance with the Municipal Systems Act.

1.1.2 Administrative Governance

Municipalities must, within their administrative and finance capacities establish and organise their administration 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.

Section 54A of the Municipal Systems Act requires that the Municipal Council appoint a municipal manager who is a head of administration of the municipal council. During the period under review, there were 29 out of 30 municipalities with Municipal Managers appointed. Only Laingsburg Municipality reported to have a vacant Municipal Manager position.

Section 56 of the same Act states that a municipal council after consultation with the municipal manager must appoint a manager directly accountable to the municipal manager. The Western Cape municipalities had a total of 127 managers directly accountable to municipal manager positions. Only 110 Section 56 posts were filled across the Province which is a slight decrease as compared to the previous financial year. All municipalities with vacant posts had decided 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 stable administratively and able to perform their delegated responsibilities.

Section 57 of the Municipal Systems Act requires that a person appointed as a municipal manager and a person appointed as manager directly accountable to the municipal manager may be appointed to that position only in terms of a written contract and also conclude a performance agreement annually. All municipal managers and managers directly accountable to the municipal managers have signed and submitted to the MEC for Local Government performance agreements. Municipalities ensured that all performance agreements of both Section 54 as well as Section 56 appointments were aligned to the strategic objectives of the IDP.

A municipality should ensure that its recruitment, employment and career development practices are aligned to the objectives of the Employment Equity Act, 1998 (Act 55 of 1998). These obligations include the development and adoption of appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration. In keeping with these obligations, National Government has set targets for improving representation of women and people with disabilities at senior management level. Senior management appointments at municipalities however continue to be largely constituted of male appointees. During 2017/2018, 20 women were appointed at the senior management level across municipalities, which is a slight increase from the 19 appointments in the previous financial year.

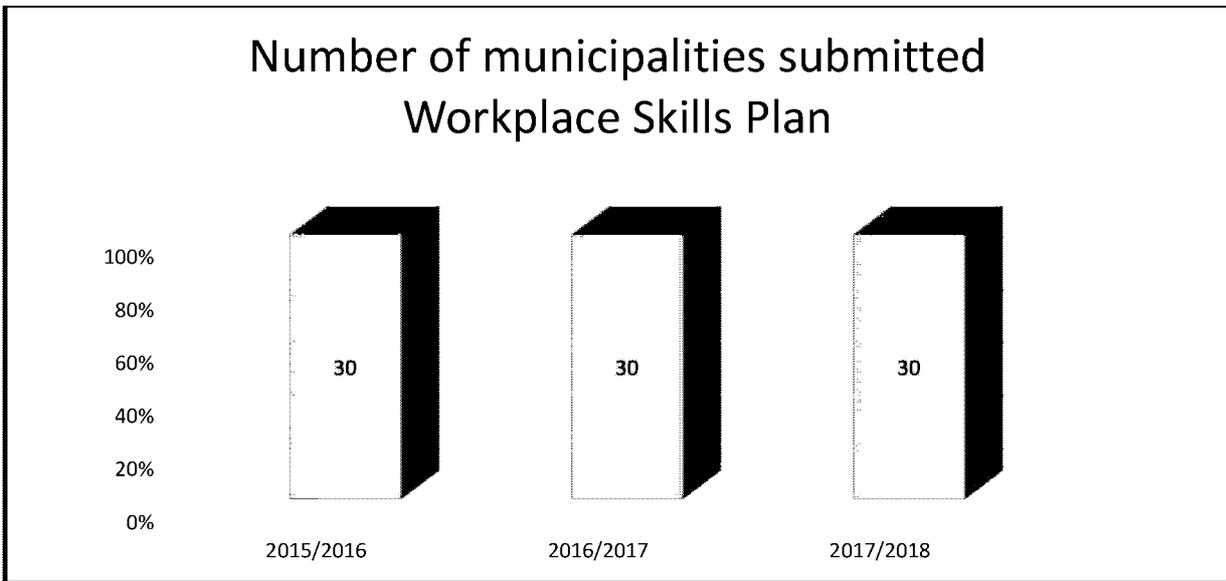
1.1.3 Workplace Skills Plan

Section 68(1) of the Municipal 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)”.

Municipalities are required to annually assess the skills of their personnel and develop a workplace skills plan, thereafter the plan must be submitted to the Local Government Sector Education Training Authority (LGSETA). All municipalities across the Province have submitted workplace skills plans for the past three years. Various capacity and skills development initiatives were provided by municipalities, which include, amongst others, Municipal Minimum Competency, Project Management Training, End User Computing, Supply Chain Management, Admin and Telematic

Water learnership and Local Government Accounting Certificate. Graph 4 below shows the number of municipalities complied in the past three years.

Graph 4: Submission of Workplace Skills Plan

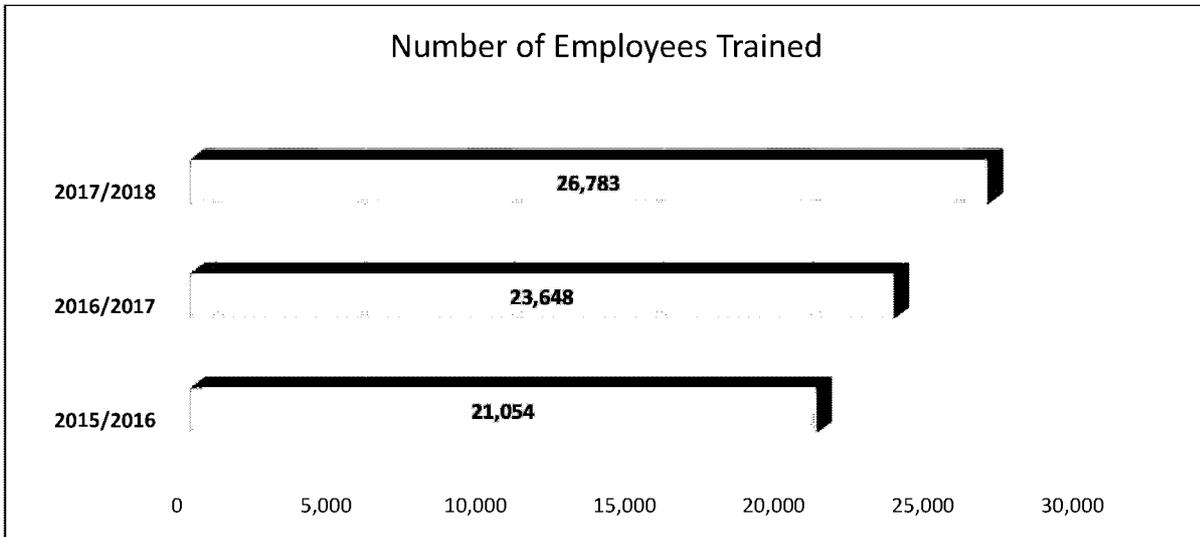


Source: Municipal Annual Reports 2017/2018

1.1.4 Skills Development and Training

Western Cape municipalities continued to experience challenges with regard to attracting and retaining skilled staff during 2017/18. This was as a result of, amongst other, budget constraints and a shortage of the required skills. Within this context, municipal capacity building and skills development initiatives were of central importance. Most municipalities have spent their personnel budget in enhancing and capacitating their employees with the necessary skills to perform their duties. During the 2017/2018 financial year, municipalities ensured capacitation of about 26 783 employees during the current financial year. Graph 5 below indicates the number of personnel trained.

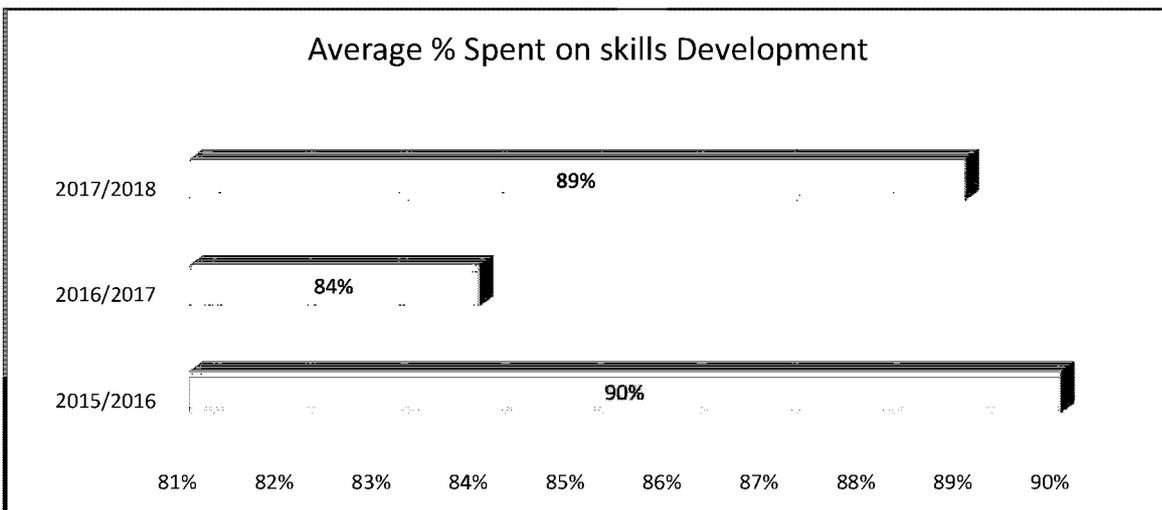
Graph 5: Capacity Development training



Source: Municipal Annual Reports 2017/2018.

An average 89% expenditure on Workplace Skills Plan, which is an improvement as compared to the previous financial year. The below graph depicts the average percentage spent on skills development from personnel budget.

Graph 6: Percentage Spent on Skills Development



Source: Municipal Annual Reports 2017/2018

CHAPTER 2

ACCOUNTABILITY

2.1 PUBLIC PARTICIPATION

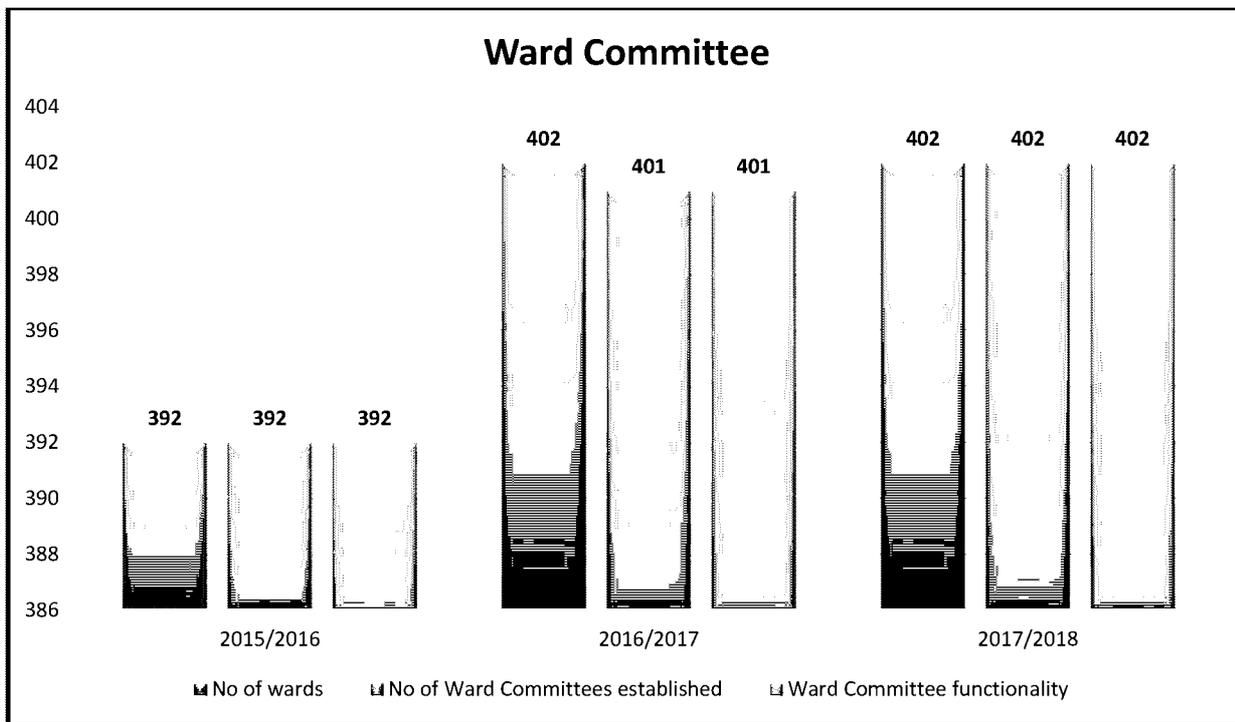
A key requirement for achieving good governance is effective public participation. Not only does public participation allow constituents to monitor the governance record of their elected officials, it also encourages the public to take an active interest in the performance of their municipality and region. 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.

2.1.1 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 2018, there were 402 wards across municipalities, of which all of them had ward committees established. Graph 7 below shows the number of functional ward committees in a period of 3 years while table 2 outlines functional ward committees in each municipality.

Graph 7: Ward Committees



Source: Municipal Annual Reports 2017/2018

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 2 below outlines the number of wards and functional ward committees in each municipality.

Table 2: Ward Committee Functionality

Municipality	No of Wards established	Ward Committee Functionality		
		2015/16	2016/17	2017/18
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
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
Bergivier	7	All 7 ward committees were functional	All 7 ward committees were functional	All 7 ward committees were functional
Saldanha Bay	14	All 13 ward committees were functional	All 13 ward committees were functional	All 14 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	33	All 31 ward committees were functional	All 33 ward committees were functional	All 33 ward committees were functional
Stellenbosch	22	All 22 ward committees were functional	All 22 ward committees were functional	All 22 ward committees were functional
Breede Valley	21	All 21 ward committees were 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	14	All 13 ward committees were functional	All 14 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	6	All 5 ward committees were functional	All 6 ward committees were functional	All 6 ward committees were functional
Swellendam	6	All 5 ward committees were functional	All 6 ward committees were functional	All 6 ward committees were functional

Kannaland	4	All 4 ward committees were functional	All 4 ward committees were functional	No information
Hessequa	9	All 8 ward committees were functional	All 9 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	27	All 25 ward committees were functional	All 27 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	11	All 10 ward committees were functional	All 11 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	6 of the 7 wards had committees established.	All 7 ward committees were functional

Source: Municipal Annual Reports 2017/2018

2.1.2 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 9 municipalities. The public satisfaction surveys conducted in municipalities were intended for different purposes e.g. Drakenstein Municipality conducted a customer satisfaction survey from 01 February until 31 May 2018 to establish the level of satisfaction experienced by the Municipality's customers while Hessequa Municipality conducted a survey focusing on the challenges backyard dwellers experienced and how the Council can prioritise planning and funding.

Overstrand Municipality reported that a client satisfaction survey was planned for the 2017/2018 financial year but due to civil unrest in Zwelihle township, the survey was postponed to the following financial year.

Table 3: Public Satisfaction Survey

MUNICIPALITY	CUSTOMER SATISFACTION SURVEYS UNDERTAKEN Y/N	WHEN WAS THE SURVEY CONDUCTED
City of Cape Town	Y	2018
Matzikama	Y	2018
Cederberg	N	-
Bergrivier	Y	2018
Saldanha Bay	Y	2018
Swartland	Y	2017
Witzenberg	Y	2017
Drakenstein	Y	2018
Stellenbosch	N	-
Breede Valley	N	-
Langeberg	N	-
Theewaterskloof	N	-
Overstrand	N	-

MUNICIPALITY	CUSTOMER SATISFACTION SURVEYS UNDERTAKEN Y/N	WHEN WAS THE SURVEY CONDUCTED
Cape Agulhas	N	-
Swellendam	N	-
Kannaland		
Hessequa	Y	2018
Mossel Bay	Y	2018
George	N	-
Oudtshoorn	N	-
Bitou	N	-
Knysna	N	-
Laingsburg	N	-
Prince Albert	N	-
Beaufort West	N	-

Source: Municipal Annual Reports 2017/2018

2.1.3 Citizen Participation and Community Development Workers Programme

Access to government services and information has the potential to improve the living conditions of citizens. The Thusong and Community Development Worker Programmes are central to contributing towards increasing access to government services and information to communities. For the year under review, over 1.3 million government services and information were accessed by citizens through Thusong Service Centres located in various municipalities and the Thusong Outreaches which are conducted in remote locations, including farming areas based on the needs of each community.

The 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 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 2017/18 financial year, CDWs provided support to 70 small scale initiatives aimed at improving access to economic opportunities across the Province. These initiatives are classified as food security and local economic development and contributed significantly towards making a positive impact on the lives of beneficiaries.

2.2 COMMUNICATION

The local government sphere has a legal obligation and a political responsibility to ensure regular and effective communication with the community. The Constitution of the Republic of South Africa, 1996 and other statutory enactments, impose an obligation on local government which require high levels of transparency, accountability, openness, participatory democracy and direct communication with the communities to improve the lives of all. Good customer care is clearly of fundamental importance to any organisation.

In fulfilling this obligation, Western Cape municipalities have developed, adopted and implemented their communication strategies. A successful communication strategy therefore links the people to the Municipality's programme for the year. The level of implementation is however not at a mature level in some municipalities. Some municipalities have reported that the communication system does exist, however it is not optimally utilised. Plans to ensure optimal use of the system are underway. Different communication platforms are utilised to reach the communities i.e. Website, Local radio station and newspapers, SMS system, Newsletters, Social Media platforms (Facebook, Twitter, WhatsApp etc). In strengthening the communication function, all municipalities actively participate in various intergovernmental communication forums i.e. District and Provincial Public Participation Communication (PPCOMM)

Information and Communication Technology Forum (ICTFORUM) and Communicators Technical (COMMTECH) Forums.

2.2.1 Information Communication Technology (ICT) Governance

Section 21(b) of the Systems Act requires municipalities to establish its own official website. The municipal website forms 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 to the publication of documents on the website.

Table 4: Documents Published on Municipal 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?		
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	
City of Cape Town	√		√		√		√		√		√			X	√		√		√		√		√		
West Coast	√		√		√		√		√		√		√		√		√		√		N/A		√		
Matzikama	√		√		√		√		√		√			X		X	√		√		√		√		
Cederberg	√		√		√		√		√		√		√		√		√		√		√		√		
Bergrivier	√		√		√		√		√		√		√			N/A	√		√		√		√		
Saldanha Bay	√		√		√		√		√		√		√		√		√		√		N/A		√		
Swartland	√		√		√		√		√		√		√				√		√		N/A		√		
Cape Winelands District	√		√		√		√		√		√			X		X		X		X		X		√	
Witzenberg	√		√		√		√		√		√		√		√				√		N/A		√		
Drakenstein	√		√		√		√		√		√			X	√		√		√			X		√	
Stellenbosch	√		√		√		√		√		√			X	√		√			X		X			X
Breede Valley	√		√		√		√		√		√		√		√		√		√		N/A		√		
Langeberg	√		√		√		√		√		√			X	√		√			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?	
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
Overberg District	√		√		√		√		√		√		√		√		√		√		√		√	
Theewaterskloof	√		√		√		√		√		√		X		√		√			N/A		N/A		N/A
Overstrand	√		√		√		√		√		√		√		√		√		√		√		√	
Cape Agulhas	√		√		√		√		√		√		√		X		√		√			X	√	
Swellendam	√		√		√		√		√		√		X		√		√			N/A		N/A	√	
Garden Route District	√		√		√		√		√		√		X		X		√			X		X	√	
Kannaland	√		√		√		√		√		X		X		X		X		X		X	√		
Hessequa	√		√		√		√		√		√		N/A		√		√		√			X	√	
Mossel Bay	√		√		√		√		√		√		√		√		√		√			N/A	√	
George	√		√		√		√		√		√		N/A		√		√		√			N/A	√	
Oudtshoorn	√		√		√		√		√		√		X		√			X		X		X		X
Bitou	√		√		√		X		√		√		X		X		√		X		X	X	√	
Knysna	√		√		√		√		√		√		N/A		N/A		√			N/A		N/A	√	
Central Karoo District	√		√		√		√		√		√		X		X		√			X		X		X
Laingsburg	√			X		X		X		X		√		X		√		X		X		X		X
Prince Albert	√			X		X		X		√		√		X		X		X		X		X		X
Beaufort West	√		√		√		√		√		√		√		√		√		√			N/A	√	

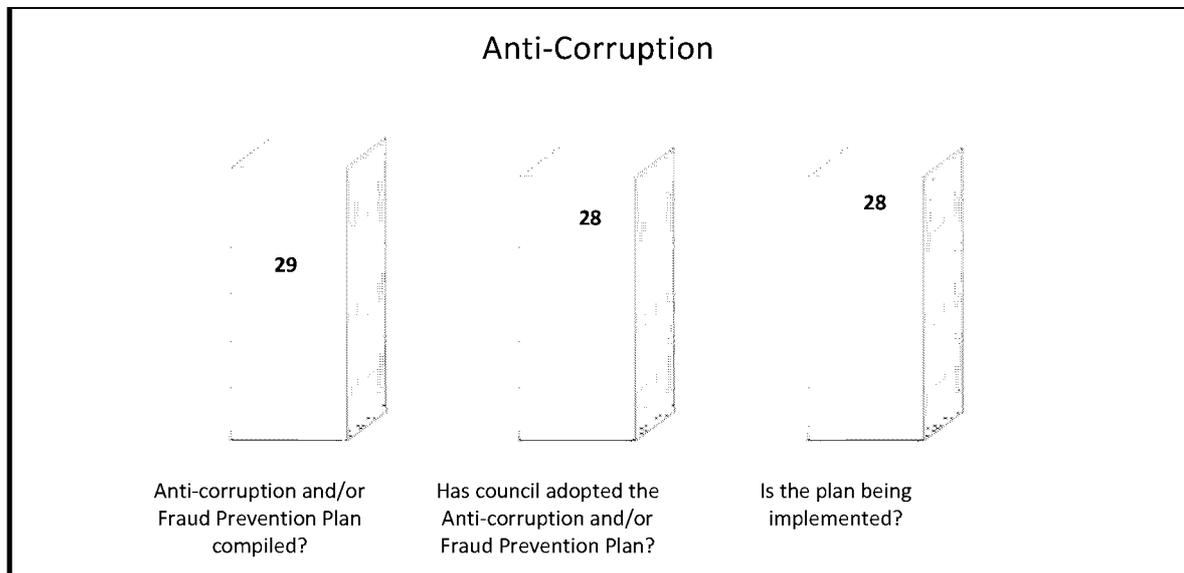
Source: Municipal Websites

2.3 CORPORATE GOVERNANCE

2.3.1 Anti-Corruption and Fraud Prevention

Section 83(c) of the Municipal Systems Act refers to the implementation of effective bidding structures to minimize the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identifies supply chain measures to be enforced to combat fraud and corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimize the likelihood of corruption and fraud.

Anti-corruption measures are an integral part of ensuring good governance at municipalities and promotes whistle-blowing for corrupt activities. With the exception of Oudtshoorn and Kannaland Municipalities, all municipalities have adopted anti-corruption and fraud prevention plans which are being implemented. Despite the Anti-corruption and Fraud Prevention Plan that is not adopted at Oudtshoorn, the Municipality reported that the internal audit unit is responsible for the whistle blowing hotline and the incident reporting register is in place. The graph below shows the status and implementation of Anti-corruption and Fraud Prevention Plans in municipalities.

Graph 8: Anti-corruption and Fraud prevention plans

Source: Municipal Annual Reports 2017/2018

2.3.2 Risk Management

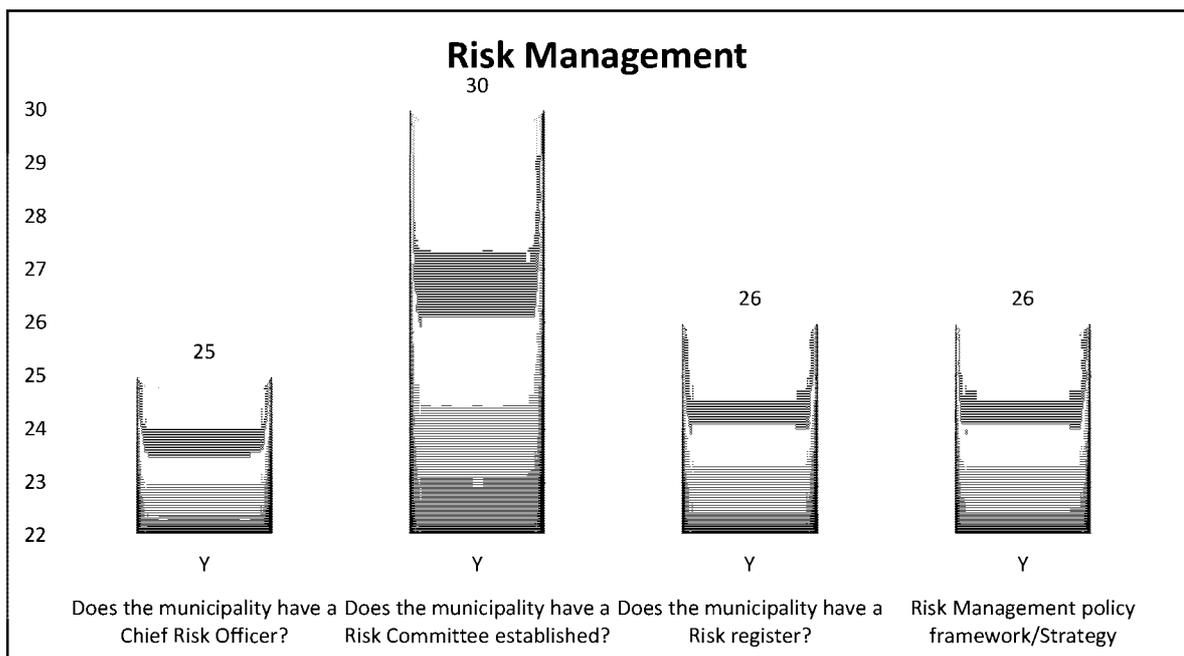
In terms of Section 62 (1)(c)(i) of the MFMA “the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent 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 Officer (CRO). CROs are tasked with the responsibility of establishing a risk management committee. During the year under review, all municipalities reported to have risk management committees established and functioning effectively. Due to capacity constraints in municipalities, some municipalities are using the internal

audit unit to fulfill the responsibilities of risk management. West Coast, Overberg and Central Karoo Districts have implemented risk management as a shared service and have appointed a service provider that reports to the risk management committee on a quarterly basis.

Only 26 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 9 below illustrates the number of municipalities fulfilling the risk management functions.

Graph 9: Risk Management



Source: Municipal Annual Reports 2017/2018

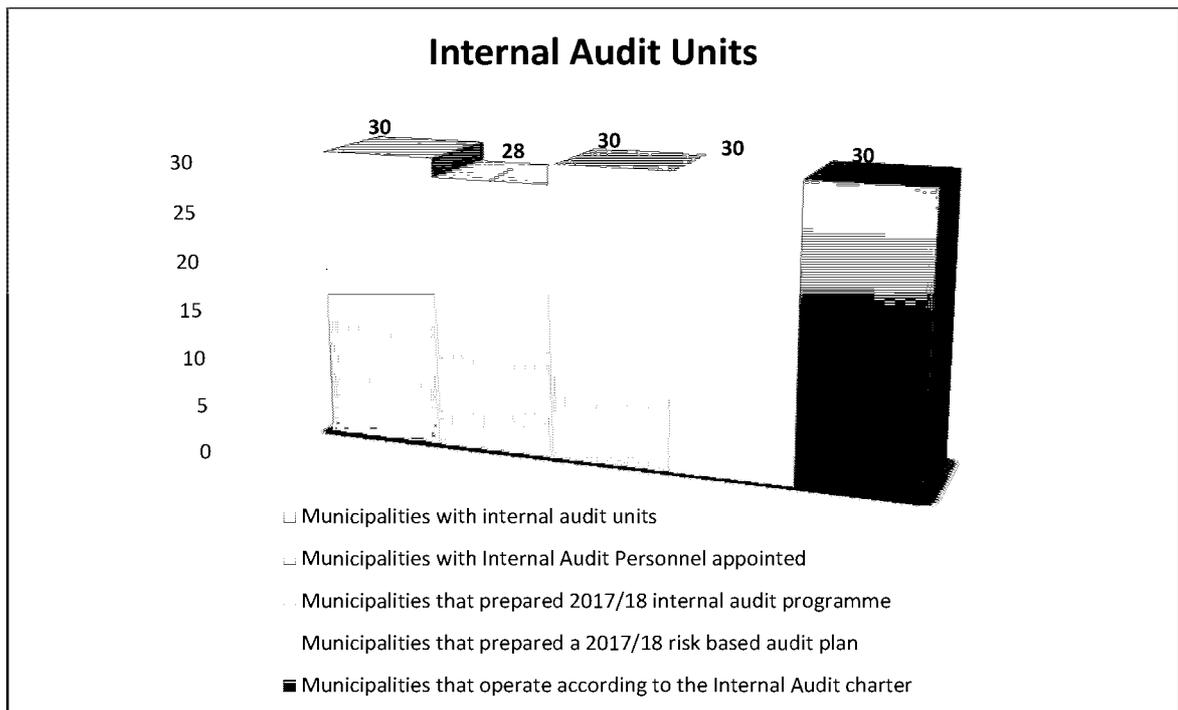
2.3.3 Internal Audit Units and Audit Committees

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 2018, 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) municipalities appointed a dedicated person to drive the internal auditing function while others are assisted by a service provider. It was also reported that all municipalities have prepared their 2017/18 internal audit programme, risk-based plans and are operating in accordance with the internal audit charter. Graph 10 below illustrates internal audit functionality in municipalities.

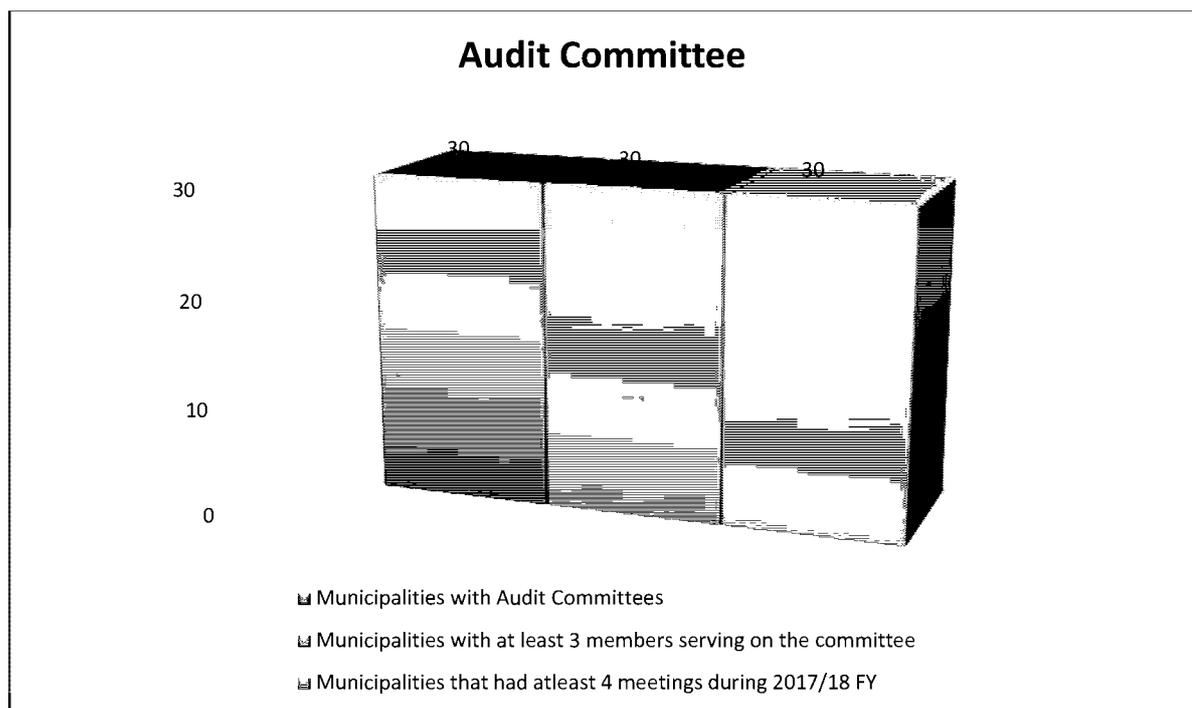
Graph 10: Internal Audit



Source: Municipal Annual Report 2017/2018

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 2017/18 financial year. Graph 11 below illustrates audit committee functionality in municipalities.

Graph 11: Audit Committee



Source: Municipal Annual Report 2017/2018

2.3.4 Council Oversight

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 5 below illustrates municipal compliance with regards to the tabling of the annual report and adoption of the oversight report by council.

Table 5: Annual Report Tabling and Oversight report

MUNICIPALITY	Financial Year	Annual Report Tabling	Oversight Report adoption	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected
City of Cape Town	2015/2016	26-Jan-17	29-Mar-17			
	2016/2017	19-Jan-18	28-Mar-18			
	2017/2018	31-Jan-19	27-Feb-19			
West Coast DM	2015/2016	07-Dec-16	27-Feb-17			
	2016/2017	06-Dec-17	06-Dec-18			
	2017/2018	05-Dec-18	21-Jan-19			
Matzikama	2015/2016	29-Nov-16	31-Jan-17			
	2016/2017	15-Jan-18	30-Mar-18			
	2017/2018	04-Dec-18	01-Feb-19			
Cederberg	2015/2016	31-Jan-17	31-Jan-17			
	2016/2017	12-Dec-17	31-Jan-18			
	2017/2018	10-Dec-18	08-Jan-19			
Bergrivier	2015/2016	24-Jan-17	28-Mar-17			
	2016/2017	30-Jan-18	30-Mar-18			
	2017/2018	22-Jan-19	26-Mar-19			
Saldanha Bay	2015/2016	24-Jan-17	23-Mar-17			
	2016/2017	28-Jan-18	22-Mar-18			

	2017/2018	30-Jan-19	16-Mar-19			
Swartland	2015/2016	26-Jan-17	23-Mar-17			
	2016/2017	31-Jan-18	29-Mar-18			
	2017/2018	31-Jan-19	28-Mar-19			
Cape Winelands DM	2015/2016	26-Jan-17	30-Mar-17			
	2016/2017	30-Jan-19	26-Mar-18			
	2017/2018	31-Jan-19	27-Mar-19			
Witzenberg	2015/2016	13-Dec-16	10-Feb-17			
	2016/2017	05-Dec-17	16-Jan-18			
	2017/2018	06-Dec-19	23-Jan-19			
Drakenstein	2015/2016	25-Jan-17	29-Mar-17			
	2016/2017	31-Jan-18	14-Mar-18			
	2017/2018	30-Jan-19	01-Mar-19			
Stellenbosch	2015/2016	29-Mar-17	29-Mar-17			
	2016/2017	30-Jan-18	28-Mar-18			
	2017/2018	30-Jan-19	27-Mar-19			
Breede Valley	2015/2016	24-Jan-17	24-Mar-17			
	2016/2017	22-Jan-18	06-Mar-18			
	2017/2018	03-Dec-18	21-Jan-19			
Langeberg	2015/2016	06-Dec-16	24-Jan-17			
	2016/2017	05-Dec-17	30-Jan-18			
	2017/2018	10-Dec-18	26-Feb-19			
Overberg District	2015/2016	30-Jan-17	30-Mar-17			
	2016/2017	29-Jan-18	26-Mar-18			
	2017/2018	28-Jan-19	18-Mar-19			
Theewaterskloof	2015/2016	24-Jan-17	23-Mar-17			
	2016/2017	24-Jan-18	08-Mar-18			
	2017/2018	24-Jan-19	20-Mar-19			
Overstrand	2015/2016	09-Jan-17	29-Mar-17			
	2016/2017	31-Jan-18	28-Mar-18			
	2017/2018	31-Jan-19	27-Mar-19			
Cape Agulhas	2015/2016	06-Dec-16	31-Jan-17			
	2016/2017	06-Dec-17	22-Jan-18			
	2017/2018	13-Dec-18	30-Jan-19			
Swellendam	2015/2016	25-Jan-17	30-Mar-17			
	2016/2017	31-Jan-18	27-Mar-18			
	2017/2018	31-Jan-19	28-Mar-19			
Garden Route District	2015/2016	30-Jan-17	31-Mar-17			
	2016/2017	22-Jan-18	14-Mar-18			
	2017/2018	28-Aug-18	06-Dec-18			
Kannaland	2015/2016	27-Jan-17	31-Mar-17			
	2016/2017	20-Mar-18	29-Mar-18			
	2017/2018					

Hessequa	2015/2016	12-Jan-17	08-Mar-17			
	2016/2017	30-Jan-18	28-Mar-18			
	2017/2018	30-Jan-19	28-Mar-19			
Mossel Bay	2015/2016	08-Dec-16	23-Jan-17			
	2016/2017	05-Dec-17	19-Jan-18			
	2017/2018	30-Jan-19	15-Mar-19			
George	2015/2016	25-Jan-17	29-Mar-17			
	2016/2017	31-Jan-18	28-Mar-18			
	2017/2018	31-Jan-19	18-Mar-19			
Oudtshoorn	2015/2016	23-Jan-17	31-Mar-17			
	2016/2017	31-Jan-18	24-Jan-18			
	2017/2018	25-Jan-19	18-Mar-19			
Bitou	2015/2016	31-Jan-17	31-Mar-17			
	2016/2017	31-Jan-18	20-Mar-18			
	2017/2018	31-Jan-19	31-Mar-19			
Knysna	2015/2016	26-Jan-17	23-Mar-17			
	2016/2017	25-Jan-18	23-Mar-18			
	2017/2018	30-Jan-19	19-Mar-19			
Central Karoo District	2015/2016	20-Jan-17	28-Mar-17			
	2016/2017	28-Jan-18	22-Mar-18			
	2017/2018	21-Jan-19	28-Mar-19			
Laingsburg	2015/2016	24-Jan-17	23-Mar-17			
	2016/2017	25-Jan-18	20-Mar-18			
	2017/2018	28-Jan-19	04-Jun-19			
Prince Albert	2015/2016	24-Jan-17	31-Mar-17			
	2016/2017	08-Dec-17	01-Feb-18			
	2017/2018	26-Nov-18	22-Jan-19			
Beaufort West	2015/2016	13-Jan-17	03-Mar-17			
	2016/2017	29-Mar-18	29-Mar-18			
	2017/2018	26-Jan-19	27-Mar-19			

Source: Municipal Annual Reports 2017/2018

CHAPTER 3

SERVICE DELIVERY

3.1 SERVICE DELIVERY PERFORMANCE

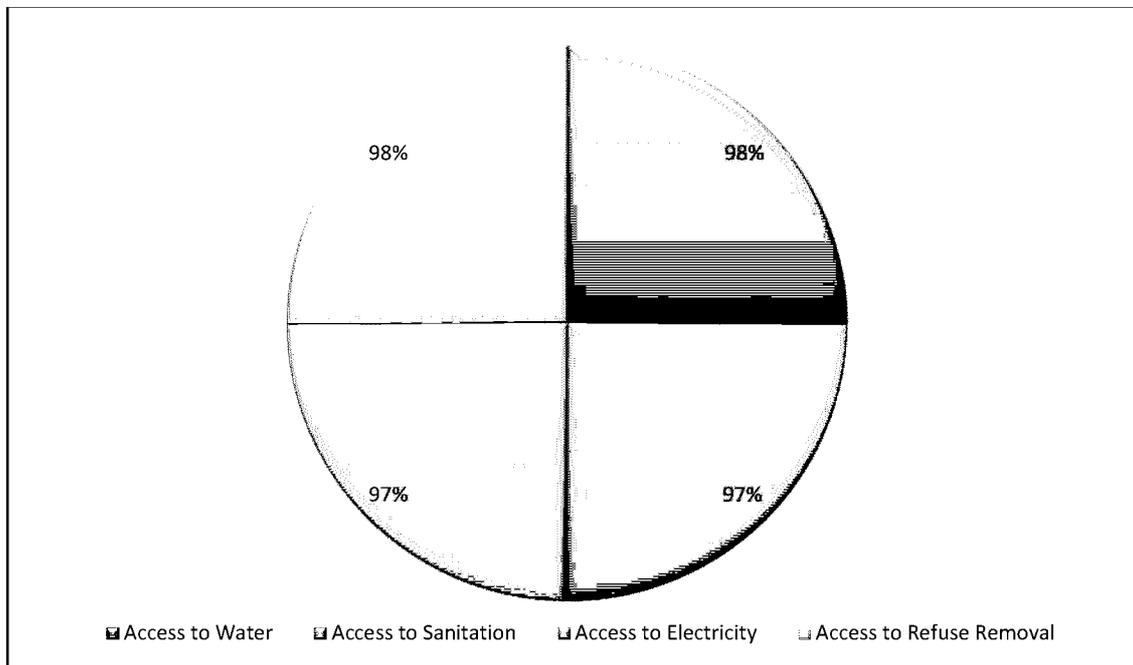
The Constitution of the Republic of South Africa (1996) states that municipalities have the responsibility to ensure that all citizens are provided with services to satisfy their basic needs. The provision of basic services has a direct and immediate effect on the quality of the lives of people in communities across the country. Municipalities are at the forefront of attempts to achieve high levels of service delivery. Service delivery has assumed centre stage in South Africa, due to highly publicized events related to wide-spread protests within various communities. This has put even greater pressure on municipalities to deliver on their mandates and to ensure effective service delivery.

A crucial aspect of this process is the provision of basic services such as water, electricity and sanitation for all communities. The historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a delicate balance between delivering and improving current services, maintaining existing infrastructure and extending the infrastructure to eradicate the backlog in service delivery.

The Department of Local Government must ensure that municipalities in the Province are fully functional to enable the delivery of infrastructure and municipal services. This chapter on service delivery attempts to give an indication of the performance of each municipality in the Western Cape during the municipal financial year ending June 2018. However, it needs to be noted that information received for this chapter is very limited due to the fact that information was often outstanding and incomplete.

Based on the information provided by the municipalities in their annual reports, the Western Cape municipalities seem to be performing above average as compared to other provinces. During the 2017/2018 financial year, the average percentage of households serviced are shown in the below graph.

Graph 12: WC Access to Basic Services



Source: Municipal Annual Reports 2017/2018

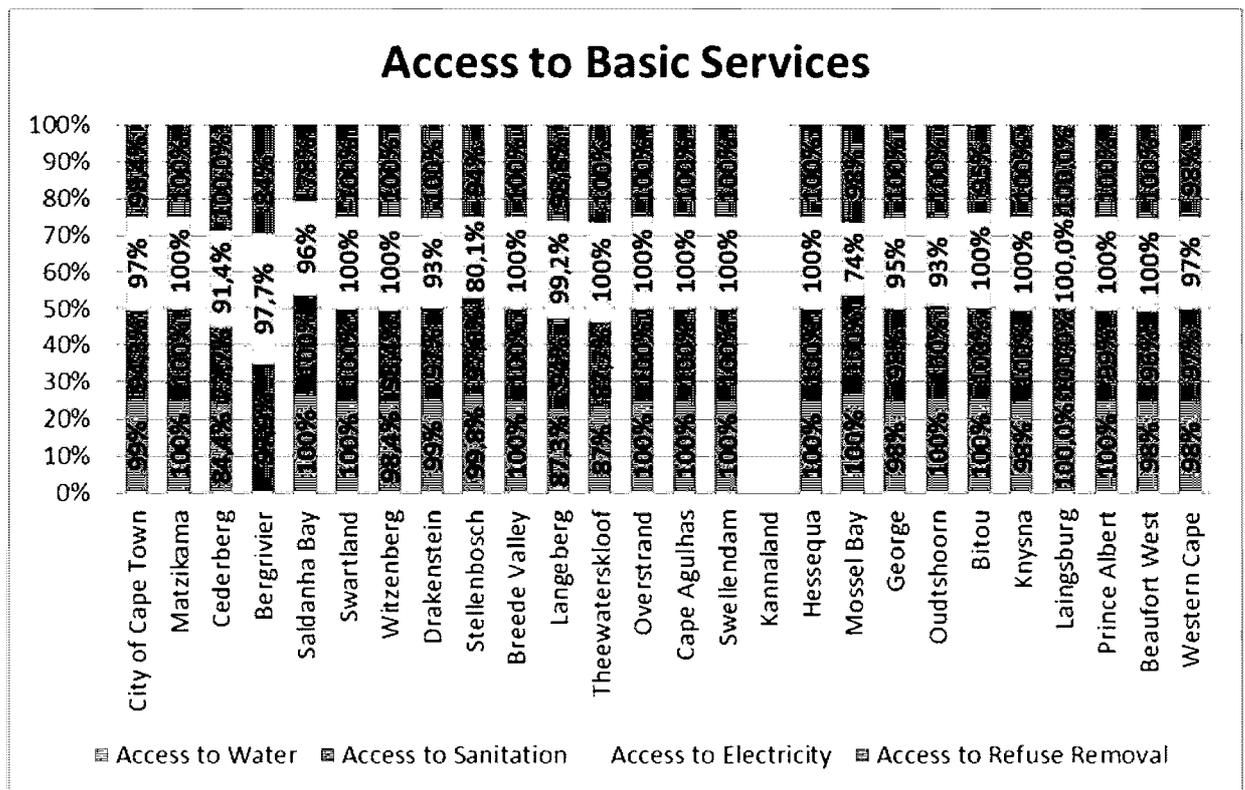
3.1.1 Provision of Basic Services

The Constitution of the Republic of South Africa, section 152 states that the objects of local government is to ensure the provision of services to communities in a sustainable manner. Basic services rendered to communities include water, sanitation, electricity, refuse removal, roads and stormwater. Water, electricity, waste water and refuse removal services are fundamentally important basic services to ensure a healthy and safe environment for all Western Cape citizens. Other services include planning and economic development, environmental, housing, library, cemeteries, community, sport and recreation, traffic as well as fire and disaster management services. Graph 14 below illustrates the percentage of households with access to basic services per municipality.

The reported number of households with access to basic services is only concentrated at households within each municipal jurisdiction, which excludes private properties such as farms. Municipalities still struggle to provide services

adequately due to challenges related to immigration of people, vandalism and copper theft in their areas. This also includes challenges such as illegal electricity connections in the informal areas.

Graph 13: Access to Basic Services



Source: Municipal Annual Reports 2017/2018

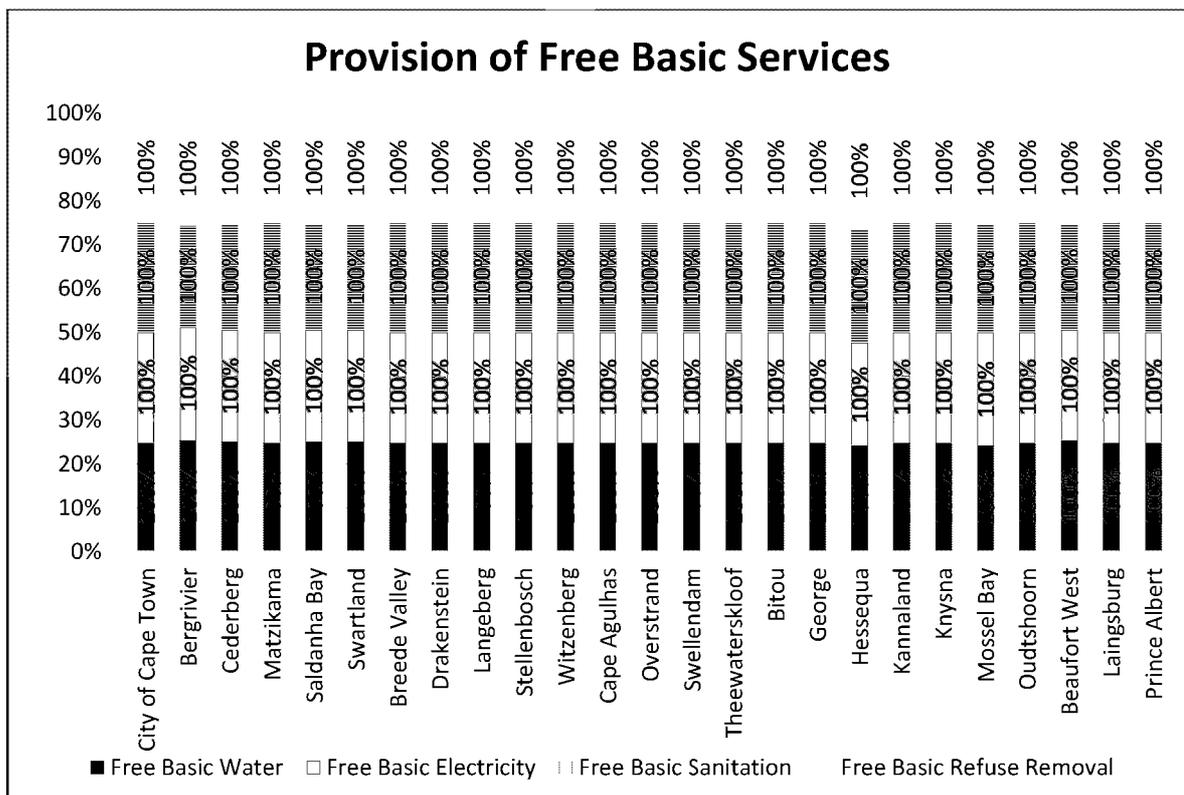
3.1.2 Provision of Free Basic Services

In an attempt by National Government to address the plight of the poor and ensure that all citizens have access to basic services, the Free Basic Services Programme was created. This policy was adopted in 2000, after government announced its intention to provide free access to basic services in the fight against poverty. It requires municipalities to adopt indigent policies and draw up registers of indigent households that are within their jurisdiction in order to provide free basic services to those people who have been registered as indigent. For those citizens who are unable to afford basic services,

government has put in place a social package which provides indigent households with free basic services, which includes 6KL of water, 50 kWh of electricity, free sanitation and weekly refuse removal.

Western Cape municipalities have continued to provide nationally mandated free basic services to registered indigent households within their areas during the 2017/18 financial year. Out of 1 849 767 households in the Province, 372 426 were registered as indigent households, which translates to 20% of the total households. Over and above the national standards stipulated in the national indigent policy, municipalities in their policies have put procedures in place that allow their residents to receive more than what is required in terms of the national policy. Generally, municipalities provided between 6kl of free basic water, 50kWh to 100Kwh of free basic electricity, free basic sanitation and weekly refuse removal. The graph below illustrates provision of free basic services by individual municipalities.

Graph 14: Free Basic Services



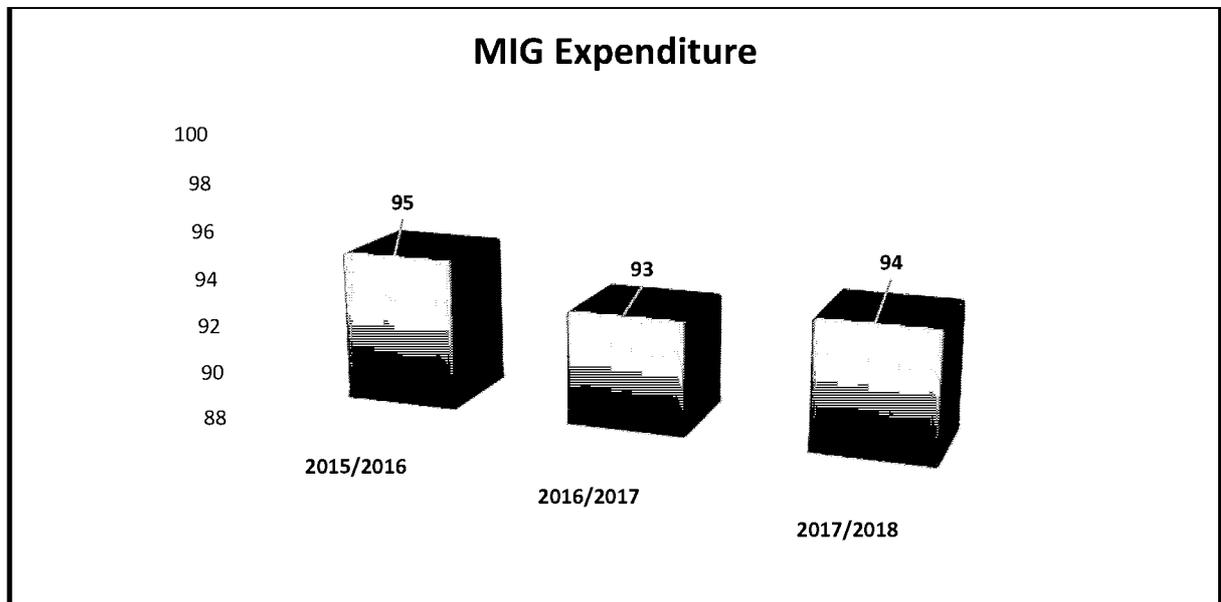
Source: Municipal Annual Reports 2017/2018

3.1.3 Municipal Infrastructure Grant

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 2018 was at 94% which is slightly higher than the 93% in the previous financial year. Langeberg, Overstrand and Hessequa Municipalities had the lowest MIG expenditure as at June 2018. 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 15: Municipal Infrastructure Grant

Source: Western Cape MIG Expenditure Report as at June 2018

3.1.4 Provision of Human Settlements (Housing)

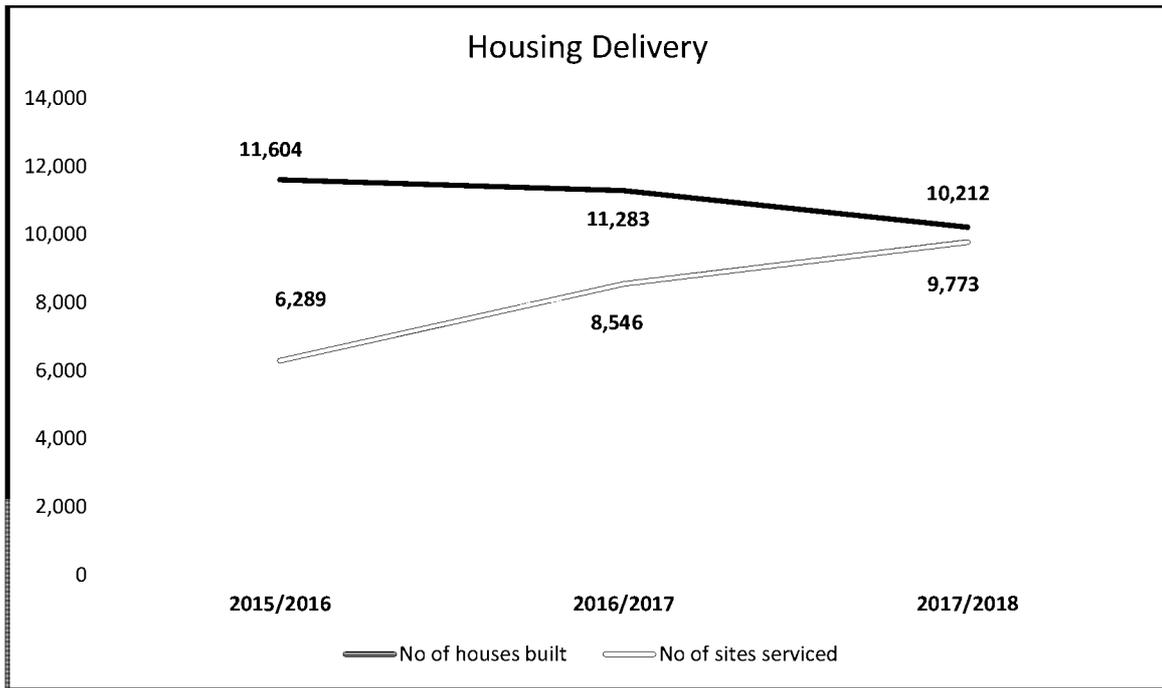
In terms of Part A of Schedule 4 of the Constitution, housing is a concurrent National and Provincial competency. Section 10 of the Housing Act, 1997 (Act 107 of 1997) sets out the responsibilities of municipalities in relation to the provision of housing. There is a direct correlation between the provision 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 10 212 houses were built and 9 773 serviced sites completed during 2017/2018.

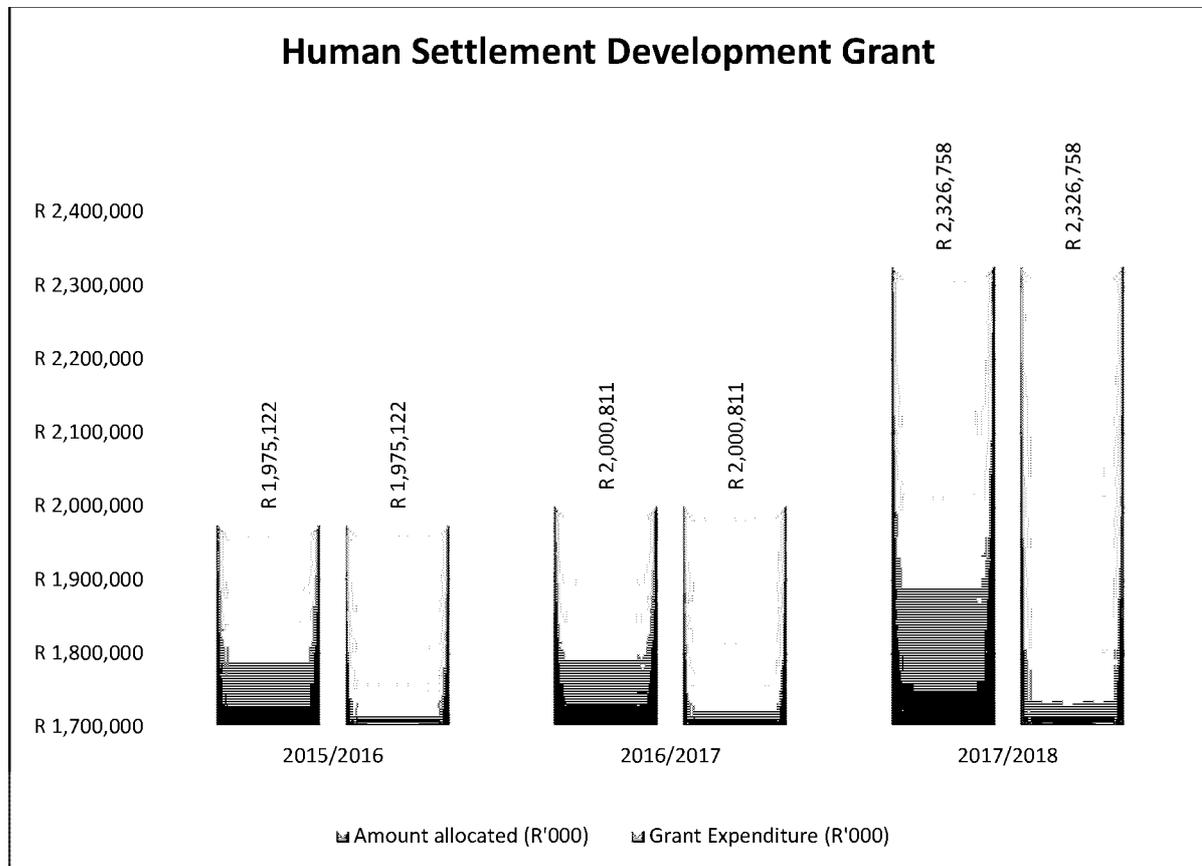
With regards to addressing security of tenure by responding to the backlog in the provision of title deeds, the Department of Human Settlements transferred a total of 9 793 title deeds to qualifying beneficiaries, which is significantly above

their target of 7000. Graphs 16 and 17 illustrate the delivery of housing and serviced sites as well as grant expenditure against the Division of Revenue Act for the past three financial years whilst Table 6 below details housing provision per municipality.

Graph 16: Housing Delivery



Source: Department of Human Settlements Annual Report 2017/2018.

Graph 17: Human Settlement Grant Expenditure

Source: Department of Human Settlements Annual Report 2017/2018.

Table 6: Housing Delivery per Municipality

Municipality	Programme	Delivery	
		Serviced Sites	Housing Units
City of Cape Town	Integrated Residential Development Programme (IRDP)	3 231	2 809
	People's Housing Process	-	2 383
	Social Housing Programme	-	28
	Upgrading of Human Settlements Programme (UISP)	59	-
Breede Valley	Integrated Residential Development Programme	-	113
Drakenstein	Integrated Residential Development Programme	56	34

	Peoples Housing Process	-	12
Langeberg	Integrated Residential Development Programme	-	358
Stellenbosch	Upgrading of Informal Settlement Programme	119	-
Witzenberg	Integrated Residential Development Programme	-	207
Cape Agulhas	Integrated Residential Development Programme	841	-
Overstrand	Integrated Residential Development Programme	489	-
Swellendam	Integrated Residential Development Programme	-	35
Theewaterskloof	Peoples Housing Process	-	133
	Upgrading of Informal Settlement Programme	103	-
	Integrated Residential Development Programme	-	24
Prince Albert	Integrated Residential Development Programme	-	150
Beaufort West	Integrated Residential Development Programme	550	-
George	Integrated Residential Development Programme	165	-
	Upgrading of Informal Settlement Programme	189	-
	Peoples Housing Process	-	199
Hessequa	Integrated Residential Development Programme	-	107
Knysna	Upgrading of Informal Settlements Programme	242	-
	Integrated Residential Development Programme	260	-
	Peoples Housing Process	-	105
Mossel Bay	Peoples Housing Process	-	24
	Integrated Residential Development Programme	-	160
Oudtshoorn	Integrated Residential Development Programme	112	290
Matzikama	Integrated Residential Development Programme	-	62

Saldanha Bay	Integrated Residential Development Programme	62	100
	Peoples Housing Process	-	44
Swartland	Integrated Residential Development Programme	252	-
	Peoples Housing Process	-	8
	Community Residential Units	-	152
Other housing programmes (Individual Housing Subsidy Programme, and Enhanced Extended Discount Benefit Scheme (EEDBS))		3 043	2 675
Total		9 773	10 212

Source: Department of Human Settlements Annual Report 2017/2018

3.2 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.

3.2.1 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.

3.2.2 District Municipal Advisory Forums

All district municipalities including the Cape Winelands, Garden Route, 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.

CHAPTER 4

FINANCIAL MANAGEMENT

4.1 FINANCIAL PERFORMANCE

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

4.1.1 Performance against budget

The total actual operating revenue for the 2017/2018 financial year amounted to R54.5 billion (R52,7 billion 2016/17) while the total actual operating expenditure amounted to R49.9 billion (R48,9 billion 2016/17). The average revenue/expenditure variance is a measurement of the performance of municipalities when comparing the budgeted revenue/expenditure (expected revenue/expenditure) versus the actual revenue/expenditure generated/spent. This is an indication of the municipalities ability to accurately plan/forecast.

Table 7 reveals that there were 12 municipalities who were within the 2 % variance threshold when comparing the budgeted (planned) revenue to be generated versus the actual revenue. Similarly, only 5 municipalities were within this threshold when analysing the projected expenditure against the actual expenditure incurred.

Concern is raised that at nine (9) municipalities the expenditure incurred exceeds the revenue generated. It appears that the identified nine (9) municipalities take longer than the norm of 30 days to collect revenue, but pay their creditors within a 30-day period.

Table 7: 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	36 670 181	37 378 473	101,9	36 412 741	33 514 522	92,0
Matzikama	299 197	273 139	91,3	299 160	290 088	97,0
Cederberg	268 661	248 218	92,4	284 884	269 324	94,5
Bergrivier	314 176	293 885	93,5	321 155	291 303	90,7
Saldanha Bay	1 097 619	1 100 149	100,2	1 052 103	956 443	90,9
Swartland	725 869	717 682	98,9	638 208	580 452	91,0
West Coast DM	362 000	362 233	100,1	311 761	311 761	100
Witzenberg	560 918	596 656	106,4	617 632	513 432	83,1
Drakenstein	2 031 705	1 938 251	95,4	2 171 842	2 087 172	96,1
Stellenbosch	1 614 611	1 609 913	99,7	1 575 255	1 345 768	85,4
Breede Valley	1 026 602	927 868	90,4	1 023 723	957 098	93,5
Langeberg	660 708	627 975	95,0	655 646	616 634	94,0
Cape Winelands DM	403 785	381 804	94,6	392 486	352 927	89,9
Theewaterskloof	489 307	483 421	98,8	508 561	464 573	91,4
Overstrand	1 097 259	1 098 435	100,1	1 052 197	993 453	94,4
Cape Agulhas	305 125	292 839	96,0	314 632	290 748	92,4
Swellendam	241 437	246 593	102,1	243 593	237 279	97,4
Overberg DM	178 193	186 069	104,4	190 503	188 430	98,9
Kannaland						
Hessequa	460 831	457 035	99,2	435 962	404 573	92,8
Mossel Bay	980 582	981 774	100,1	939 462	871 752	92,8
George	1 751 392	1 759 815	100,5	1 798 068	1 787 937	99,4

Oudtshoorn	452 770	369 926	81,7	424 604	385 006	90,7
Bitou	614 421	620 535	101,0	551 613	542 197	98,3
Knysna	825 602	779 008	94,4	797 170	774 585	97,2
Garden Route DM	384 100	395 420	102,9	379 419	389 432	102,6
Laingsburg	79 482	84 009	105,7	87 514	78 305	89,5
Prince Albert	70 995	65 769	92,6	71 197	67 427	94,7
Beaufort West	265 436	272 911	102,8	289 534	295 198	102,0
Central Karoo DM	44 955	47 404	105,4	79 762	81 817	102,6

Source: Municipal Annual Financial Statements 2017/2018

4.1.2 Capital Expenditure

Municipalities are expected to spend at least 80 % of their capital budgets in line with the Provincial norms (refer to Treasury Circular Mun No 4/2015). Municipalities in the Province spent an average of 82.4% of their adjusted capital budgets in the 2017/2018 financial year. This translates to an average under spending of 17.6%. Eleven (11) municipalities namely, City of Cape Town, Matzikama, Cederberg, Saldanha Bay, Breede Valley, Theewaterskloof, Hessequa, George, Knysna, Laingsburg and Prince Albert have under spent by more than 20% of its adjusted capital budgets. This table indicates the percentage of capital budget spent by municipalities as at June 2018.

Table 8: Capital Expenditure

Municipality	Adjusted Budget	Actual expenditure	YTD Expenditure
	R'000	R'000	%
City of Cape Town	7 864 473	5 725 520	72,8
Matzikama	62 197	40 205	64,6
Cederberg	76 517	45 684	59,7
Bergrivier	34 211	31 382	91,7
Saldanha Bay	319 471	238 421	74,6
Swartland	110 073	100 408	91,2
West Coast DM	9 335	8 106	86,8

Witzenberg	66 217	63 809	96,4
Drakenstein	654 679	652 978	99,7
Stellenbosch	499 855	433 682	86,8
Breede Valley	256 560	201 022	78,4
Langeberg	58 674	53 626	91,4
Cape Winelands DM	20 320	18 270	89,9
Theewaterskloof	130 284	87 214	66,9
Overstrand	116 620	105 207	90,2
Cape Agulhas	34 217	32 033	93,6
Swellendam	23 773	19 140	80,5
Overberg DM	4 470	5 332	119,3
Kannaland			
Hessequa	90 682	62 292	68,7
Mossel Bay	152 995	137 836	90,1
George	350 685	269 131	76,7
Oudtshoorn	67 705	58 052	85,7
Bitou	121 995	113 062	93%
Knysna	64 240	46 035	71,7
Garden Route DM	4 677	5324	113,8
Laingsburg	16 118	10 770	66,8
Prince Albert	46 324	34 617	74,7
Beaufort West	88 326	79 779	90,3
Central Karoo DM	1495	1 201	80,3

Source: Municipal Annual Reports 2017/2018

4.1.3 Financial Position

The liquidity ratio is an indication of whether a municipality is financially liquid and if their current assets are sufficient to finance their current liabilities. The norm for the ratio is between 1.5 and 2.1 to 1. This indicates that for every R1 of short-term debt owed by the municipality, there should be at least R1,50 to R2,10 to meet these commitments. Municipalities with the highest liquidity risks appear to

be Matzikama, Cederberg and Drakenstein municipalities as their current liabilities exceeds their current assets. Table 9 below shows the current assets and liabilities of municipalities against the final budget for the financial 2017/2018 financial year.

Table 9: Current Assets and Liabilities

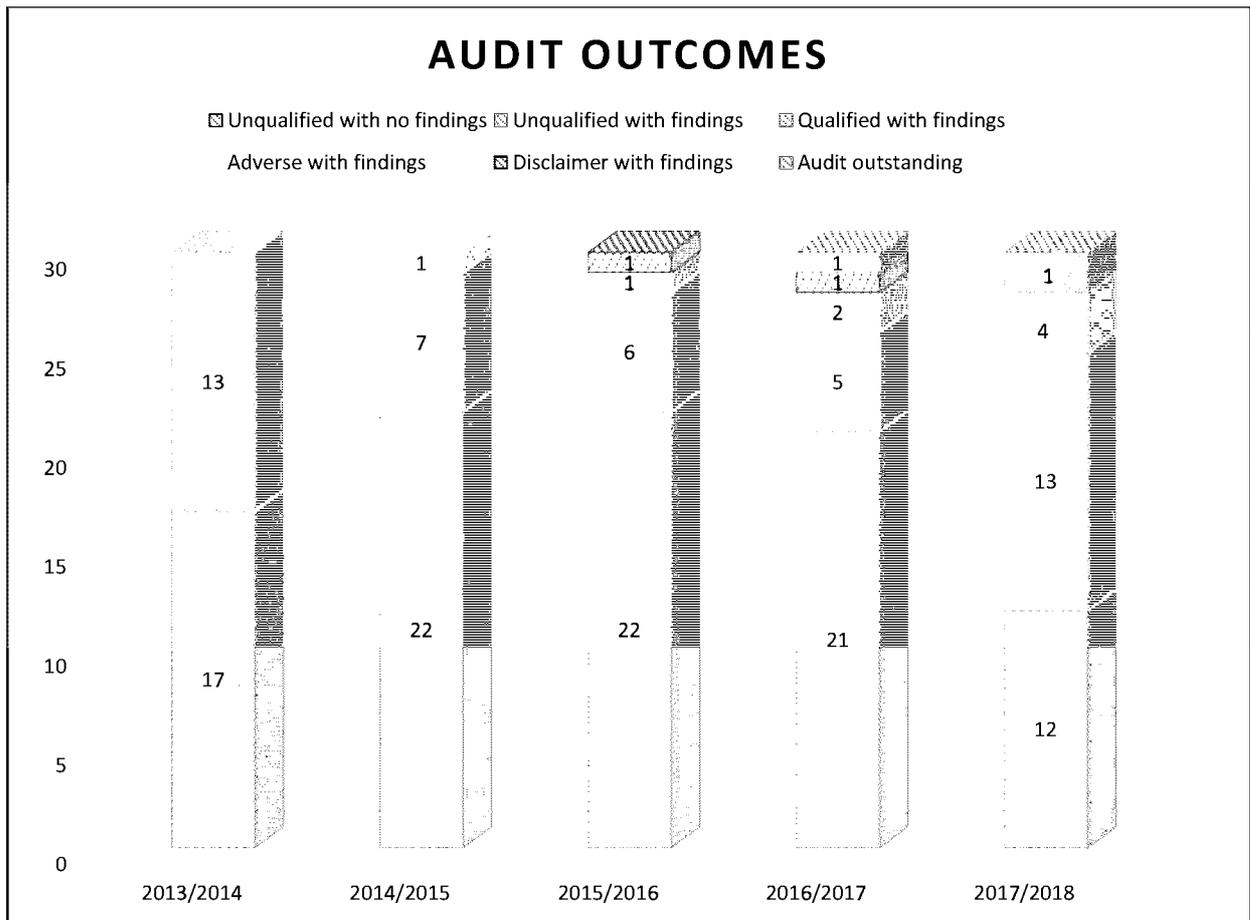
Municipality	Total Current Assets R'000	Total Current Liabilities R'000	Current Ratio
City of Cape Town	14 968 444	8 766 304	1,71
Matzikama	78 128	80 504	0,97
Cederberg	67 637	100 116	0,68
Bergrivier	169 481	44 793	3,78
Saldanha Bay	777 653	225 318	3,45
Swartland	561474	133 586	4,20
West Coast DM	290 503	41 395	7,02
Witzenberg	181 020	80 895	2,24
Drakenstein	643 243	679 423	0,95
Stellenbosch	920 735	420 649	2,19
Breede Valley	328 298	204 640	1,60
Langeberg	223 621	121 299	1,84
Cape Winelands DM	650 774	42 141	15,44
Theewaterskloof	133 180	91 944	1,45
Overstrand	641 418	220 580	2,91
Cape Agulhas	81 715	45 334	1,80
Swellendam	95 093	61 603	1,54
Overberg DM	41 562	31 069	1,34
Kannaland			
Hessequa	276 030	97 482	2,83
Mossel Bay	579 444	211 688	2,74
George	903 808	437 448	2,07
Oudtshoorn	122 965	115 388	1,07
Bitou	220 437	131 755	1,67
Knysna	243 499	166 876	1,46
Garden Route	185 596	58568	3,17
Laingsburg	23 864	20658	1,16
Prince Albert	34 915	7 926	4,41
Beaufort West	74 844	85 878	0,87
Central Karoo DM	17 612	15 054	1,17

Source: Municipal Annual Financial Statements 2017/2018

4.2 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 18 below depicts the audit outcomes of the Western Cape Province municipalities for the past five years.

Graph 18: WC Audit Outcomes for the Period 2013 - 2018



Source: Auditor General: General Report on 2017/2018

There was a significant regression in the number of municipalities who obtained clean audits in the previous financial year as the audit of nine (9) municipalities regressed. According to the Auditor General, the lapses in controls in certain municipalities were largely non-adherence to statutory submission dates of financial statements for auditing as well as non-adherence to supply chain requirements in confined areas already identified and actioned by management only after the audit. However, the Auditor General indicated that they do not believe that these lapses or control deviations are indicative of a systematic breakdown in the systems of internal control but their report had to reflect the occurrences to prevent management complacency.

Even though the Western Cape has had these lapses in the audit outcomes, it is important to note that twelve (12) municipalities have been consistently achieving clean audits. The twelve (12) municipalities included West Coast District, Matzikama, Cederberg, Bergrivier, Breede Valley, Overberg District, Overstrand, Cape Agulhas, Swellendam and Hessequa Municipalities. There were nine (9) municipalities that regressed during the 2017/2018 audit which included Saldanha Bay, Swartland, Drakenstein, Stellenbosch, Langeberg, Theewaterskloof, Mossel Bay, George and Prince Albert Municipalities. The Beaufort West Municipality's audit opinion improved from a disclaimer audit opinion in 2016/2017 to a qualified audit opinion in 2017/2018 financial year. The only municipality with audit outstanding during the drafting of this report was Kannaland Municipality.

CHAPTER 5

LOCAL ECONOMIC DEVELOPMENT

5.1 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 could 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 10: 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 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.
Drakenstein	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.
Theewaterskloof	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.
Garden Route 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).
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.
Beaufort West	LED Strategy was last reviewed in 2009/2010 but not approved. LED forum was established but not functional.

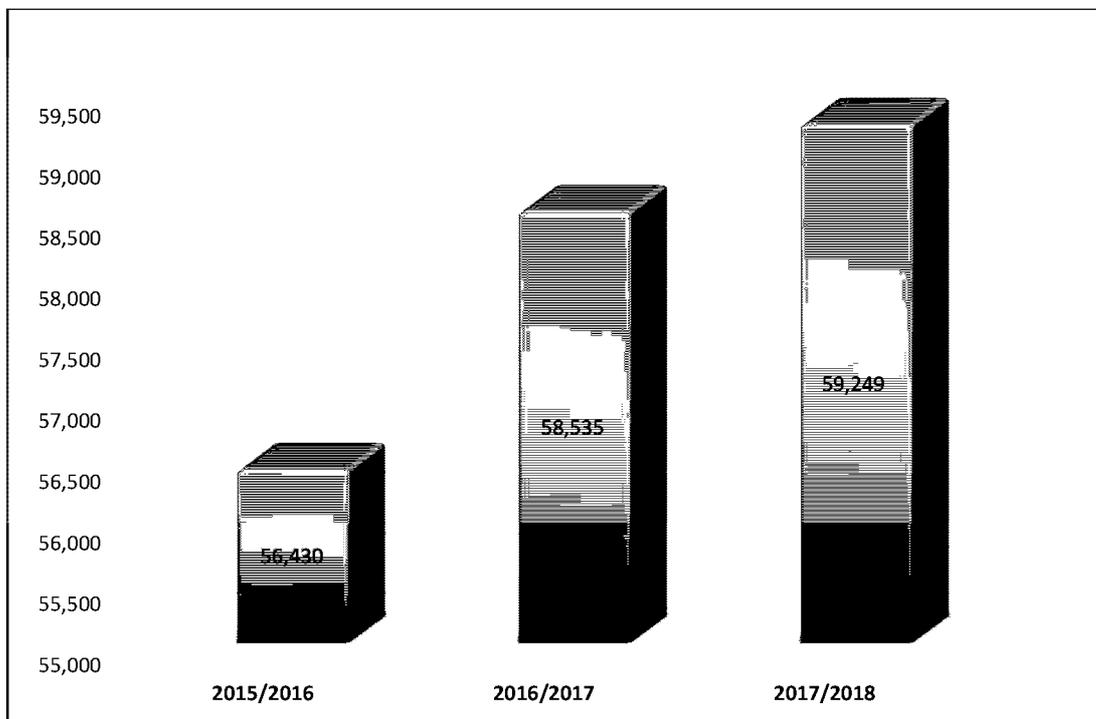
5.2 JOB OPPORTUNITIES

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).

Graph 19 below however illustrates that there has been a slight increase in the number of employment opportunities created through EPWP at municipalities in 2017/2018 as compared to the previous financial year.

Graph 19: Job Opportunities (EPWP)



Source: Municipal Annual Report 2017/2018

PART C: PROVINCIAL INITIATIVES IN SUPPORTING MUNICIPALITIES

CHAPTER 6

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 all levels of government. 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.

6.1 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

6.1.2 Enhanced Governance

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

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

6.1.3 Financial Sustainability

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

- a) Long term financial plan - Linking economic and financial sustainability – regarding the long term financial planning
- b) Municipal Standard Chart of Accounts (MSCOA) Implementation - Co-ordination between relevant role players.
- c) 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.
- d) Expenditure management - Closer monitoring of expenditure management is required.
- e) Revenue management - Closer monitoring of revenue management is required.

- f) 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.
- g) 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.
- h) 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.
- i) Standard for Infrastructure Procurement and Delivery Management (SIPDM) and SCM Delegations - Delegations have not been aligned to meet the SIPDM requirements.
- j) 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.
- k) 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.
- l) Asset management Capacity Building - Inadequate staff capacity, asset management and asset management training.
- m) 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.

6.1.4 Economic Sustainability

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

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

6.1.5 Public Value Creation

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

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

6.2 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.

6.2.1 Enhanced Governance

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

6.2.2 Financial Sustainability

- a) 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.
- b) Provincial Treasury to co-ordinate interventions with National Treasury, Provincial Government, the Municipalities as well as the vendors on MSCOA implementation and reporting.
- c) 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).
- d) Monitoring, support and guidance on expenditure management (capital and Opex budget).
- e) Monitoring, support and guidance on debt collection strategies and revenue management support.

- f) 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.
- g) 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.
- h) 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.
- i) 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.
- j) Review of the Asset Management (AM) Policy with the assistance of the Municipal Financial Management Improvement Project (MFMIP) advisor.
- k) 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.

- l) Provincial Treasury to arrange training on AM for the Asset Management Unit.
- m) 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.

6.2.3 Economic Sustainability

- a) 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
- b) 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.

6.2.4 Public Value Creation

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

- c) 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.

6.3 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. Garden Route 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 7

BACK TO BASICS

7.1 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. The following key themes were identified as 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.

7.2 IMPLEMENTATION OF THE BACK TO BASICS PROGRAMME IN THE PROVINCE:

The diagnostics assessment conducted in municipalities revealed that there are deficiencies in municipalities in the following areas:

- **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
 - Ageing Infrastructure
 - Co-Funding of Infrastructure Grants unaffordable
 - High 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 Municipalities, based on five (5) pillars of the programme focussing on the challenges highlighted during the diagnostic exercise. Thereafter the Back to Basics Support Plans were 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 of 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 meet on a monthly basis, until crucial challenges have 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 stakeholders are 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:
 - Providing 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 the Back to Basics Support Plans.
- The Municipal Manager 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 to 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 of 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 are 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 are 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 of 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 Statutes are in place.
- Roles and Responsibility of Councillors
- Code of Conduct for Councillors

Pillar 4: Capacity Building:

- Implementation of an Organisational Re-design 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.

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 polices 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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