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**PROVINCIAL NOTICE**

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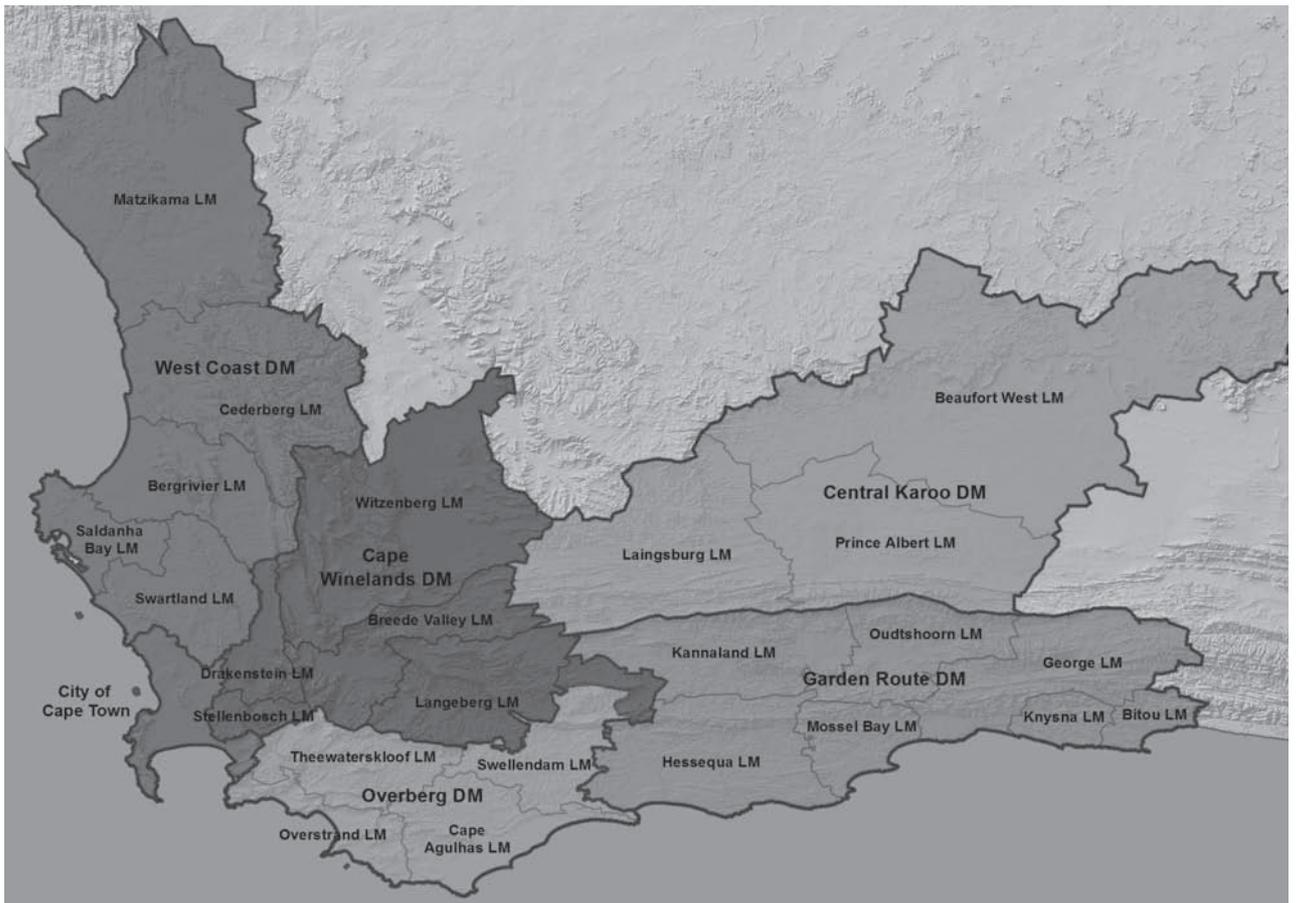
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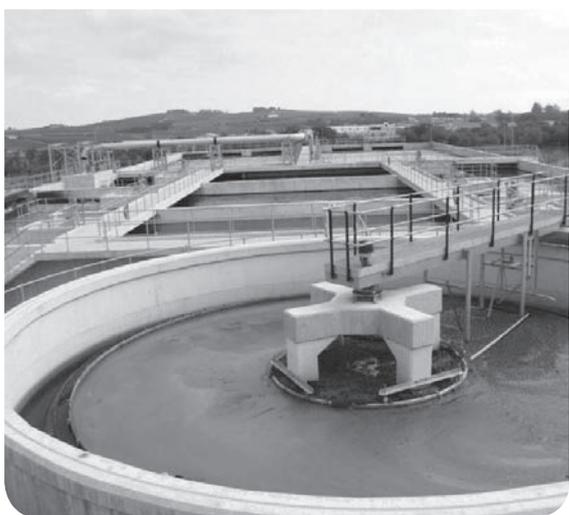
**Consolidated Annual Municipal  
Performance Report 2018/2019**  
Department of Local Government

# WESTERN CAPE MUNICIPALITIES



Consolidated Annual Municipal  
Performance Report 2018/2019  
Department of Local Government

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

## MINISTER'S FOREWORD

The Section 47 report is based on the performance of municipalities in the Western Cape and includes their key successes, identified challenges and the support interventions which were implemented during the 2018/19 financial year.

The key Municipal successes achieved during the year 2018/19 includes:

- 28 553 municipal employees trained in various programmes in order to better capacitate officials to perform their duties.
- All 402 wards across the Western Cape municipalities had ward committees established.
- All municipalities in the Western Cape have complied with the adoption of anti-corruption and fraud prevention plans.

It is critical that we as Government ensure that all citizens, especially the poor and vulnerable groups, have access to basic services. I can proudly state that all Western Cape municipalities have consistently achieved high levels of service provision across the various categories and have, in some cases, provided above the minimum services required in the National Indigent Policy.

The MIG programme is a key part of government's overall drive to alleviate poverty. Municipal infrastructure grant expenditure reached 93% in the 2018/19 financial year, which is a slight decrease from the 93,5% in the previous year. The challenges that contributed to this decrease have been addressed with the relevant municipalities.

The Western Cape faced with the worst drought recorded in 90 years. Despite the winter rains in 2018 and 2019, the Greater Karoo parts of the Province remain at a medium to high water security risk. The implementation of the Greater Karoo Drought Response Action Plan developed by my Department hugely

contributed to prevent a collapse in the water supply of municipalities in the greater Karoo area.

In 2018/19 the Western Cape municipalities achieved 28 unqualified audit opinions which included 13 municipalities who achieved a clean audit status. This is largely attributed to the good governance practices prioritised and implemented by the Western Cape Government as a whole. We have tried and tested various approaches to promote good governance and to strengthen the capacity of municipalities in the province.

It is important to note that municipalities provide services in a dynamic environment and must continuously evolve, to meet the needs of their communities. My Department is committed to support and capacitate municipalities to provide affordable and sustainable services to communities in an effective, efficient and economical way.

**A BREDELL**  
**Minister for Local Government,**  
**Environmental Affairs and Development**  
**Planning**

## EXECUTIVE SUMMARY

Section 152(2) of the Constitution of the Republic of South Africa requires municipalities to, within their administrative and financial capacity, establish and organise their administration to be responsive to the needs of local communities. Both the political and administrative components in a municipality should strive towards attaining good governance to meet this constitutional mandate. 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 the 2018/2019 financial year.

The Western Cape municipalities faced various challenges during this financial year such as the inability to attract suitably skilled professionals and unfunded budgets, to name a few. The high levels of underspending of capital budgets and the growing dependency on external funding at certain municipalities is still a challenge. These challenges have a big impact on the sustainability of municipalities in the medium to long term.

In relation to the institutional capacity of municipalities, it is encouraging to note that all 30 municipalities had Municipal Managers appointed. Transformation at senior levels, however, remains a concern as women account for only 13% of senior management positions.

The global economic growth slowed to 3.6 per cent in 2018, from 3.8 per cent in 2017. This weakened growth rate was evident in both advanced as well as emerging and developing economies. The South African economy is no exception. The South African economy slowed to 0.8 per cent in 2018, from 1.4 per cent in 2017. The domestic economic performance deteriorated even further in the first quarter of 2019 with a 3.2 per cent quarter-on-

quarter contraction recorded. This economic contraction resulted in the highest number of job losses in all major sectors, except Manufacturing which is estimated to have expanded in 2018 (MERO, 2019).

The report of the Auditor-General (AG) revealed an overall improvement in the audit outcomes for the 2018/19 audit cycle. There were however a few municipalities who regressed. According to the Auditor General report, the non-adherence to statutory submission dates of financial statements as well as the non-adherence to supply chain requirements, were some of the main reasons for lapses in controls at municipalities.

From a financial perspective, the total actual operating revenue for the 2018/2019 financial year amounted to R59,4 billion (R54,5 billion 2017/18) while the total actual operating expenditure amounted to R54,7 billion (R49,9 billion 2017/18). When evaluating the budgeted (planned) revenue to be generated versus the actual revenue generated, nine (9) municipalities were within the 2% variance threshold as compared to 11 municipalities in 2017/18. There is a concern that at nine (9) municipalities the expenditure incurred exceeded the revenue generated. Municipalities in the Province spent an average of 82,9% of their adjusted capital budgets in the 2018/2019 financial year as compared to 82,4% in 2017/18.

## PART A:

### INTRODUCTION

#### BACKGROUND AND PURPOSE OF THE REPORT

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 provides residents an opportunity to compare this to past performance and to the performance of other municipalities.

Each municipality is therefore expected to prepare an Annual Performance Report that reflects on the performance of the municipality 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 2018/2019 financial year. This is the fifteenth 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

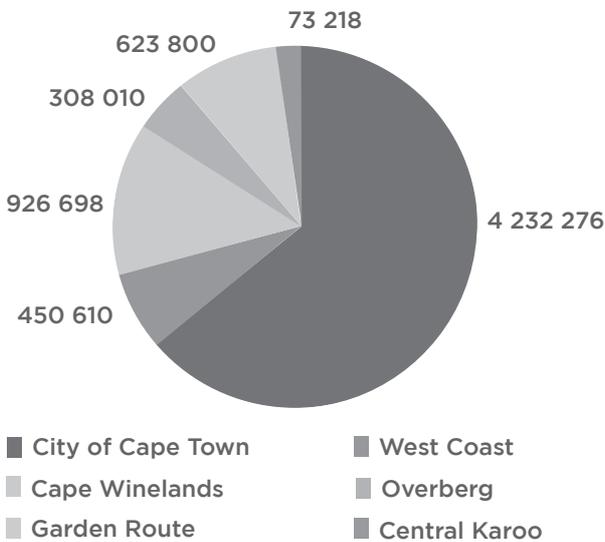
Report	Applicable legislation	Responsible entity/person	By when
Submission of financial statements	MFMA Section 126(1)	Municipalities	31 August (2 months after the end of a financial year)
Auditor-General to audit financial statements and submit report	MFMA Section 126 (4)	Auditor-General	30 November (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 time-frame in legislation – Only possible after receipt of all AG reports, municipal annual reports and municipal oversight reports
Submit consolidated municipal performance report to Provincial Legislature and Minister of Cooperative Governance	MSA Section 47	MEC for Local Government	As soon as possible after receipt of all municipal annual reports, including municipal performance reports and the oversight reports of the councils

### WESTERN CAPE POPULATION AND SOCIO-ECONOMIC OVERVIEW

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

For the year under review, the Western Cape Province had a total population estimated at 6 614 612 with 2 010 213 total number of households.

**Graph 1: Population per district**



Source: 2018/2019 Municipal Annual reports of District Municipalities

### WESTERN CAPE ECONOMIC PERFORMANCE

According to the Municipal Economic Review and Outlook, 2019, the Western Cape Province economy grew at an average of 2% between 2008 and 2017.

The Cape Metro economy was estimated at R407,3 billion contributing 71,7% to the Province’s Regional Gross Domestic Product (GDPR) in 2017. The economy in the Cape Metro grew at an average annual rate of 1,9% between 2008 and 2017 which is not significantly lower than the growth rate of the Western Cape province.

The Cape Winelands District economy was valued at R64,3 billion in current prices in 2017 which was a contribution of 11,5% to the GDPR of the Western Cape Province. In the period between 2008 and 2017, the size of the Cape Winelands District’s economy increased at an average of 2,4% which is above the 2,0% growth rate of the Western Cape Province.

The economy of the Garden Route District was valued at R43,2 billion in 2017 accounting for 7,6% of the Western Cape Province’s GDPR. The economy in the district also grew above that of the provincial economy between 2008 and 2017, with an average annual growth rate of 2,3%. The George municipal area with a value of R17,2 billion in 2017, contributed 39,8% to the district’s overall GDPR.

With the value of R29,8 billion in 2017, the economy of the West Coast District contributed 5,2% to the Western Cape Province’s GDPR. Between the years 2008 and 2017, the West Coast District achieved an average annual growth rate of 2,4% which was also higher than that of the Provincial economy. Economic activity in the district is mainly concentrated in the Saldanha Bay and Swartland municipal area.

In 2017, the economy of the Overberg District grew slightly in comparison to the previous year; to a value of R19,9 billion in current prices. This accounts for 3,5% of the value of the Western Cape Province’s economy. Between the years 2007 and 2017, the Overberg District has grown at 2,8%, this is 0,8% higher than the Western Cape Province’s GDPR growth of 2,0%. The Theewaterskloof and Overstrand

municipal economies are the largest in terms of the GDP, representing 41,0% and 31,2% of the Overberg District's economy.

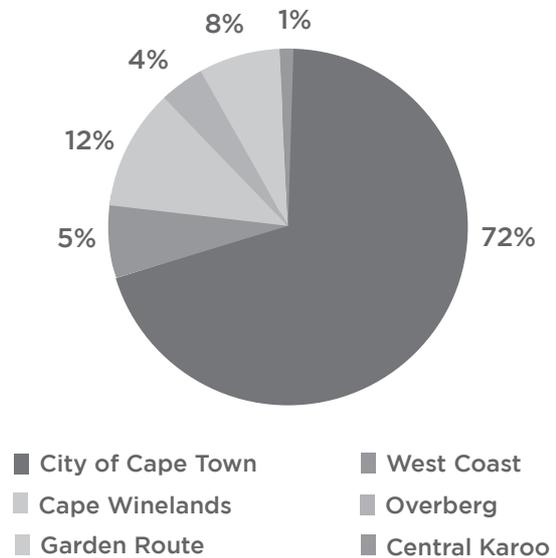
The economy of the Central Karoo District was valued at R3,0 billion. It contributes 5,3% of the GDP of the Western Cape. It is estimated that the economy in Central Karoo district grew marginally by 0,1% in 2018 and created 118 additional jobs in the same year compared to the 18905 employed persons in 2017. 69,9% of the district's GDP is derived from Beaufort West municipal area, followed by the Prince Albert municipal area with 16,0%. The economy of the Laingsburg municipality accounts for the remaining 14,1% of the district's GDP. Based on the historical trends, it is likely that the growth of the Central Karoo District will stagnate if the current trend persists.

The Western Cape economy continued to expand over the last decade but the 2,0% growth rate more than halved when compared to the previous ten years. The contraction in economic activity in 2009 was triggered by the global financial crisis; which partially contributed to this slow-down.

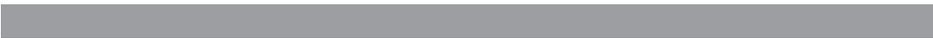
In 2018, the Western Cape is estimated to have recorded the first annual decline of 2,6% in employment since 2008. The economic contraction resulted in the highest number of job losses in all major sectors, except Manufacturing which is estimated to have expanded 0,9% in 2018.

Key risks for the Western Cape economy include volatile and unpredictable weather patterns which could make it increasingly difficult to produce what is considered traditional Western Cape produce; and the conditions which affect the consumer will typically be disproportionately reflected in Western Cape GDP growth. These include factors such as changes in consumer confidence, employment growth, and the interest rate environment.

**Graph 2: District Contribution to Provincial GDP**



Source: MERO 2019, Provincial Treasury

 **PART B:****MUNICIPAL PERFORMANCE FOR 2018/2019  
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.

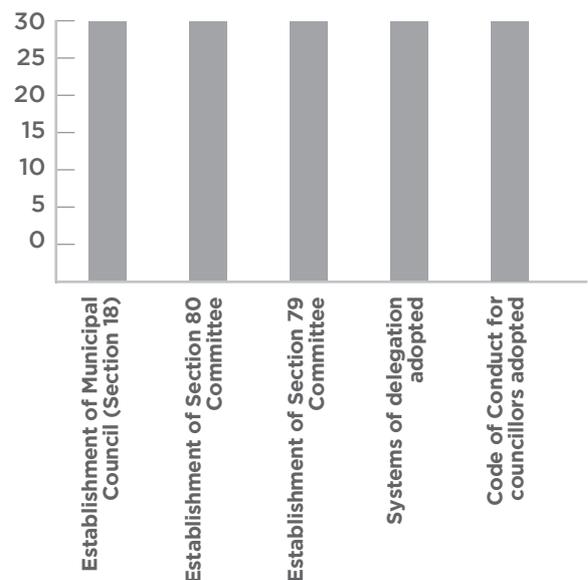
Following the Local Government By-elections in the 2018/19 financial year, municipalities had a total number of 913 council seats across all municipalities in the Western Cape Province. The Democratic Alliance remained a leading party and obtained a total number of 500 seats across all municipalities in the province while the seats obtained by the African National Congress changed to 244 seats across all municipalities. The remaining 169 seats were obtained by other Political Parties/or Independents.

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 the community as public representatives with consultative responsibilities between the municipality and the citizens.

During the period under review, 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 no Section 139 (5) of the Constitution Interventions in any of the municipalities in the Western Cape as none of the municipalities experienced serious governance and administrative challenges.

**Graph 3: Political Governance**



Source: Municipal Annual Reports 2018/2019

All municipalities managed to establish their Councils as required by Section 18 of the Municipal Structures Act. Municipal Councils have the power 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. The respective 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 specific needs of the municipalities and necessitates the implementation of appropriate organisational structures.

Section 54A of the Municipal Systems Act requires that the Municipal Council appoint a municipal manager who is the head of administration of the municipal council. During the period under review, none of the municipalities had reported to have vacant Municipal Manager positions.

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. In terms of the Organograms of the Western Cape municipalities, there were 130 managers directly accountable to municipal manager positions during the period under review. Only 117 Section 56 posts were filled across the Province. 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. Despite these vacant positions, 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 for which a performance agreement should be concluded 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 comprised of male appointees. During 2018/2019, 21 women were appointed at the senior management level out of 157 senior management posts filled across municipalities, which is a slight increase from the 20 appointments in the previous financial year.

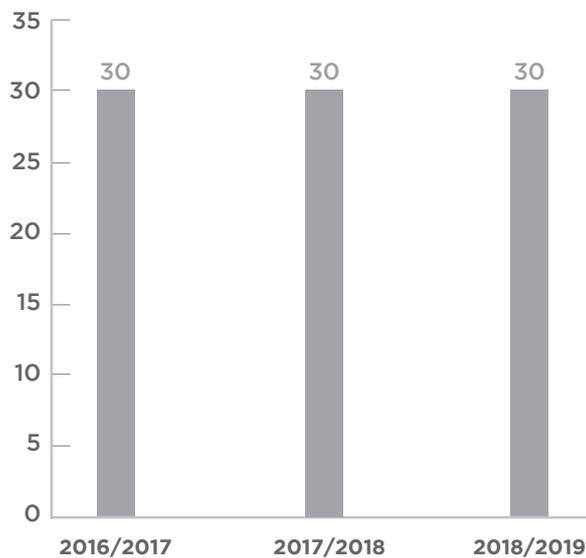
### 1.1.3 Workplace Skills Plan

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, and Local Government Accounting Certificate. Graph 4 below shows the number of municipalities who complied with this requirement in the past three years.

**Graph 4: Submission of Workplace Skills Plan**



Source: Municipal Annual Report 2018/2019

**1.1.4 Skills Development and Training**

Western Cape municipalities continued to experience challenges relating to attracting

and retaining skilled staff during 2018/19. This was as a result of, amongst other reasons, 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 2018/2019 financial year, municipalities ensured capacitation of about 28 553 employees during the current financial year. Graph 5 below indicates the number of personnel trained.

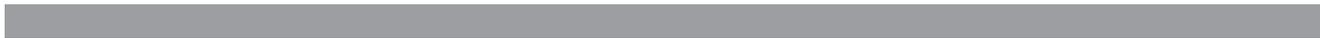
Expenditure on the Workplace Skills Plan averaged at 77%, which is lower than previous financial years. The graph below depicts the average percentage spent on skills development from municipal personnel budgets.

**Graph 5: Capacity Development training**

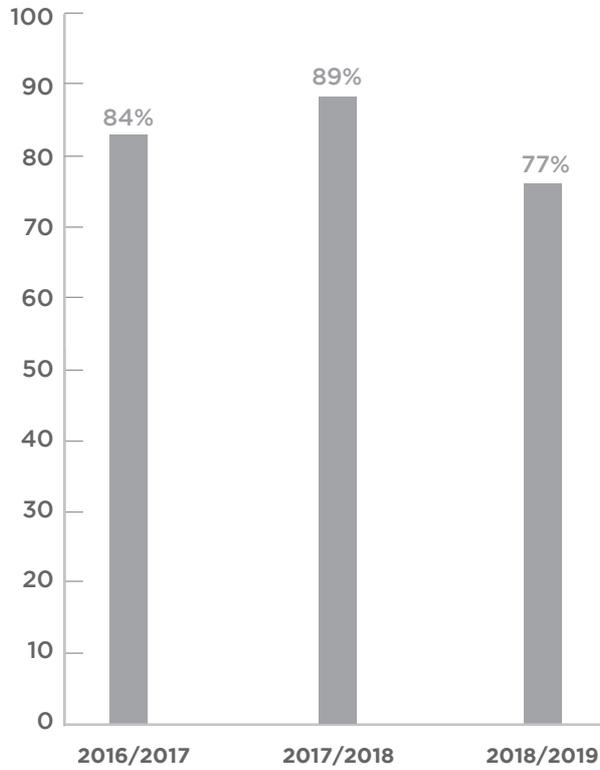


Source: Municipal Annual Reports 2018/2019

Expenditure on the Workplace Skills Plan averaged at 77%, which is lower than previous financial years. The graph below depicts the average percentage spent on skills development from municipal personnel budgets.



**Graph 6:** Percentage Spent on Skills Development



Source: Municipal Annual Reports 2018/2019



# CHAPTER 2: ACCOUNTABILITY

## 2.1 PUBLIC PARTICIPATION

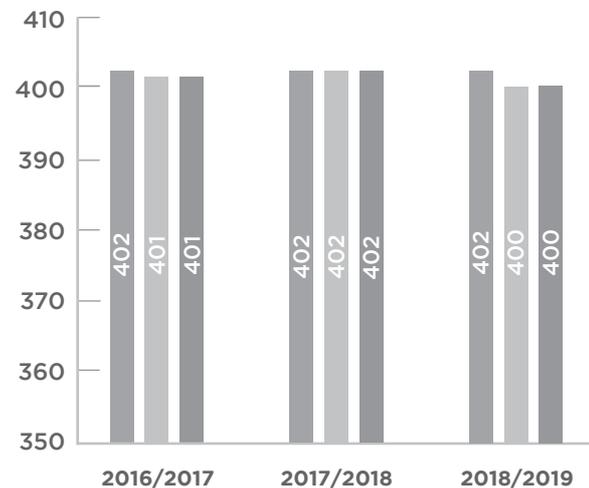
A key requirement for achieving good governance is effective public participation. Not only does public participation allow constituents to monitor the governance record of their elected officials, it also encourages the public to take an active interest in the performance of their municipality and region.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

As at end of June 2019, there were 402 wards across municipalities, of which all but two had functional ward committees established. Graph 7 below shows the number of functional ward committees over a period of three (3) years, while Table 2 outlines functional ward committees in each municipality.

**Graph 7: Ward Committees**



- Number of wards
- Number of ward committees established
- Ward committee functionality

Source: Municipal Annual Reports 2018/2019

The Theewaterskloof and George Municipality’s both had one (1) ward each that needed to be re-established. The Department of Local Government 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	Ward Committee functionality		
		2016/17	2017/18	2018/19
City of Cape Town	116	All ward committees were functional and have regular scheduled meetings.	All ward committees were functional	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
Bergrivier	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 14 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 33 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 14 ward committees were functional	All 14 ward committees were functional	13 out of 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 6 ward committees were functional	All 6 ward committees were functional	All 6 ward committees were functional
Swellendam	6	All 6 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
Hessequa	9	All 9 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 27 ward committees were functional	All 27 ward committees were functional	26 out of 27 ward committees were functional
Oudtshoorn	13	All 13 ward committees were functional	All 13 ward committees were functional	All 13 ward committees were functional
Bitou	7	All 7 ward committees were functional	All 7 ward committees were functional	All 7 ward committees were functional
Knysna	11	All 11 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

MUNICIPALITY	No of Wards	Ward Committee functionality		
		2016/17	2017/18	2018/19
Prince Albert	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Beaufort West	7	All 7 ward committees were functional	All 7 ward committees were functional	All 7 ward committees were functional

Source: Municipal Annual Reports 2018/2019

### 2.12 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 10 municipalities. The public satisfaction surveys conducted in municipalities were intended for different

purposes e.g. Drakenstein Municipality conducted a customer satisfaction survey to establish the level of satisfaction experienced by the Municipality's customers while Hessequa Municipality conducted a communication satisfaction survey focusing on the community's perceptions of the quality of services and the value for money they receive.

**Table 3:** Public satisfaction survey

MUNICIPALITY	Customer satisfaction surveys undertaken Y/N	When was the survey last conducted
City of Cape Town	Yes	2018/2019
Matzikama	Yes	2018/2019
Cederberg	No information	-
Bergrivier	Yes	2018/2019
Saldanha Bay	Yes	2018/2019
Swartland	No	2017/2018
Witzenberg	Yes	2018/2019
Drakenstein	Yes	2018/2019
Stellenbosch	No	-
Breede Valley	No	2016/2017
Langeberg	No	-
Theewaterskloof	No	-
Overstrand	No	2012/2013
Cape Agulhas	Yes	July 2019
Swellendam	No	-
Kannaland	No information	-
Hessequa	Yes	2018/2019
Mossel Bay	No information	2018
George	No information	-

MUNICIPALITY	Customer satisfaction surveys undertaken Y/N	When was the survey last conducted
Oudtshoorn	Yes	2018/2019
Bitou	Yes	2018/2019
Knysna	No information	-
Laingsburg	No	-
Prince Albert	No	-
Beaufort West	No information	-

Source: Municipal Annual Reports 2018/2019

### 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 increasing access to government services and information to communities. For the year under review, communities continue to access government services and information through Thusong Service Centres located in various municipalities as well as 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 on 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 services) and the required application process. CDWs play a crucial role in mobilising local communities in this regard, and providing them with the necessary information.

At the end of the 2018/19 financial year, CDWs also continued to provide support to 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 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 stations and newspapers, SMS systems, Newsletters, Social Media platforms (Facebook, Twitter, WhatsApp etc.). In strengthening the communication function, all municipalities actively engage on various intergovernmental communication forums such as the District and Provincial Public Participation Communication (PPCOMM), the Information and Communication Technology Forum (ICTFORUM) and the Communicators Technical (COMMTECH) Forum.

### 2.2.1 Information Communication Technology (ICT) Governance

Information technology (IT) has become an integral part of doing business today, as it is fundamental to the sustainability and growth of institutions. The ICT unit plays an enabling and transversal role across all directorates in the municipality. They analyse the needs of the municipality as well as the environment in which it operates. They then develop strategies towards the achievement of goals and priorities in the most effective, efficient and economical manner.

Below we explore the philosophical background for the governance of ICT and its integration into the general governance of a municipality. Our approach is inspired by the principles as recommended in the King Code.

#### The importance of Governance of ICT in Local Government

Public sector institutions at all levels of Government are facing political and economic pressure to improve service delivery through

the maximisation of administrative and operational efficiencies. In this environment, the effective use of information and communication technology (ICT) is a key success factor enabling government with the ability to respond promptly to the demand for services.

Through the collaborative efforts of Government, a Corporate Governance of ICT framework was developed taking into consideration various legislation as well as the King principles. This framework provides further context on how municipalities can implement these principles and in so doing enhance Corporate Governance. As a result, a significant majority of our municipalities have been able to meet the requirements set out in the King principles.

Table 4 considers the ability of municipalities to put proper controls in place in line with the recommendations articulated in the frameworks mentioned above.

**Table 4:** Municipalities compliance with Framework

MUNICIPALITY	Website		IT Strategy		DRP		Server room Security		IT SteerCom		VOIP		Broadband	
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
West-Coast	√		√						√		√			
Swartland	√		√		√				√		√			
Saldanha bay	√		√		√		√		√		√			
Matzikama	√		√						√		√			

MUNICIPALITY	Website		IT Strategy		DRP		Server room Security		IT SteerCom		VOIP		Broadband	
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
Cederberg	√			√		√	√		√		√		√	
Bergrivier	√		√						√		√			
Overberg District	√		√		√		√		√		√		√	
Cape Agulhas	√		√		√		√		√		√		√	
Overstrand	√		√		√		√		√		√		√	
Swellendam	√		√		√		√		√		√		√	
Theewaterskloof	√		√		√		√		√		√		√	
Garden Route	√		√		√		√		√		√		√	
Oudtshoorn	√		√		√		√		√		√		√	
Mossel Bay	√		√		√		√		√		√		√	
Knysna	√		√		√		√		√		√		√	
Kannaland	√			√		√	√			√	√		√	
Hessequa	√		√		√		√		√		√		√	
George	√			√		√			√		√		√	
Bitou	√		√		√		√		√		√		√	
Central Karoo District	√		√		√				√		√		√	
Beaufort West	√		√		√		√		√		√		√	
Laingsburg	√			√		√		√	√			√	√	
Prince Albert	√			√		√		√		√		√	√	
Cape Winelands District	√		√		√				√		√		√	
Breede Valley	√		√		√		√		√		√		√	

MUNICIPALITY	Website		IT Strategy		DRP		Server room Security		IT SteerCom		VOIP		Broadband	
	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N	Y	N
Drakenstein	√		√		√		√		√		√		√	
Langeberg	√		√				√		√		√		√	
Stellenbosch	√		√		√		√		√		√		√	
Witzenberg	√		√		√		√		√		√			√

Source: Municipal annual ICT assessments

### ICT Strategy

As evident in the table above, all municipalities exhibit commitment towards the governance of ICT, however there are a few municipalities that require support. Most of the municipalities have approved five-year strategies which are reviewed every three years. These strategies provide details on how the ICT department will support the various units within the municipality to achieve their goals through the efficient use of resources.

### Committees

All Western Cape Municipalities, except for Kannaland and Prince Albert municipalities, have established IT Steering committees which convenes meetings every month.

### Risk and Business Continuity

ICT risks are included in the risk registers of municipalities and these risks are addressed by the respective Risk audit committees.

Plans have been developed to prevent the severity of a disaster event where operations of the municipality may be severely impacted. A reasonable number of municipalities have made an investment into the establishment of a disaster recovery site. It is important to

note that agreements exist between some municipalities (for example Beaufort west and Central Karoo District, Cape Agulhas and Overberg District Municipality, as well as Oudtshoorn and Garden route) for the sharing of infrastructure in the event of a disaster.

Incremental backups (daily, weekly and monthly) of data are run in all municipalities to prevent complete loss of data. Some services are hosted by external service providers through the utilisation of cloud services.

### Information Security

Data is one of the most important assets against which an organisation justifies its decisions. It is important that proper controls be put in place to safeguard and maintain data and information across the municipality.

A confidentiality declaration is therefore undertaken by all officials dealing with data in the municipality to ensure a high level of trust and safe-guarding.

Municipalities are also required to support and adhere to the spirit of the POPIA (Protection of Personal Information Act) and must disclose information of public interest on the municipal website in line with applicable laws.

### Website

Section 21B of the Systems Act requires of a municipality to establish its own official website. The municipal website forms an integral part of the municipality's communication strategy and aims to make relevant information available to all stakeholders.

It further serves as a tool for community participation and enable stakeholders to monitor and evaluate municipal performance in real time. Municipalities are required by legislation to place various documents on their website.

Section 21B (3) states that the municipal manager must maintain and regularly update the municipality's official website. During the period under review in this report, all municipalities in the Province had functional municipal websites.

### Telephone Services

Amongst many other functions, the ICT unit is responsible for the provision and maintenance of telephone services within the municipality. Per the table above, many of the municipalities have an upgraded network infrastructure, and telephone systems to Voice Over Internet Protocol (VOIP). This innovation has cut telephone expenses significantly across all municipalities. The municipalities who are still using the old telephone system have also already initiated plans to upgrade to VOIP.

### Broadband (Internet)

The Western Cape Broadband project continues to provide a link to all main offices of municipalities in the Province. Through this initiative, municipalities have extended their services to provide access to internet through Wi-Fi hotspots installations at libraries, halls and Thusong centres.

The broadband link is provided through various technologies such as fibre and microwave. The unavailability of fibre in some parts (mainly rural areas) of the province continues to pose

significant challenges to the completion of this project.

### Highlights

- Beaufort West Municipality has installed own fibre infrastructure that connects all municipal buildings and the Central Karoo District Municipality.
- Advances have been made by the Cape Agulhas Municipality in its Smart City initiative.
- Rollout of an electronic Motor vehicle license renewal system in Drakenstein.
- Establishment of ICT Skills training centre by the Cape Agulhas Municipality.
- Shared services agreement between Cape Agulhas, Overberg District and Swellendam municipalities.
- Development of a job application portal in Bergrivier Municipality.
- Fibre installation across all towns in the Cederberg Municipal Area.

### Challenges

- Absence of a Server room and disaster recovery site in Laingsburg and Kannaland.
- Obsolete technology due to budgetary constraints.
- Vacancies due to under funding and geographical location which makes it difficult for municipalities to attract skills.
- The rapid pace at which technologies change, creates constant opportunities for security breaches.

## 2.3 CORPORATE GOVERNANCE

### 2.3.1 Anti-Corruption and Fraud Prevention

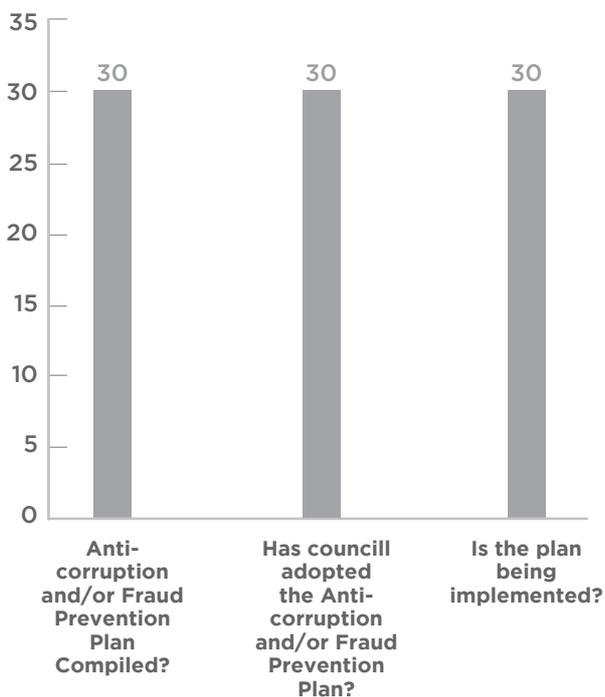
Section 83(c) of the Municipal Systems Act refers to the implementation of effective bidding structures to minimise the possibility of fraud and corruption and the MFMA, Section 112(1)(m)(i) identifies supply chain measures to be enforced to combat fraud and

corruption, favouritism and unfair and irregular practices. Section 115(1) of the MFMA further states that the accounting officer must take steps to ensure mechanisms and separation of duties in a supply chain management system to minimise the likelihood of corruption and fraud.

Anti-corruption measures are an integral part of ensuring good governance at municipalities and promotes whistleblowing for corrupt activities. All municipalities have adopted anti-corruption and fraud prevention plans which are being implemented.

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 Report 2018/2019

**2.3.2 Risk Management**

In terms of Section 62 (1)(c)(i) of the MFMA “the accounting officer of a municipality

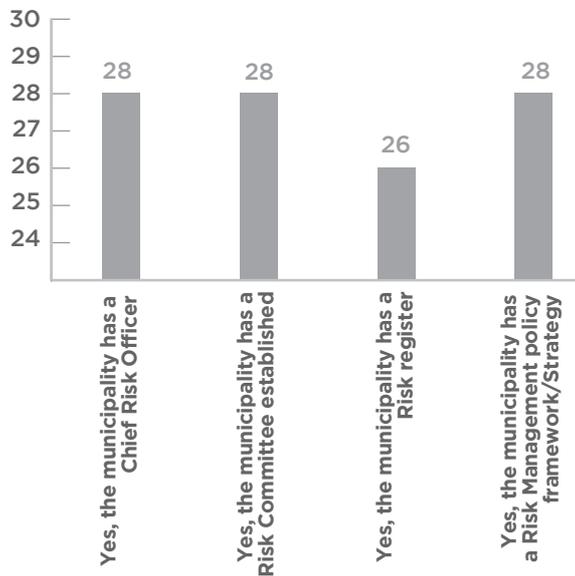
is responsible for managing the financial administration of the municipality and must for this purpose take all reasonable steps to ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control”. Western Cape Province municipalities have committed to optimal risk management as part of their core business objectives. Risk management is a systematic and formalised process through which risks are identified, assessed, managed and monitored before such risks can negatively impact a municipality’s service delivery capacity.

In ensuring that this function is effectively executed, 27 municipalities in the Western Cape Province appointed dedicated officials who fulfil 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 except for the Laingsburg and Oudtshoorn municipalities. 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.

Risk management policy frameworks/ strategies have been developed and adopted by the Municipal Council in 28 municipalities, while 26 municipalities have Risk registers.

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

**Graph 9: Risk Management**



Source: Municipal Annual Reports 2018/2019

**2.3.3 Internal Audit Units and Audit Committees**

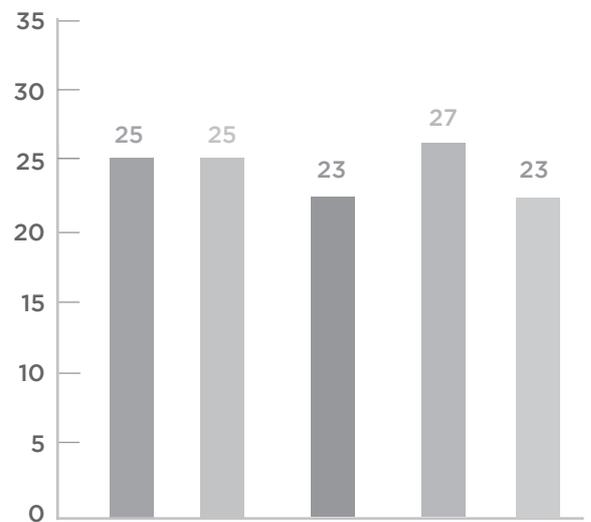
Section 165 of the MFMA requires municipalities to establish an internal audit section. Depending on the municipality’s resources and specific requirements the internal audit function can be outsourced. Internal Audit Units in municipalities play an important role in strengthening the financial management 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 2019, 25 municipalities were reported to have Internal Audit Units which are fully capacitated.

It is also reported that only 23 municipalities have prepared their 2018/19 internal audit programme and operate according to the Internal Audit charter.

In the year under review, 27 municipalities have prepared the risk-based audit plans for the 2018/19 financial year.

**Graph 10: Internal Audit Units**



- Municipalities with Internal Audit Units
- Municipalities with Internal Audit Personnel appointed
- Municipalities that prepared 2018/2019 internal audit programme
- Municipalities that prepared 2018/2019 risk based audit plan
- Municipalities that operate according to the Internal Audit charter

Source: Municipal Annual Reports 2018/2019

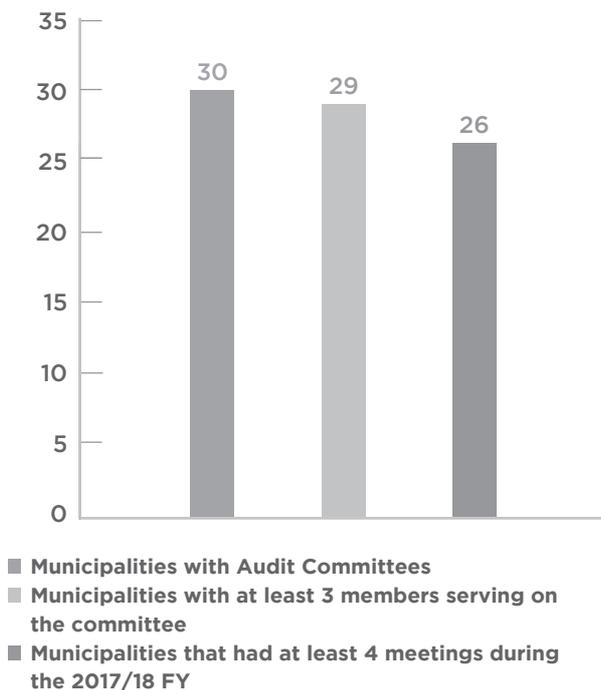
The MFMA and Municipal Planning and Performance Management Regulations require municipalities to establish an audit committee consisting of a minimum of three members, with most of them not employed by the municipality. It also requires the Municipal Council to appoint a chairperson who is not a municipal employee.

During the period under review, all municipalities in the Western Cape Province had functional audit committees in place with at least three members serving on the committee except

for Kannaland municipality that has only two members serving on the committee.

26 municipalities have a record of holding at least four meetings during the 2018/2019 financial year. Graph 11 below illustrates audit committee functionality in municipalities.

**Graph 11: Audit Committees**



Source: Municipal Annual Report 2018/2019

### 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 are 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:

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

Section 129(2)(a) further requires that copies of the minutes of the meeting where the Oversight Report 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	2016/2017	19-Jan-18	28-Mar-18	✓		
	2017/2018	31-Jan-19	27-Feb-19	✓		
	2018/2019	29-Jan-20	10-Mar-20	✓		
West Coast District	2016/2017	06-Dec-17	06-Dec-18	✓		
	2017/2018	05-Dec-18	21-Jan-19	✓		
	2018/2019	28-Dec-20	22-Nov-20	✓		
Matzikama	2016/2017	15-Jan-18	30-Mar-18	✓		
	2017/2018	04-Dec-18	01-Feb-19	✓		
	2018/2019	12-Dec-19	04-Feb-20	✓		

MUNICIPALITY	Financial Year	Annual Report Tabling	Oversight Report adoption	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected
Cederberg	2016/2017	12-Dec-17	31-Jan-18	✓		
	2017/2018	10-Dec-18	08-Jan-19	✓		
	2018/2019	13-Dec-19	30-Jan-20	✓		
Bergrivier	2016/2017	30-Jan-18	30-Mar-18	✓		
	2017/2018	22-Jan-19	26-Mar-19	✓		
	2018/2019	21-Jan-20	26-Mar-20	✓		
Saldanha Bay	2016/2017	28-Jan-18	22-Mar-18	✓		
	2017/2018	30-Jan-19	16-Mar-19	✓		
	2018/2019	30-Jan-20	01-Mar-20	✓		
Swartland	2016/2017	30-Jan-18	29-Mar-18	✓		
	2017/2018	31-Jan-19	28-Mar-19	✓		
	2018/2019	30-Jan-20	31-Mar-20	✓		
Cape Winelands District	2016/2017	30-Jan-19	26-Mar-18	✓		
	2017/2018	31-Jan-19	27-Mar-19	✓		
	2018/2019	30-Jan-20	26-Mar-20	✓		
Witzenberg	2016/2017	05-Dec-17	16-Jan-18	✓		
	2017/2018	06-Dec-19	23-Jan-19	✓		
	2018/2019	23-Jan-20	03-Mar-20	✓		
Drakenstein	2016/2017	31-Jan-18	28-Mar-18	✓		
	2017/2018	30-Jan-19	28-Mar-19	✓		
	2018/2019	29-Jan-20	26-Mar-20	✓		
Stellenbosch	2016/2017	30-Jan-18	28-Mar-18	✓		
	2017/2018	30-Jan-19	27-Mar-19	✓		
	2018/2019	29-Jan-20	26-Mar-20	✓		
Breede Valley	2016/2017	22-Jan-18	06-Mar-18	✓		
	2017/2018	03-Dec-18	21-Jan-19	✓		
	2018/2019	9-Dec-19	28-Jan-20	✓		
Langeberg	2016/2017	05-Dec-17	30-Jan-18	✓		
	2017/2018	10-Dec-18	26-Feb-19	✓		
	2018/2019	05-Dec-19	12-Feb-20	✓		
Overberg District	2016/2017	29-Jan-18	26-Mar-18	✓		
	2017/2018	28-Jan-19	18-Mar-19	✓		
	2018/2019	30-Jan-20	18-Mar-20	✓		
Theewaterskloof	2016/2017	24-Jan-18	08-Mar-18	✓		
	2017/2018	24-Jan-19	20-Mar-19	✓		
	2018/2019	23-Jan-20	19-Mar-20	✓		
Overstrand	2016/2017	31-Jan-18	28-Mar-18	✓		
	2017/2018	31-Jan-19	27-Mar-19	✓		
	2018/2019	22-Jan-20	25-Mar-20	✓		
Cape Agulhas	2016/2017	06-Dec-17	22-Jan-18	✓		
	2017/2018	13-Dec-18	30-Jan-19		✓	
	2018/2019	22-Jan-20	29-Jan-20	✓		

MUNICIPALITY	Financial Year	Annual Report Tabling	Oversight Report adoption	Annual report approved without reservations	Annual report approved with reservations	Annual report rejected
Swellendam	2016/2017	31-Jan-18	27-Mar-18	✓		
	2017/2018	31-Jan-19	28-Mar-19	✓		
	2018/2019	30-Jan-20	26-Mar-20	✓		
Garden Route District	2016/2017	22-Jan-18	14-Mar-18	✓		
	2017/2018	28-Aug-18	06-Dec-18	✓		
	2018/2019	29-Aug-19	13-Dec-19	✓		
Kannaland	2016/2017	20-Mar-18	29-Mar-18	✓		
	2017/2018	20-Mar-19	18-Oct-19		✓	
	2018/2019	29-Jan-20	24-Mar-20		✓	
Hessequa	2016/2017	30-Jan-18	28-Mar-18	✓		
	2017/2018	30-Jan-19	28-Mar-19	✓		
	2018/2019	28-Jan-20	17-Mar-20	✓		
Mossel Bay	2016/2017	05-Dec-17	19-Jan-18	✓		
	2017/2018	30-Jan-19	15-Mar-19	✓		
	2018/2019	24-Jan-20	18-Mar-20	✓		
George	2016/2017	31-Jan-18	28-Mar-18	✓		
	2017/2018	31-Jan-19	18-Mar-19	✓		
	2018/2019	30-Jan-20	04-Mar-20	✓		
Oudtshoorn	2016/2017	31-Jan-18	24-Jan-18	✓		
	2017/2018	25-Jan-19	18-Mar-19	✓		
	2018/2019	23-Jan-20	11-Mar-20	✓		
Bitou	2016/2017	31-Jan-18	20-Mar-18		✓	
	2017/2018	31-Jan-19	31-Mar-19		✓	
	2018/2019	31-Jan-20	23-Mar-20	✓		
Knysna	2016/2017	25-Jan-18	23-Mar-18	✓		
	2017/2018	30-Jan-19	19-Mar-19		✓	
	2018/2019	30-Jan-20	04-Mar-20		✓	
Central Karoo District	2016/2017	28-Jan-18	22-Mar-18	✓		
	2017/2018	21-Jan-19	28-Mar-19	✓		
	2018/2019	29-Jan-20	26-Mar-20	✓		
Laingsburg	2016/2017	25-Jan-18	20-Mar-18	✓		
	2017/2018	25-Jan-18	20-Mar-18			
	2018/2019	23-Jan-20	13-Mar-20		✓	
Prince Albert	2016/2017	08-Dec-17	01-Feb-18	✓		
	2017/2018	26-Nov-18	22-Jan-19	✓		
	2018/2019	13-Dec-19	12-Feb-20	✓		
Beaufort West	2016/2017	29-Mar-18	29-Mar-18	✓		
	2017/2018	26-Jan-19	27-Mar-19		✓	
	2018/2019	28-Jan-20	31-Mar-20	✓		

Source: Municipal Annual Reports 2018/2019



# 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 publicised 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.

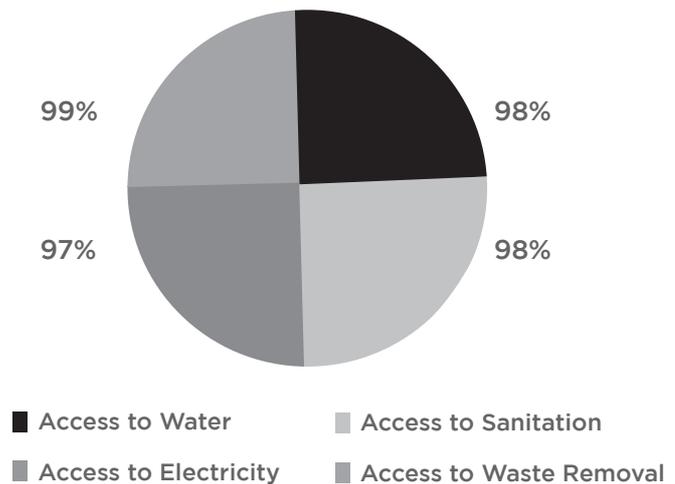
A crucial aspect of this process is the provision of basic services such as water, electricity and sanitation for all communities. The historical backlogs in the provision of basic infrastructure for service delivery require that municipalities establish a delicate balance between delivering and improving 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 2019. However, it must be noted that information received for this chapter is very limited because 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 2018/2019 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 2018/2019

#### 3.1.1 Provision of Basic Services

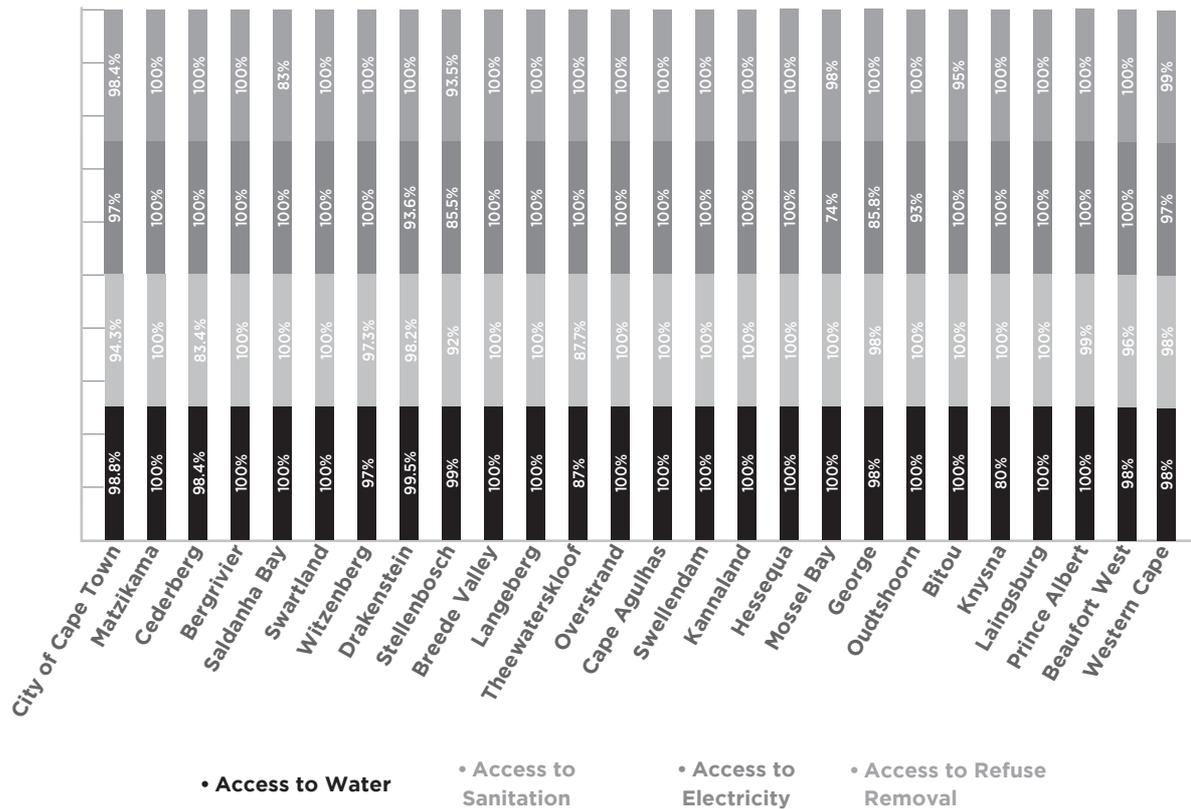
The Constitution of the Republic of South Africa, section 152 states that the objects of local government is to ensure the provision of services to communities in a sustainable manner. Basic services rendered to communities include water, sanitation, electricity, refuse removal, roads and storm water. 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, an increase in land invasions, vandalism and copper theft in some

areas. Illegal electricity connections in the informal areas also add to these challenges.

**Graph 13:** Access to Basic Services



Source: Municipal Annual Reports 2018/2019

**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

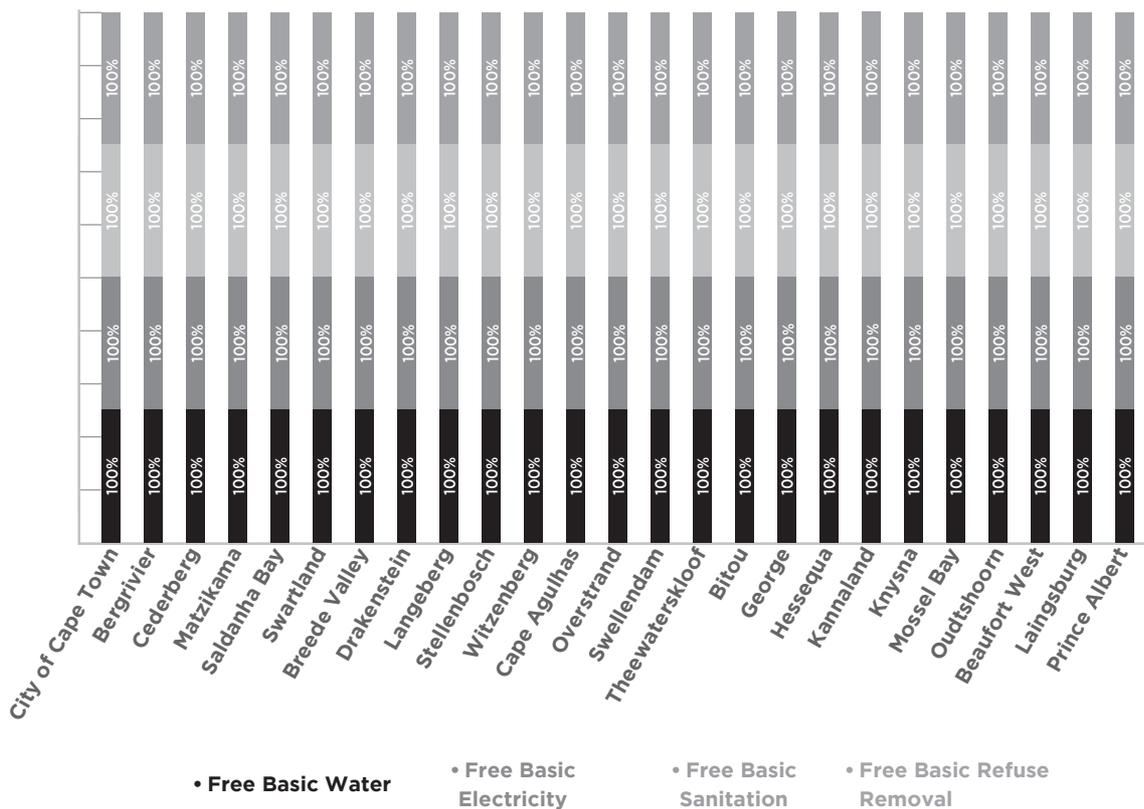
households with free basic services, which includes 6kl of water, 50kWh of electricity, free sanitation and weekly refuse removal.

Western Cape municipalities have continued to provide nationally mandated free basic services to registered indigent households within their areas during the 2018/19 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 2018/2019

**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 the South African Government to improve service delivery in a coordinated manner. The key principles underpinning the design of the MIG are outlined below:

a) Focus on infrastructure required for a basic level of service: The MIG programme is aimed at providing only basic infrastructure.

b) Targeting the poor: The programme is aimed at providing services to the poor and funds will therefore be targeted to reach them.

c) Maximising economic benefits: The programme will be managed to ensure that the local economic spin-offs through providing infrastructure are maximised. This includes employment creation and the development of enterprises.

d) Equity in the allocation and use of funds: The mechanism for distributing funds must provide for equitable access to such

funds by the poor in order to make uniform progress in closing the infrastructure gap.

e) Decentralisation of spending authority within national standards: Decisions relating to the prioritisation of municipal infrastructure spending, such as the identification, selection and approval of projects, are best undertaken at municipal level, with the following provisions:

- the operating finance and management arrangements must be in place;
- a degree of national and provincial influence over capital spending, expressed through clear norms, standards and spending conditions must be retained; and
- unintended consequences should be limited: the grant must promote sound management practices, not the reverse.

f) Efficient use of funds: Funding must be used to provide the greatest possible improvement in access to basic services at the lowest possible cost. This implies the following:

- There should be an appropriate selection of service levels.
- Incentives and conditions must ensure that other funds are mixed with grant funds to minimise leakage to non-eligible households and service levels.
- The mechanism to disburse funds should be simple and easy to monitor, and the outcomes of municipal spending should be easy to evaluate.

g) Reinforcing local, provincial and national development objectives This implies the following:

- The funding mechanism must be consistent with the planning processes of local, provincial and national government.
- Nodal municipalities associated with the Urban Renewal Strategy and the Integrated Sustainable Rural Development Programme must receive proportionally

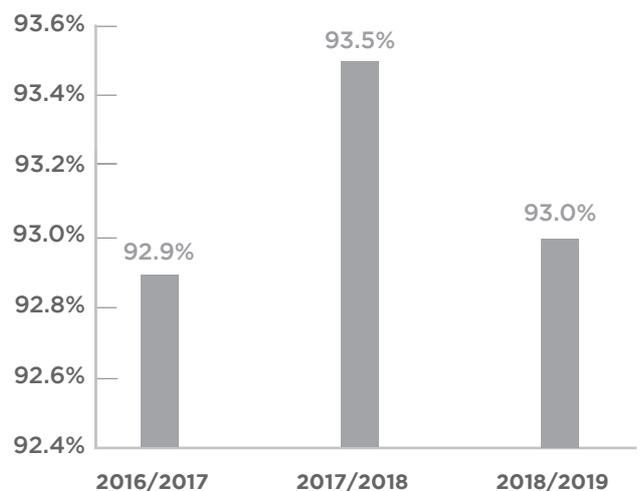
greater allocations of funding.

- Spatial integration must be promoted.
- The emphasis must be placed on the selection of appropriate service levels.
- The formula should promote appropriate municipal performance relative to policy objectives.

h) Predictability and transparency: Funds should be provided to individual municipalities on a three-year basis, consistent with medium term budgeting practice, with minimal changes occurring during the year; and with year-on-year changes based only on clearly defined conditions. This is essential for municipalities and other stakeholders to easily understand how the funds are distributed.

During the year under review, MIG expenditure at the end of June 2019 was at 93.0% which is slightly lower than the 93.5% in the previous financial year. Saldanha Bay, George, Knysna and Beaufort West Municipalities had the lowest MIG expenditure as at June 2019. Municipalities who could not spend their total 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 2019

### 3.1.4 Provision of Human Settlements (Housing)

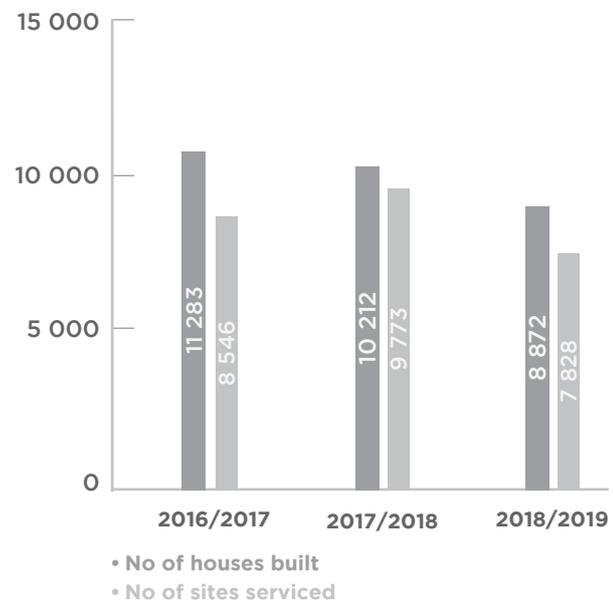
In terms of Part A of Schedule 4 of the Constitution, housing is a concurrent National and Provincial competency. Section 10 of the Housing Act, 1997 (Act 107 of 1997) sets out the responsibilities of municipalities in relation to the provision of housing. There is a direct correlation between the provision of basic services and housing, which makes it a complex function that relies on high levels of cooperation between municipalities as well as 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. Through the implementation of the various strategies, the Department of Human Settlements succeeded in delivering on its mandate by providing housing opportunities to residents of the Western Cape. This resulted in 20 040 housing opportunities comprising of 8 872 sites, and 7 828 units, and 3 340 EEDBS opportunities. Furthermore, 9 662 title deeds were transferred against the target of 7 000.

The Title Deeds Restoration Project played an instrumental role in this over-achievement, as it set out to put measures in place to accelerate the eradication of the backlog in the transfer of ownership of houses in subsidy-built human settlements; which is continuing to yield positive results. Delays were experienced as a result of community dynamics (i.e. community protests, project stoppages), which resulted in the target of 9 47 for delivering of housing units to be unmet. Whilst the Construction and acquiring of serviced sites and the handing over thereof to municipalities and beneficiaries was accelerated.

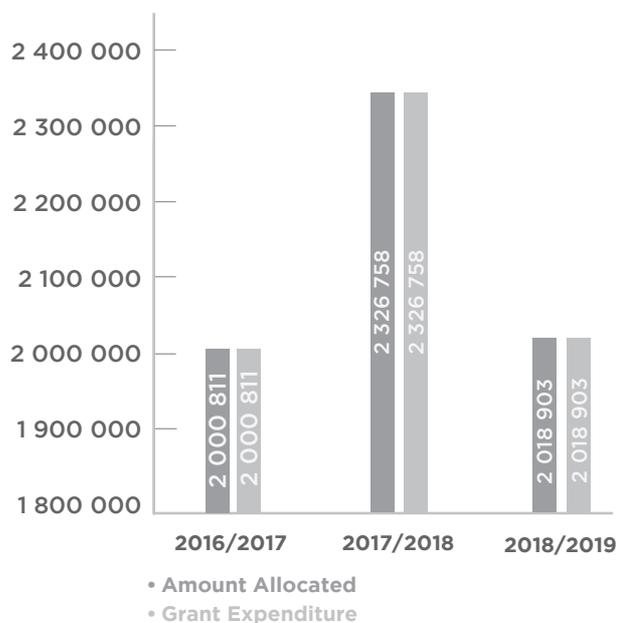
Graphs 16 and 17 illustrate the delivery of housing and serviced sites as well as grant expenditure against the Division of Revenue Act for the past three financial years, while Table 6 below details housing provision per municipality.

**Graph 16:** Housing Delivery



Source: Department of Human Settlements Annual Report 2018/2019.

**Graph 17:** Human Settlement Grant Expenditure



Source: Department of Human Settlements Annual Report 2018/2019

**Table 6:** Housing Delivery per Municipality

MUNICIPALITY	Programme	Delivery	
		Serviced Sites	Housing Units
City of Cape Town (includes Provincial projects)	Integrated Residential Development Programme (IRDP)	1 922	3 261
	People's Housing Process	-	1 507
	Upgrading of Human Settlements Programme (UISP)	169	-
Breede Valley	Integrated Residential Development Programme (IRDP)	686	29
Drakenstein	Integrated Residential Development Programme (IRDP)	604	59
Langeberg	Upgrading of Informal Settlement Programme	505	-
Stellenbosch	Integrated Residential Development Programme (IRDP)	378	20
Witzenberg	Integrated Residential Development Programme (IRDP)	635	-
Cape Agulhas	Integrated Residential Development Programme (IRDP)	-	14
Overstrand	Integrated Residential Development Programme (IRDP)	544	171
	Upgrading of Informal Settlement Programme	100	-
Swellendam	Integrated Residential Development Programme (IRDP)	-	0
Theewaterskloof	People's Housing Process	-	106
	Upgrading of Informal Settlement Programme	193	-
Prince Albert	Integrated Residential Development Programme (IRDP)	-	93
Beaufort West	Integrated Residential Development Programme (IRDP)	-	551
George	Integrated Residential Development Programme (IRDP)	400	21
	Upgrading of Informal Settlement Programme	476	-
	People's Housing Process	-	368
Hessequa	Integrated Residential Development Programme (IRDP)	-	11
Knysna	Integrated Residential Development Programme (IRDP)	30	-
	Peoples Housing Process	-	112
Mossel Bay	Upgrading of Informal Settlement Programme	193	-
	Integrated Residential Development Programme (IRDP)	-	104
Oudtshoorn	Integrated Residential Development Programme (IRDP)	-	174
	Upgrading of Informal Settlement Programme	221	-

MUNICIPALITY	Programme	Delivery	
		Serviced Sites	Housing Units
Matzikama	Integrated Residential Development Programme (IRDP)	399	-
Saldanha Bay	Integrated Residential Development Programme (IRDP)	309	28
	People's Housing Process	-	187
Swartland	Integrated Residential Development Programme (IRDP)	-	100
	People's Housing Process	-	22
<b>Other housing programmes</b> (Individual Housing Subsidy Programme, and Enhanced Extended Discount Benefit Scheme (EEDBS))		284	749
<b>Total</b>		<b>8 872</b>	<b>7 828</b>

Source: Department of Human Settlements Annual Report 2018/2019

### 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 on 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

One of the key outputs of the Provincial Disaster Management Centre (PDMC), is to have a current and credible Provincial Risk Profile. To ensure that the Provincial Risk Profile complies with this requirement, the PDMC developed a Western Cape Disaster Risk Profile (WCDRP).

The aim was to consolidate the results of all risk and vulnerability assessments conducted in the Western Cape, including climate change related assessments. The outcome included extensive desktop research on each identified hazard, its associated vulnerability and coping capacities and the development of a coherent and credible Provincial Risk Profile that

considers all relevant existing documentation informing disaster risk. The following risks were quantified and classified using the Hazard, Vulnerability and Capacity (HVC) Assessment tool, listed from the highest and most prevalent to the lowest and least prevalent in the Province:

- Drought;
- Wild Fires;
- Floods;
- Structural Fires; and
- Marine Pollution.

By developing a Provincial Disaster Risk Profile, the PDMC can update the current disaster risk management plan for the province as a whole which will include strategies, programmes and projects aimed at risk reduction and emergency preparedness. The Provincial Disaster Risk Profile will form an integral part of the Local Authorities Disaster Management Plans which must be aligned to the Integrated Development Planning (IDP), as well as the preparation of operational plans for the coordination of response and recovery efforts in the event of a provincial disaster.

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 IDP processes.

The PDMC has since 2012 assisted all District Municipalities in the Western Cape in updating their District Risk Assessments (DRA's). The risk assessments are inclusive of:

- Hazard assessment;
- Vulnerability assessment;
- Capacity assessment;
- GIS mapping; and
- Extensive Public Participation.

### 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 and committees to drive the implementation of disaster management

within their respective jurisdictional areas. The main matters on which the Forum collaborated efforts include the following:

- Human Settlement policies, protocols and new emergency housing conditional grant framework relating to disasters;
- Assisting in the formulation of planning and response strategy in terms of Operation Phakisa and participation of members in the oil spill training and exercise from 26-30 November 2018;
- Formulating close relations with South African Maritime Safety Authority (SAMSA) and MRCC;
- Sharing of expertise in relation to the recent drought coordination and management across the member provinces;
- Participation and partnership with BRICS coaster disaster working group. The BRICS engagement was hosted by South Africa during July 2018; and
- Inputs on amendments and reviews of the Coastal PDMC Collaboration Protocol with the inclusion of the NDMC as signatory.



# CHAPTER 4: FINANCIAL MANAGEMENT

#### 4.1 FINANCIAL PERFORMANCE

When assessing a municipality's financial performance and position, we assess the organisation's ability to sustain itself. But what does it mean and what factors are considered when assessing 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 as well as the relevant regulations, 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 2018/2019 financial year amounted to R59,4 billion (R54,5 billion 2017/18) while the total actual operating expenditure amounted to R54,7 billion (R49,9 billion 2017/18). 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 nine (9) municipalities who were within the 2 per cent variance threshold when comparing the budgeted (planned) revenue to be generated versus the actual revenue. Similarly, only two (2) municipalities were within this threshold when analysing the projected expenditure against the actual expenditure incurred.

There is concern that at nine (9) municipalities the expenditure incurred exceeded the revenue generated. It appears that these identified municipalities took longer than the norm of 30 days to collect their debt, but paid their creditors within a 30-day period.

**Table 7:** Operating Revenue and Expenditure (R'000)

MUNICIPALITY (R'000)	Operating Revenue			Operating Expenditure		
	Budget	Actual	%	Budget	Actual	%
<b>City of Cape Town</b>	40,182,323	40,512,543	-0.82	38,498,749	36,423,373	5.70
Matzikama	352,973	326,793	8.01	352,830	329,386	7.12
Cederberg	309,091	297,488	3.90	324,135	311,812	3.95
Bergrivier	326,702	326,985	-0.09	335,343	321,654	4.26
Saldanha Bay	1,117,416	1,121,242	-0.34	1,109,265	1,043,977	6.25
Swartland	754,219	789,465	-4.46	683,023	674,688	1.24
<b>West Coast District</b>	360,404	369,448	-2.45	343,179	378,688	-9.38
Witzenberg	620,039	588,051	5.44	608,771	554,721	9.74
Drakenstein	2,203,986	2,089,609	5.47	2,371,541	2,283,562	3.85

MUNICIPALITY (R'000)	Operating Revenue			Operating Expenditure		
	Budget	Actual	%	Budget	Actual	%
Stellenbosch	1,738,394	1,605,869	8.25	1,719,104	1,479,958	16.16
Breede Valley	1,020,940	939,793	8.63	1,008,554	946,727	6.53
Langeberg	667,471	676,181	-1.29	686,225	633,433	8.33
<b>Cape Winelands District</b>	421,017	398,609	5.62	418,101	346,808	20.56
Theewaterskloof	561,759	542,574	3.54	580,824	501,462	15.83
Overstrand	1,147,359	1,207,431	-4.98	1,154,476	1,107,962	4.20
Cape Agulhas	337,435	342,269	-1.41	313,738	359,452	-12.72
Swellendam	262,532	246,284	6.60	281,048	245,691	14.39
<b>Overberg District</b>	200,153	215,842	-7.27	203,904	212,740	-4.15
Kannaland	151,524	139,574	8.56	150,622	137,778	9.32
Hessequa	489,975	495,819	-1.18	478,742	429,407	11.49
Mossel Bay	1,062,948	1,052,492	0.99	1,022,349	965,376	5.90
George	1,923,188	1,910,220	0.68	1,963,177	1,926,665	1.90
Oudtshoorn	605,161	633,862	-4.53	674,586	621,679	8.51
Bitou	683,661	711,598	-3.93	562,153	633,794	-11.30
Knysna	940,954	885,471	6.27	919,824	884,294	4.02
<b>Garden Route District</b>	402,645	400,370	0.57	398,403	385,685	3.30
Laingsburg	79,665	98,394	-19.03	91,464	88,976	2.80
Prince Albert	79,996	66,799	19.76	79,829	67,206	18.78
Beaufort West	373,669	273,182	36.78	388,154	302,726	28.22
<b>Central Karoo District</b>	109,234	103,607	5.43	107,853	100,798	7.00
<b>TOTAL</b>	59,486,833	59,367,864		57,829,966	54,700,478	

Source: Municipal Annual Financial Statements 2018/2019

#### 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 82,9% (2017/18: 82.4%) of their adjusted capital budgets in the 2018/2019 financial year. This translates to an average under spending of 17,1%.

Ten (10) municipalities namely, Kannaland, Swellendam, Matzikama, Saldanha Bay, Hessequa, George, Oudtshoorn, Knysna, Garden Route District 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 2019.

**Table 8:** Capital Expenditure

Municipality	Adjusted Budget	Actual expenditure	YTD Expenditure
	R'000	R'000	%
<b>City of Cape Town</b>	6,636,132	5,316,210	80.11
Matzikama	73,271	47,719	65.13
Cederberg	105,621	104,238	98.69
Bergrivier	45,858	41,608	90.73
Saldanha Bay	302,126	237,399	78.58
Swartland	101,861	92,031	90.35
<b>West Coast District</b>	104,256	100,496	96.39
Witzenberg	90,639	86,657	95.61
Drakenstein	563,766	572,533	101.56
Stellenbosch	563,550	493,303	87.53
Breede Valley	272,868	266,003	97.48
Langeberg	101,331	93,290	92.06
<b>Cape Winelands District</b>	16,812	14,248	84.75
Theewaterskloof	88,460	76,533	86.52
Overstrand	174,748	175,110	100.21
Cape Agulhas	34,762	37,246	107.15
Swellendam	21,095	15,861	75.19
<b>Overberg District</b>	31,868	36,981	116.04
Kannaland	23,448	16,125	68.77
Hessequa	92,477	68,065	73.60
Mossel Bay	152,994	137,671	89.98
George	334,006	243,236	72.82
Oudtshoorn	86,181	54,701	63.47
Bitou	130,342	118,641	91.02
Knysna	212,523	149,667	70.42
<b>Garden Route District</b>	10,623	5,308	49.97
Laingsburg	22,647	19,268	85.08
Prince Albert	19,643	12,192	62.07
Beaufort West	34,101	28,991	85.01
<b>Central Karoo District</b>	1,047	881	84.15
<b>Total</b>	<b>10 449 056</b>	<b>8 662 212</b>	<b>82,90</b>

Source: Municipal Annual Reports 2018/2019

### 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, Drakenstein, Beaufort West and Kannaland 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 2018/2019 financial year.

The City of Cape Town, Bergrivier, Saldanha Bay, Swartland, West Coast District, Langeberg, Cape Winelands District, Theewaterskloof, Overstrand, Cape Agulhas, Swellendam, Hessequa, George, Laingsburg and Central Karoo Municipalities have all ensured a year-on-year positive increase above the recommended norm.

**Table 9:** Current Assets and Liabilities

MUNICIPALITY	2019			2018		
	Total current assets '000	Total current liabilities '000	current ratio	Total current assets '000	Total current liabilities '000	current ratio
<b>City of Cape Town</b>	18,405,664	9,114,290	2.02	14,250,005	8,876,006	1.61
Matzikama	72,591	87,043	0.83	78,042	80,507	0.97
Cederberg	56,947	97,514	0.58	68,154	99,068	0.69
Bergrivier	156,801	38,073	4.12	150,084	41,630	3.61
Saldanha Bay	776,115	223,842	3.47	780,089	225,551	3.46
Swartland	650,069	126,169	5.15	561,674	136,534	4.11
<b>West Coast District</b>	360,404	48,423	7.50	304,250	42,863	7.10
Witzenberg	183,674	91,452	2.01	182,524	82,068	2.22
Drakenstein	449,444	736,543	0.61	639,995	652,186	0.98
Stellenbosch	906,539	517,416	1.75	858,510	424,499	2.02
Breede Valley	258,181	170,630	1.51	328,298	201,833	1.63
Langeberg	238,753	128,162	1.86	213,034	122,945	1.73
<b>Cape Winelands District</b>	691,678	38,470	17.98	649,661	42,185	15.40
Theewaterskloof	208,505	124,226	1.68	128,733	91,299	1.41
Overstrand	710,826	222,765	3.19	625,093	221,509	2.82
Cape Agulhas	118,811	58,582	2.03	81,793	45,411	1.80
Swellendam	101,821	48,074	2.12	88,270	43,839	2.01
<b>Overberg District</b>	44,313	31,882	1.39	42,098	33,015	1.28

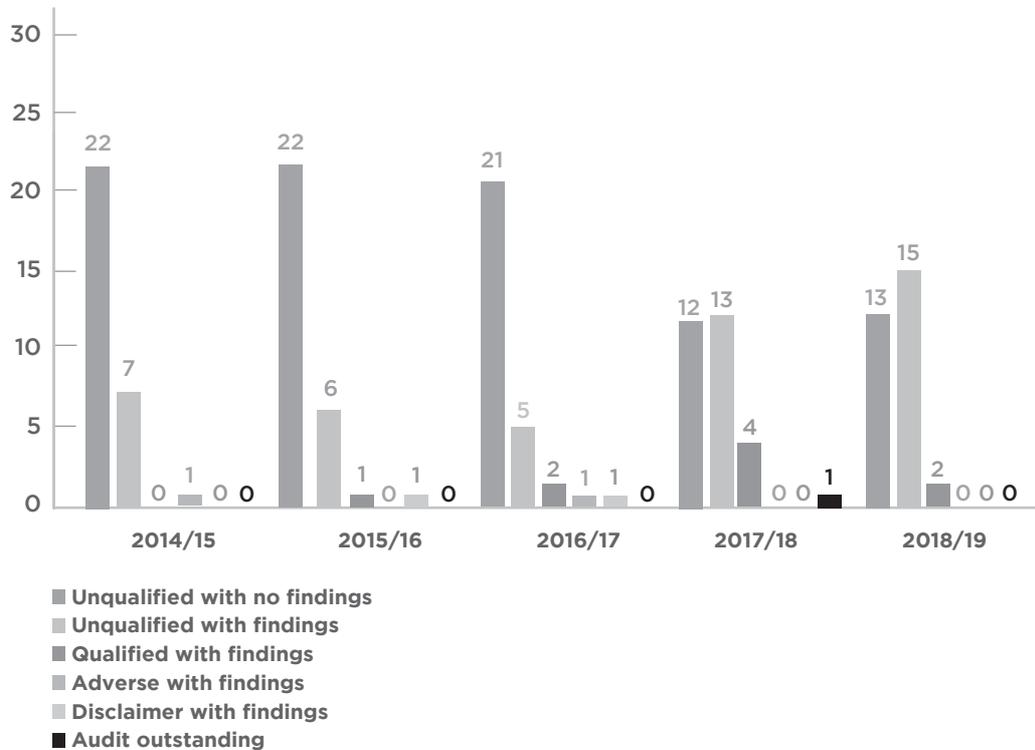
MUNICIPALITY	2019			2018		
	Total current assets '000	Total current liabilities '000	current ratio	Total current assets '000	Total current liabilities '000	current ratio
Kannaland	20,865	70,299	0.30	11,498	64,624	0.18
Hessequa	308,579	97,239	3.17	271,264	97,482	2.78
Mossel Bay	625,636	242,230	2.58	578,400	211,701	2.73
George	875,806	393,016	2.23	903,808	437,478	2.07
Oudtshoorn	175,542	149,650	1.17	123,267	115,576	1.07
Bitou	198,577	121,503	1.63	258,685	132,437	1.95
Knysna	276,718	221,892	1.25	253,544	165,820	1.53
<b>Garden Route District</b>	208,240	75,303	2.77	186,175	56,855	3.27
Laingsburg	21,864	14,112	1.55	24,654	19,824	1.24
Prince Albert	40,672	10,635	3.82	34,868	8,197	4.25
Beaufort West	59,517	73,987	0.80	76,002	83,775	0.91
<b>Central Karoo District</b>	16,385	10,265	1.60	15,803	14,188	1.11

Source: Municipal Annual Financial Statements 2018/2019

#### 4.2 AUDITOR GENERAL REPORT

Municipalities are audited by the Auditor General (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 municipalities in the Western Cape Province over the past five years.

**Graph 18:** WC Audit Outcomes for the Period 2014 – 2019

Source: Auditor General: General Report on 2018/2019

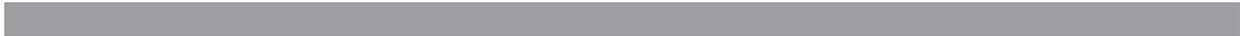
According to the Auditor General, the lapses in controls at certain municipalities were largely due to non-adherence to statutory submission dates of financial statements for auditing, as well as non-adherence to supply chain requirements in confined areas already identified and actioned by management only after the audit. However, the Auditor General indicated also that they do not find these lapses or control deviations to be indicative of a systematic breakdown in the systems of internal control; but stipulated that the report had highlight these occurrences to prevent complacency.

During the year under review, 13 municipalities in the Western Cape have received clean audits. There were four (4) municipalities that regressed during the 2018/2019 audit, while seven (7) municipalities have improved year-on-year.

#### 4.2.1 Measures taken to address issues raised by the Auditor General

To support municipalities with their audit findings raised by the Auditor General, Provincial Government has provided various initiatives and platforms to address audit-related findings. One of these platforms is the annual initiation of a MFMA Provincial Steering sub-committee, that sets out guide municipalities on audit findings and concerns raised by the AG, as it arises.

Provincial Government also developed a Monitoring Tool to track the support and feedback provided to municipalities in terms of their respective Audit action plans. Audit findings are analysed and adequate responses to transversal challenges are then developed and communicated to municipalities.



# 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 a vital tool at the disposal of municipalities and has the potential to radically improve the lives of all municipal constituents by enabling growth and reducing poverty. LED seeks to contribute as a locally driven process by national, provincial and local government, private sector and communities, working collectively to stimulate and transform the local economy to create sustainable job opportunities. LED is seen as a vehicle for growth and poverty alleviation and municipal LED strategies seek to create an enabling environment within which economic growth and development can be achieved.

The strategies associated with LED are not to be viewed as a quick-fix solution to 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 include 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 prioritisation and allocation to deliver on economic priorities.

The 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 Strategies

MUNICIPALITY	LED strategy
<b>City of Cape Town</b>	The City recognises that opportunities in high-growth, high-impact sectors are key to growing the local economy. These opportunities are used to attract investment to the region and maximise job creation and economic development. The Municipality's Economic Growth Strategy (EGS) furthermore addresses unemployment and poverty through a targeted approach to encourage economic growth and investment.
<b>West Coast District</b>	The Municipality indicated that their Economic Development Strategy will be reviewed and submitted to Council by 31 March 2019.
Matzikama	The Municipality indicated that a new LED Strategy has been adopted and approved by Council. The current LED Strategy is built around commitment to develop a climate in which economic development and economic growth can prosper.
Cederberg	The Municipality has developed what they refer to as DID (Development and Investment Desk) which was approved by Council. Furthermore, the Municipality has also developed an Investment Incentives Policy, working in conjunction with the DID.
Bergrivier	Council has established a Portfolio Committee for Economic Development. The first major task was the review of the Economic Development Strategy. The Economic Development Strategy identified four (4) pillars for economic development in Bergrivier Municipal Area, namely agriculture and agri-processing, tourism, manufacturing and the development of small medium enterprises.
Saldanha Bay	The Municipality LED strategy focuses on their core strengths such as the ports, sea and nature. Their economic sectors rely on these local advantages to succeed and grow. The strategy proposes seven (7) priority / catalytic initiatives with the aim to increase development.
Swartland	The LED Strategy was approved in May 2018 and contains the following strategic goals for economic growth and inclusion: 1. Strengthen the competitive advantages of Swartland. 2. Attract business to locate and grow. 3. Make local markets work better to increase opportunity for small business. 4. Attract more rate paying citizens. 5. Make it easier for local citizens to access economic opportunity.
<b>Cape Winelands District</b>	The Municipality indicated that their Local Economic Development and Social Development Strategy will be reviewed in line with socio-economic data and approach to current economic environment and conditions.
Witzenberg	The LED Strategy along with the Municipalities LED process plan is in the process of being implemented. Witzenberg Municipality has established a LED Forum comprising of a diverse membership from various sectors of society. The LED Strategy is built upon commitment to develop a climate in which economic development and economic growth can prosper.
Drakenstein	Drakenstein Municipality Integrated Economic Strategy that was adopted in March 2018 outlines Drakenstein's roadmap to inclusive and sustainable economic growth. The Municipality has core pillars for the strategy outlined, namely Governance and institutions, Infrastructure, Partnerships; and Shared identity and social cohesion.
Stellenbosch	Local Economic Development encompasses a spectrum of economic activity ranging from Business interventions, Mentorships, Enterprise Development as well as support to Tendering and Process training and the opportunity to create space for community markets to flourish.
Breede Valley	The Municipality core focus of the new 2017-2022 LED Strategy is to retain existing businesses and to attract new companies that can settle for the purposes of value-adding in the local economy. The municipality is aiming for a regional competitive advantage and to reach a stage where district-wide business organisation's operations, are interlinked, have stable cash flows and require foresight to invent new business concepts.

MUNICIPALITY	LED strategy
Langeberg	The Municipality indicated that their local economy is dominated by the wholesale and retail trade, catering and accommodation sector, which contributes to more than 67.7% of Langeberg municipal economy.
<b>Overberg District</b>	The Municipality has successfully transitioned from a Local Economic Development (LED) focus to a Regional Economic Development (RED) focus. The aim of the strategy is to, in partnership with the local municipalities and respective industries, create an environment for significant growth and job creation over the medium term.
Theewaterskloof	The municipality has identified in their Economic Growth plan that there is an over reliance on the Agricultural sector. The Municipality recognises that the LED strategy will need to be reviewed and consideration should be to update the LED Strategy.
Overstrand	The Municipality's LED strategy focused on the following key performance areas: Red tape Reduction for ease of doing business, Business Retention and Expansion, Development of Economic Hubs/ Spaces, Supply Chain Management as an enabler for Local Economic Development and Assisting Entrepreneurs with access to the market.
Cape Agulhas	During 2017/18, the strategy was revised, and specific focus placed on implementation. During the year under review, there was a significant shift to regional economic development. The Overberg District Municipality commenced the process of developing a Regional Economic Development Strategy (RED), and the Municipality participated in this process.
Swellendam	The Municipality indicated that there are currently capacity constraints within their LED section. Their Growth and Development Strategy is still ongoing with key focus on Tourism and events, Development Facilitation Services, Agriculture and Business Development.
<b>Garden Route District</b>	This Municipality indicated that they continuously build on the progress and awareness created in 2017/2018. They have successfully collaborated with South Cape Economic Partnership (SCEP), Green Cape, Wesgro, Department of Economic Development and Tourism (DEDAT) and B-municipalities, to ensure that tangible outcomes and successes are reached in terms of investment promotion, facilitation and recruitment.
Kannaland	The Kannaland Municipality indicated that their LED strategy will be re-developed and workshopped during the 2019/20 financial year. The Municipality has identified partnerships with DEDAT and Private sectors to establish support into developing a future LED strategy and Tourism master plan.
Hessequa	The Municipality indicated that their economic development strategy review process has been identified as a top layer key performance indicator for the 2018/2019 financial year. The objective of the reviewed LED Strategy/ framework is to provide strategic direction in terms of economic programmes and projects for the remaining term of Council. The draft strategy was already submitted to Council in June 2018.
Mossel Bay	The Municipality reviewed and approved its LED and Tourism strategy and during this financial year the Municipality implemented the strategy. The Municipality reported that they have facilitated 16 LED interventions.
George	The Municipality indicated that their strategy is outdated - known as the Economic Development Strategy (2012). Furthermore, the Municipality has undertaken to review the current EDS to sharpen its focus on developing and promoting competitiveness.
Oudtshoorn	Oudtshoorn has a robust local economy that is rapidly diversifying. The Municipality's LED strategy focuses on four (4) key areas as identified in the Annual Report. These are Agriculture, Industrial development, Infrastructure economy and Tourism.
Bitou	The Municipality indicated that it has an obligation to grow the economy. The LED and Tourism unit of the Municipality recognises that by enabling small, medium and micro-sized enterprises (SMME), creating an environment wherein business can optimally operate and to ensure that sustained increases in growth is obtained might foster the economic development within the area.

MUNICIPALITY	LED strategy
Knysna	The Knysna Municipality identified the need to review their LED strategy. The reviewed strategy aims to create a conducive environment for all stakeholders to stimulate economic growth and create decent job opportunities. The strategy was submitted to council on the 30 June 2019.
Central Karoo District	The purpose of the District LED Strategy is to support pro-poor economic growth and job creation through an integrated approach. Several areas are mentioned in this regard, incorporating new business creation, improving infrastructure, attracting inward investment, strengthening the LED capacity, encouraging local procurement, improving skills and knowledge. Central Karoo Small town regeneration summit; SMME Workshops for upcoming and existing business; Beaufort West business workshop as well as Beaufort West Youth summit was held in the 2018/19 financial book year.
Laingsburg	The Municipality's LED strategy vision is to create self-sustained communities in the Central Karoo area. The Municipality's LED strategy identifies various issues and strategic areas for intervention such as: sustaining existing agricultural practices; promoting agri-processing industries; providing for urban agriculture and small scale farming; identifying and supporting agri-tourism practices; alternative energies; and agri-tourism.
Prince Albert	The Municipality indicated that they had previously entered into an agreement with the University of Stellenbosch to do a socio-economic assessment of existing structures and programmes within the Municipal area and to identify opportunities to provide forward growth within the community. The municipality identified that partnership is a key component for economic development. The Municipality has started a mapping exercise which led to several exploratory engagements with the public on possible future partnerships in local economic and social development.
Beaufort West	The Municipality held a SMME development roadshow in March 2019 to discuss and develop the area's economic opportunities. One of the key outcomes of the roadshow was an undertaking by the Municipality to develop a new LED strategy.

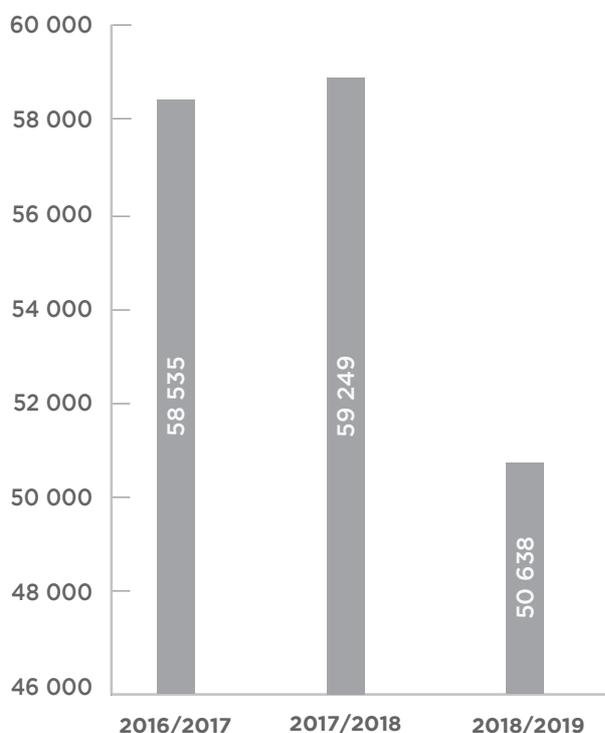
**5.2 JOB OPPORTUNITIES**

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 illustrates that there has been a slight decrease in the number of employment opportunities created through EPWP at municipalities in 2018/2019 as compared to the previous financial year.

**Graph 19: Job Opportunities (EPWP)**



Source: Municipal Annual Report 2018/2019

 **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 and integration. 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 at all levels of government. This involves greater alignment of Provincial and Local Government.

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, stakeholder governance and 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). These 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 following findings were made:

### 6.1 Financial Sustainability

The following challenges relating to Financial Sustainability were highlighted:

- In an effort to ensure the financial sustainability of municipalities going forward, NT expected all municipalities to adopt funded budgets. This requirement was communicated to municipalities via MFMA Circulars 74, 89, 93 and 94.
- Section 18 of the MFMA requires a budget to be funded from 1) realistically anticipated revenues to be collected, 2) cash-backed accumulated funds from previous years' surpluses not committed for other purposes and 3) borrowed funds, but only for the capital budget referred to in section 7(2) of the MFMA. A total of five (5) municipalities (Garden Route, Drakenstein, Kannaland, George and Laingsburg) contravened these provisions and tabled unfunded budgets. These municipalities have been advised to adjust their revenue and expenditure projections accordingly to ensure that the final budgets will be funded. In cases where municipalities were not able to adopt funded budgets, MFMA Circular 93 requires that municipalities table a plan with the adoption of the annual budget in council on how and by when the budget will improve from an unfunded to a funded position.
- A number of disputes arose with the Auditor-General during the 2017/18 audit cycle stemming from legal interpretations. As such, municipalities expressed the need for an improved system to deal with disputes with the Auditor-General.
- The general slowdown in the economy coupled with traditional trading services

such as water and electricity, coming under pressure due to the protracted drought and energy crisis as well as changing consumption patterns, impact negatively on the ability of municipalities to generate and collect self-generated/own-revenue.

- Greater prominence should be given to the development of effective long-term financial plans to enhance revenue management and to diversify the municipal funding mix.
- The credibility of capital budgets is affected by the ability of municipalities to implement said budgets due to, amongst other, supply chain challenges and uncertainty regarding grant funding for certain capital programmes.
- Long-term plans, cost-effective and innovative strategies to manage landfill sites remain a challenge.

## 6.2 Economic Sustainability

This section assessed the extent to which the budget is responsive from an economic and socio-economic perspective and seeks to determine whether a municipality is able to legitimately meet the service delivery needs of its community given its limited resources. The following key findings were identified:

- A notable regression has been observed in many of the socio-economic variables such as high-school drop-outs, unemployment, maternal deaths, road fatalities etc. Although not all within the ambit of responsibility of local government, these variables do influence the overall quality of life of citizens.
- An increase in indigent households, rising population growth and a general slowdown in the economy puts pressure on municipalities to deliver basic services/free basic services and meet the demand for housing/human settlements.
- Enhanced infrastructure as a catalyst for broad-based growth and development: Infrastructure developments are however mostly driven through WCG investments; municipal own-revenue contributions towards infrastructure development (capital budgets) remain under pressure amidst troubling economic conditions.
- Resilience: ability to navigate unforeseen shocks (drought, energy crisis) and changing consumer patterns through the onset of green technology whilst not foregoing much needed revenue.
- Transport-oriented Development: championed by the City of Cape Town, this approach aims to spatially transform the municipal build environment by optimising the location of transport nodes and human settlement developments through targeted bulk infrastructure spend that ultimately allow all citizens equal access to economic opportunities. Improved access does however bring its own challenge, most notably traffic congestion towards urbanised business cores which in turn also stifles economic growth. The transport-orientated approach and the ensuing challenges offers immense potential for inter-governmental collaboration.
- Shared Services Model: Amidst revenue decline and expected decrease in grant funding due to fiscal constraints, municipalities are proactively exploring ways in which they can share the roll-out of services (including internal capacity building initiatives).
- Supply Chain Management (SCM): Improved alignment required between demand/procurement plans and the IDP and SDBIP that are linked to the approved budget to ensure that funding for the acquisition of goods and services are available.
- Tariff structures: The National Energy Regulator of South Africa (NERSA)

communication relating to the municipal benchmark tariff for electricity was only published on 29 March 2019. This was after most municipalities tabled their annual budgets for the upcoming year. This had a negative impact on the municipal budgeting process and subsequent public participation process as the energy tariff increase was undetermined prior to the tabling. The NERSA deadline is imperative as electricity is a major source of revenue for municipalities. The benchmark for this is required by mid-February/early March in order to forecast the revenue for this service.

- Development of sustainable funding models for district municipalities: Alternative and additional funding for district municipalities as well as the scope of service of these municipalities pose several challenges. Provincial Treasury, in conjunction with the district municipalities, undertook a funding research initiative which resulted in a revision of the Regional Service Councils (RSC) levy grant baseline of the lowest 10 districts allocations (nationally) over a two-year period. Provincial Treasury will in the upcoming year be engaging with district municipalities in taking this work forward.

### 6.3 Partnering for Change

- There has been improved collaboration between local and provincial government as well as between local municipalities. It has also been reported that district municipalities have played a more prominent role in generating and implementing regional solutions.
- Improved co-ordination is required between provincial and local government to address infrastructure related challenges and the sharing of services and resources.
- Recurring concerns include matters

relating to safety and security, diversifying energy sources (solar, wind and waste-to-energy) as well as water security management. In general, it emerged that energy overall is a constant source of concern, but there is no clearly-understood or communicated energy strategy for local or regional authorities.

- Challenges facing housing developments (which emerged as a higher priority than in previous years, largely driven by the contentious land expropriation discourse) offers immense partnering opportunities within the context of urban and spatial development. Similarly, the importance of integrated transport infrastructure solutions necessitates enhanced collaboration between all spheres of government.
- A number of sectors and industries were repeatedly identified as clear partnering opportunities. These include, but are not limited to, agriculture (urban agricultural developments, food systems policies, agri-processing and agri-tourism) and tourism.
- Certain sector departments were identified for specific collaboration initiatives i.e. DEA&DP (estuary and coastal management) and the Department of Economic Development and Tourism (DEDAT) (special economic zone development, local economic development).
- Another consistent theme that emerged was the lack of LED capacity and expertise at municipal level. This offers further collaboration opportunities between the local/district municipalities and sector department.

### 6.4 Transversal Support Plans

A key outcome of the SIME: LG MTEC process was to identify areas of support where provincial government could provide assistance to municipalities to more effectively

and efficiently manage its resources to ultimately improve the lives of its citizens. The following multi-disciplined support initiatives have been identified:

- Strengthen co-planning, co-budgeting and co-implementation by ensuring facilitated participation across all spheres of government.
- Improve regional economic development through coordinated planning.
- Improve the planning, implementation and maintenance of infrastructure investments through a three-year infrastructure capital and financial plan.
- Strengthen district/regional integrated transport planning to facilitate broad-based development and economic growth.
- Support for municipalities to improve conformance and performance of municipal SDF's.
- Support for municipalities to improve the level of compliance and performance in terms of biodiversity and Invasive Species Monitoring, Control and Eradication Plans.
- Support for municipalities to reduce climate change and water vulnerabilities and to improve climate change response and improve resilience.
- Support for municipalities to improve the level of compliance and performance in terms of coastal management.
- Development a Procurement Toolkit to assist municipalities with procurement planning and implementation.
- Assistance with the development of long-term financial plans.
- Development of revenue enhancement strategies and capacity building through transversal training.
- Conduct tariff modelling studies to analyse appropriate tariff setting responses.
- Continuation of the District Funding Research Initiative.



# CHAPTER 7: BACK TO BASICS

## 7.1 BACKGROUND

The Back to Basics Programme is a national programme which was introduced to provinces during 2014. The provincial launch of this programme was followed by a profiling exercise of all municipalities within the Western Cape. These profiles were based on a pre-determined set of criteria, to determine which municipalities will be assisted through the programme. Following this profiling exercise, the following 10 Municipalities were identified in the Province to be assisted through the Back to Basics Programme, namely:

- Cape Agulhas;
- Swellendam;
- Matzikama;
- Cederberg;
- Prince Albert;
- Beaufort West;
- Central Karoo District;
- Kannaland;
- Oudtshoorn; and
- Laingsburg.

During February and March 2015, diagnostics were completed at all ten (10) municipalities and the findings of these diagnostics were translated into a customised Back to Basics Support Plan for each individual Municipality. These customised Back to Basics Support Plans identified individual projects to be implemented by various sectors at the respective municipalities.

As part of the monitoring framework, Back to Basics Steering Committees were established, consisting of all provincial and national stakeholders that were implementing individual projects at the said municipalities. These Back to Basics Steering Committee Meetings were held on a quarterly basis to monitor progress on the implementation of the Back to Basics Support Plans.

## 7.2 Progress to date:

### 7.2.1 Municipalities successfully exiting the Back to Basics Programme:

To date, through the support provided with the implementation of the Back to Basics Programme, four (4) Municipalities within the province have successfully exited the programme, based on a combination of the following criteria, namely:

- The majority of projects identified on the customised Back to Basics Programme was successfully completed, through the assistance of relevant sector departments or stakeholders.
- The Municipality could demonstrate an improvement in the Audit Opinion from the initial stage of implementation to the stage of exiting the programme.
- The latest ratings of the Municipality in terms of the Western Cape Municipal Evaluation System were favourable in terms of certain key performance areas.
- Issues persisting at the Municipality could be addressed through general support initiatives provided to the Municipality.
- No further support requirements were identified by the Municipality.

To date the following four Municipalities have successfully exited the programme:

- Cape Agulhas;
- Swellendam;
- Oudtshoorn; and
- Matzikama

It should be noted that, although these municipalities have exited the Back to Basics Programme, support to these municipalities will be provided on a continuous basis.

### 7.2.2 Municipalities supported through the Back to Basics Programme

During the 2018/19 Financial year, six (6) Municipalities were supported in terms of

the Back to Basics Programme, through the implementation of individual Back to Basics Support Plans. Progress on the implementation of these Back to Basics Support Plans are as follows:

**Table 11:** Progress on the implementation of these Back to Basics Support Plans

Municipality	Progress with implementation	Challenges / Way Forward
<b>Cederberg</b>	<p>The Municipality has a customised B2B Support Plan which is currently being implemented. <b>Key issues that are being addressed on the Back to Basics Support Plan are:</b></p> <ul style="list-style-type: none"> <li>• Provision of services to privately owned land (Moravian Church)</li> <li>• MISA technical support through the deployment of Professional Engineer and graduate interns.</li> <li>• DLG support in terms of funding for interns.</li> <li>• Financial and technical support by various departments in the provision of the following infrastructure projects: <ul style="list-style-type: none"> <li>• Housing Development in Elands Kloof.</li> <li>• Provision of footbridges in Wupperthal</li> <li>• De-salination Plant in Lamberts Bay</li> <li>• Citrusdal Waste Water Treatment Plant</li> <li>• Upgrading of Electricity Network in Clanwilliam</li> <li>• Establishment of a Regional Waste Site (Inter Municipal Cooperation Agreement)</li> <li>• Drilling of boreholes in Citrusdal and Clanwilliam</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Back to Basic support will continue and be monitored through the quarterly steering committee meetings.</li> <li>• The Municipality has been earmarked for funding support from the Department for a Socio Economic Study in Citrusdal during the current financial year.</li> <li>• The Municipality is currently experiencing challenges with the Department of Forestry and Fisheries (DAFF) regarding the Fish Market in Elands Bay. The HOD for DLG will mediate between the Municipality and the DAFF.</li> </ul>
<b>Prince Albert</b>	<p>The Municipality has a customised B2B Support Plan which is currently being implemented.</p> <p><b>Key issues that are being addressed on the Back to Basics Support Plan are:</b></p> <ul style="list-style-type: none"> <li>• Identification and funding of key drought related projects within the Municipality, including: <ul style="list-style-type: none"> <li>• The installation of prepaid water meters and water control devices</li> <li>• Development of a Water Services Development Plan.</li> </ul> </li> <li>• Upgrading of the Electricity Network in the Municipality through funding from the Department of Minerals and Energy.</li> </ul>	<ul style="list-style-type: none"> <li>• Back to Basic support will continue and be monitored through the quarterly steering committee meetings.</li> </ul>

Municipality	Progress with implementation	Challenges / Way Forward
	<ul style="list-style-type: none"> <li>• Addressing the capacity issues within the municipality by focussing on:</li> <li>• The establishment of Shared Services Models in terms of:               <ul style="list-style-type: none"> <li>• Planning</li> <li>• Fire</li> <li>• Legal</li> <li>• Engineering</li> <li>• Research</li> <li>• Internal Audit &amp; Risk Management</li> </ul> </li> <li>• Deployment of interns and technical skills through:</li> <li>• DLG funded interns (Human Resources)               <ul style="list-style-type: none"> <li>• MISA is currently providing Technical and Financial support, through the deployment of qualified engineers as well as professional interns.</li> <li>• Prince Albert was also identified by CoGTA to be supported with the Revenue Enhancement Project which forms part of the B2B plan.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The Municipality has been earmarked for co-funding support from the Department for the employment of a Director: Corporate Services for a period of 2 months, during the current financial year.</li> <li>• The Municipality is still experiencing challenges with the eradication of the bucket system, as well as conservancy septic tanks.</li> </ul>
<b>Central Karoo District</b>	<p>The Municipality has a customised B2B Support Plan which is currently being implemented.</p> <p><b>Key issues that are being addressed on the Back to Basics Support Plan are:</b></p> <ul style="list-style-type: none"> <li>• Financial sustainability of the District in terms of funding models.</li> <li>• Technical support through MISA, which is addressing the revision of master plans.</li> <li>• Addressing the challenges around drought in the region as a whole, with the district taking a lead.</li> <li>• Continuing to strengthen the Shared Services / Inter-Municipal Cooperation within the district.</li> <li>• Through the Shared Services Model the following areas are being focussed on:               <ul style="list-style-type: none"> <li>• Communication</li> <li>• Planning</li> <li>• Disaster Management.</li> </ul> </li> <li>• The Municipality will also enter into an Inter Municipal Cooperation agreement with the Cape Winelands District Municipality in terms of firefighting training.</li> </ul>	<ul style="list-style-type: none"> <li>• Back to Basic support will continue and be monitored through the quarterly steering committee meetings.</li> <li>• The Municipality has however moved towards a District Support Plan, whereby strategic projects have been identified, which will have an impact on the region as a whole.</li> <li>• One of the key strategic issues identified in the region is the establishment of a Regional Waste Facility.</li> </ul>

Municipality	Progress with implementation	Challenges / Way Forward
<b>Beaufort West</b>	<ul style="list-style-type: none"> <li>• After the 2016 Local Government Elections, the Department of Local Government decided to informally intervene in the Beaufort West Municipality.</li> <li>• An Integrated Recovery Plan was developed for the Municipality looking at all business units within the Municipality.</li> </ul> <p><b>Key issues that are being addressed through the Integrated Recovery Plan:</b></p> <ul style="list-style-type: none"> <li>• Filling of critical Director positions</li> <li>• Development of a Financial Recovery Plan which included the following: <ul style="list-style-type: none"> <li>• Review expenditure and implement Circular 82</li> <li>• Explore alternative revenue sources</li> <li>• Optimal and appropriate use of grant funding</li> <li>• Central procurement system</li> <li>• Review of Supply Chain Delegations</li> <li>• Adoption of an effective procurement plan.</li> </ul> </li> <li>• Establishment of a Drought Task Team, dealing with all issues pertaining to the drought in the Municipality.</li> <li>• MISA support through the development of Master Plans and the deployment of a Professional Planner and Professional Engineer in the Region (shared services). B2B plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Concern has been raised by sectors that progress with the Back to Basics Support Plan (Intensive Support Package) is moving too slowly due to Administrative challenges experienced.</li> </ul>
<b>Kannaland District</b>	<ul style="list-style-type: none"> <li>• On 7 December 2016, Provincial Cabinet approved a formal intervention into the Kannaland Municipality in terms of Sec 139 (5) of the Constitution, which was followed by a comprehensive support package to address immediate governance and financial challenges.</li> <li>• On 31 January 2017, a Draft Financial Recovery Plan was tabled at Council and endorsed for the purposes of the prescribed public participation and consultation process.</li> </ul> <p><b>Key issues that are being addressed through the Comprehensive support package:</b></p> <ul style="list-style-type: none"> <li>• Deployment of an Administrator</li> <li>• Development of a new Organisational Structure</li> <li>• Financial assistance to procure second hand vehicles from the City of Cape Town.</li> <li>• Development of Repair and Maintenance Framework</li> <li>• Drafting of ICT Policies and Framework</li> <li>• Funding towards fire and rescue vehicle and training</li> <li>• Addressing capacity issues within the organisation, through:</li> </ul>	<ul style="list-style-type: none"> <li>• Due to the intensive nature of the support plan, the Back to Basics Steering Committee Meeting are being held on a monthly basis.</li> <li>• Kannaland Municipality has also been identified by the National Minister of COGTA to receive focused support. MISA has established District Support Teams that form part of the B2B Support Plan focussing on Technical and Financial support.</li> </ul>

Municipality	Progress with implementation	Challenges / Way Forward
	<ul style="list-style-type: none"> <li>• MISA technical support which entails the deployment of a Professional Engineer and graduate interns.</li> <li>• Funding support to fill positions in the Finance and Technical Departments.</li> <li>• Development of a brand and corporate identity</li> <li>• Funding support towards the development of a homework hub at the Thusong Centre.</li> <li>• Replacement of water and electricity meters.</li> <li>• Funding support towards drought mitigation, which includes:               <ul style="list-style-type: none"> <li>• Rehabilitation of Calitzdorp Water Treatment Plant</li> <li>• Refurbishment of Zoar Water Treatment Plant</li> <li>• Refurbish, drill and equip existing boreholes in Zoar</li> </ul> </li> <li>• Implementation and monitoring of a Financial Recovery Plan by Provincial Treasury.</li> </ul>	<ul style="list-style-type: none"> <li>• The Municipality are currently in the process of finalising a number of Business Plans to apply for funding from Sector Departments, including the Department of Local Government.</li> <li>• The contract of the current Administrator expired on 31 August 2019. A new Administrator has been appointed and started on the 9th of September 2019.</li> </ul>
<b>Laingsburg</b>	<p>The Municipality has a customised B2B Support Plan which are currently being implemented on a quarterly basis.</p> <p><b>Key issues that are being addressed on the Back to Basics Support Plan are:</b></p> <ul style="list-style-type: none"> <li>• Identification and funding of key drought related projects within the Municipality, including:               <ul style="list-style-type: none"> <li>• Funding by DLG for the installation of pre-paid water meters.</li> <li>• Drafting of a Water By-Law</li> <li>• Communications support by DLG focussing on the Drought</li> <li>• Development of Water and Sewerage Master Plans</li> <li>• Development of a Water Services Development Plan.</li> <li>• Connecting the main water supply pipeline with the reservoir.</li> </ul> </li> <li>• Deployment of a MISA Planner to assist with the Land Use Applications and the Spatial Development Framework.</li> <li>• The establishment of an Inter Municipal Cooperation Agreement between Laingsburg Municipality and the Cape Winelands District Municipality in terms of the following functions:               <ul style="list-style-type: none"> <li>• Disaster Management</li> <li>• Fire fighting</li> <li>• Local Economic Development</li> <li>• Internal Audit</li> <li>• Human Resources and</li> <li>• Waste Management</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Back to Basic support will continue and be monitored through the quarterly steering committee meetings.</li> </ul>

Municipality	Progress with implementation	Challenges / Way Forward
	<ul style="list-style-type: none"><li>• The Municipality has also identified key infrastructure projects for which funding applications have not been finalised, which includes:<ul style="list-style-type: none"><li>• Upgrading of ablution facilities in Matjiesfontein</li><li>• Installation of sewerage water pipes in Matjiesfontein</li><li>• Maintenance and upgrading of mud houses in Matjiesfontein.</li></ul></li></ul>	

## WAY FORWARD

Through the Back to Basics Programme, the Department established itself as the “Single Window of Co-ordination” (Gateway to Local Government) in terms of support to Municipalities in the Province. Through this model the Department will replicate the methodology used during the implementation of the Back to Basics Programme, but on a district basis, through the implementation of a Joint District Approach (JDA). The JDA will focus on strategic projects within a District, which emanated during joint co-planning sessions held within a particular district. After concession has been reached on the prioritisation of these strategic projects within a particular district, the co-budgeting phase will follow, which will be led by Provincial Treasury and supported by DLG and all affected provincial implementing departments. The co-budgeting phase will focus on the allocation of resources in line with National, Provincial and District priorities. Once the co-budgeting phase has been concluded, structures will be set up to facilitate the co-implementation process through the implementation of District Support Plans, which will not only focus on strategic projects (longer term service delivery projects), but projects focussing on the building of the capacity within municipalities, will also filter into these District Support Plans.

The “Single Window of Co-ordination” approach, which was developed through the implementation of the Back to Basics Programme will be driven on a more strategic level, through the District Coordinating Forums in each district and will impact all municipalities in the Province and not only an identified few. This new approach is still in the initial consultation phase with all the relevant provincial and municipal role-players and will be fully implementable during the 2020-21 financial year.

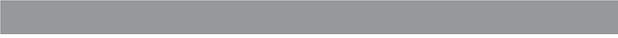
Until the new approach has been thoroughly consulted and conceptualised in terms of implementation, the Department will continue

supporting the remaining six (6) municipalities, through the Back to Basics Programme and implementation will be continuously monitored through the quarterly Back to Basics Steering Committee Meetings.

## CONCLUSION

This report has detailed the performance with regard to the status of municipalities in the Western Cape Province across Governance, Service Delivery, Financial Sustainability and Local Economic Development indicators.

The report further takes an objective look at the key challenges to be addressed, including the support provided to municipalities and the need to support drought mitigation strategies.

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Department of Local Government

Western Cape | Local Government  
Private Bag x9076 | 80 St. George's Mall, Waldorf Building, Cape Town, 8000  
Tel: 021 483 8986 | Fax: 021 483 0632  
Provincial website: [www.westerncape.gov.za](http://www.westerncape.gov.za)

To obtain additional copies of this document, please contact:  
Directorate: District and Local Performance Monitoring



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