



Western Cape Government • Wes-Kaapse Regering • URhulumente weNtshona Koloni

PROVINCE OF THE WESTERN CAPE

PROVINSIE WES-KAAP

# Provincial Gazette Extraordinary

7331

*Tuesday, 11 November 2014*

# Buitengewone Provinsiale Koerant

7331

*Dinsdag, 11 November 2014*

*Registered at the Post Office as a Newspaper*

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*(\*Reprints are obtainable at Room M21, Provincial Legislature Building, 7 Wale Street, Cape Town 8001.)*

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P.N. 309/2014

11 November 2014

**CONSOLIDATED ANNUAL MUNICIPAL PERFORMANCE REPORT**



**Consolidated Annual Municipal Performance Report 2012/2013**  
Local Government



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## LIST OF ACRONYMS

ANC	African National Congress
ACDP	African Christian Democratic Party
AGSA	Auditor-General of South Africa
ART	Anti-Retro Viral Treatment
CAE	Chief Audit Executive
CFO	Chief Financial Officer
COPE	Congress of the People
CRO	Chief Risk Officer
CWP	Community Work Programme
DA	Democratic Alliance
DBSA	Development Bank of Southern Africa
DCoG	Department of Cooperative Governance
DCF	District Coordinating Forum
DCFTECH	District Coordinating Forum Technical Committee
DEAT	Department of Economic Affairs and Tourism
DLG	Department of Local Government
DM	District Municipality
DORA	Division of Revenue Act
EPWP	Extended Public Works Programme
GRAP	Generally Recognised Accounting Practice
GDP	Gross Domestic Product
HIV	Human Immunodeficiency Virus
HRM	Human Resource Management
HRD	Human Resource Development
ICOSA	Independent Civics of South Africa
ICT	Information and Communication Technology
ID	Independent Democrats

IDP	Integrated Development Plan
INDEP	Independent
IRDP	Integrated Residential Development Programme
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LGTAS	Local Government Turn-Around Strategy
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act No. 56 of 2003
MGRO	Municipal Governance Review and Outlook
MIG	Municipal Infrastructure Grant
MOA	Memorandum of Agreement
MM	Municipal Manager
MSA	Municipal Systems Act No. 32 of 2000
NSDP	National Spatial Development Perspective
NT	National Treasury
OPCA	Operation Clean Audit
PAC	Pan African Congress
PDO	Pre-determined Objectives
PMS	Performance Management System
PT	Provincial Treasury
UISP	Upgrading of Informal Settlement Programme
RED	Regional Economic Development
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SMART	Specific, Measurable, Attainable, Realistic and Time bound
WC	Western Cape
WCDMC	Western Cape Disaster Management Centre

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## FOREWORD BY MEC

Municipalities in South Africa are facing a number of challenges which impact on their sustainability in the medium to long term. These challenges include skills shortages, financial stress, limited revenue –raising capacity, asset deterioration and replacement costs, ageing populations, growing community demands and governance issues.

I submit this eight (8th) Municipal Consolidate Performance report of the Municipalities in the Western Cape to the Provincial Legislature; National Ministers; the National Council of Provinces, and Western Cape residents. This is in line with the legislative obligations placed on the MEC for Local Government in Section 47 of the Municipal Systems Act 32 of 2000.

Performance measurement is an important element of local government and this report provides an overview of the performance of Western Cape Municipalities for the 2012/13 financial year and the challenges identified and the interventions which were implemented. Through continuous support and engagement with municipalities, the following performance was noted:

- 162 CDWs were deployed in 7 different regions to improve the provision of services and to strengthen public participation in government programmes;
- MIG expenditure to improve capital infrastructure was 100%;
- Anti-corruption and fraud prevention plans were developed and adopted in all 30 municipalities;
- Ward committees were functioning well, with 371 out of 387 ward committees functional; and
- A total of 168 senior manager (including Municipal Manager) positions were approved across all municipalities and 154 posts were filled.

One of the key features of a developmental state is to ensure that all citizens, especially the poor and other vulnerable groups, have access to basic services. Municipalities have a Constitutional responsibility to ensure that such services are rolled out to all citizens and to this end the Western Cape Municipalities have a service level of above 90% in the 2012/13 financial year. In excess of 400 000 households received free basic services.

Municipalities in the Province have continued to comply with the timeframes for the tabling of budgets, with only Oudtshoorn municipality not tabling their budget within the required timeframe. The improvement in audit outcomes is also indicative of the support provided, with 26 municipalities achieving unqualified audit opinions. It is envisaged that audit outcomes

will further improve in the future and the target is that all 30 municipalities in the Province receive unqualified audit opinions.

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

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

A handwritten signature in black ink, appearing to read 'A. Bredeell', written in a cursive style.

**A BREDELL**

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

## EXECUTIVE SUMMARY

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

Although municipalities have made progress in this regard, effective and efficient municipal transformation and institutional development are areas that still need to be strengthened in municipalities. Stability was sustained by councils during 2012/13 financial year through municipalities convening meetings and making resolutions.

The vacancy rate in senior management posts was at 9%, indicating that municipalities in the Western Cape were administratively stable to perform their delegated responsibilities. In some instances where a senior management post was vacant, municipalities have made arrangements for temporary appointment of an official in an acting capacity to perform the functions of a section 56 manager. All municipalities with the exception of Swellendam Municipality have signed and submitted their performance agreements to the MEC for Local Government.

To promote skills development and capacity building, all municipalities have complied with developing and submitting their workplace skills plans to the Local Government SETA. Although all municipalities submitted skills development plans and implemented those plans, an average of 89% of municipal personnel budgets was spent during 2012/13 financial year. Municipalities have reported that the success of the implementation of their workplace skills plan has mostly been hampered by budgetary constraints. Improvement has been noted in relation to the tabling of Annual Reports and adoption of Oversight Reports within the required timeframe, with 29 municipalities tabling and adopting in councils. Anti-corruption and fraud prevention plans were developed and adopted in all 30 municipalities. Various initiatives were implemented by municipalities in operationalizing their anti-corruption and fraud prevention plans.

To improve the provision of services and strengthen public participation in government programmes, 162 CDWs were deployed in 7 different regions of the province, facilitating information sessions and ensuring participation of communities in various municipalities. The

Province currently has 11 municipalities implementing the Community Work Programme, affording the citizens an employment safety net with basic level of income. Ward Committees have continued to function well, with 371 out of 387 ward committees functional. The Department of Local Government provided support to 18 municipalities with ward committee training and capacity building.

Municipalities, as the third sphere of government, are the closest to communities and are tasked primarily with developing and implementing sustainable ways to meet community needs and improve the quality of their lives with the provision of basic services i.e. water, electricity, sanitation and solid waste. It needs to be noted that the service delivery data used in this report was sourced from census data due to limited information and often outstanding or incomplete information. The analysis was based on the following areas, piped water inside dwelling; flush toilets connected to sewerage; electricity for lighting; and weekly refuse removal.

Western Cape municipalities continued to provide nationally mandated free basic services to registered indigent households within their areas during the 2012/13 financial year.

MIG expenditure reached 100% at the end of June 2013. The Western Cape continued with the trend of 100% expenditure during the period under review comparing with 2010/11 and 2011/12 financial years. The number of houses built increased in 2012/13 to 13 128, as compared to 11 219 in 2010/11 and 11 065 in 2011/12 financial year.

With regards to Local Economic Development, municipalities have revised LED strategies, with the exception of Overberg District and Central Karoo District municipalities, which are still in the process of revising their strategy with the support from the Department of Economic Development and Tourism. Municipalities have reported that their LED strategies include all activities associated with economic development and that they are working closely with all relevant stakeholders on key regional economic issues. LED Forums were established in certain municipalities. Some indicated non-functionality of their LED forums. Nonetheless, they have reported that they are in a process of being revived. Western Cape municipalities have managed to provide 68 046 work or job opportunities to their local communities through their LED Strategies and implementation plans.

Municipalities continued with the positive trend of tabling their budgets on time. In relation to the performance against budget, the total operating revenue budget for the 2012/13

financial year amounted to R39,8 billion<sup>1</sup> while the total operating expenditure budget amounted to R36,2 billion, thus constituting a surplus of R3.6 billion. A year-on-year comparison reflects a slight improvement in terms of the collection of revenue from 96.8 per cent in 2010/11 to 97.8 per cent in 2011/12 and 97.9% per cent in 2012/13 financial year. In terms of expenditure, a year-on-year comparison reflects a downward trend from 96.4 per cent in 2011/12 to 96.4 per cent in 2012/13 financial year. Capital expenditure for the period ending June 2013 amounted to 89.2 per cent of the adjusted budget amount of R8,5 billion.

Government grants continue to contribute significantly to the revenue base of some municipalities in the Western Cape. Generally grant reliance is low in the Western Cape (21.2%), with the exception of Central Karoo District (91.6%), which relies on grants to finance its projects and operations. There has been year-on-year growth in total debtors amounting to R598, 271 million or 8.2 per cent in 2011/12 and R93, 748 million or 1.2 per cent in 2012/13. In 2010/11, debtors over 90 days amounted to R5,12 billion or 70 per cent of the total debtors amount and have increased by R463,12 million or 9.05 per cent in 2011/12. During the period under review, debtors over 90 days decreased by R50, 19 million as compared to the previous financial year. Outstanding debtors in respect of water services are the highest at R2.46 billion. In this regard Provincial Treasury requested all municipalities to explore the viability of water management devices or other initiatives to better control the sale of water to communities.

An enormous achievement has been noted in the number of clean audit opinions in 2012/13 increasing from five to eleven municipalities with unqualified audit opinions with no findings. This has been achieved through the Province's initiative called the "Municipal Governance Review and Outlook (MGRO)," which is a process focussing on clean governance and the improvement of audit outcomes within local government.

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<sup>1</sup> Municipal Annual Report 2012/2013 and National Treasury database as at June 2013

## SECTION 1: INTRODUCTION

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The report will cover the following areas:

- The purpose of the report;
- Background and Annual Report process;
- Methodology followed in compiling the report;
- Legislative framework that governs local government;
- Demographic and Socio Economic data;
- Analysis of municipal performance for 2012/13; and
- The provincial initiatives support municipalities.

### PURPOSE OF THE REPORT

The purpose of this report is to assess the performance of municipalities and the status of service delivery in the Province. It is a key performance report to the stakeholders and the community in keeping with the principles of good governance and oversight over the affairs of local government. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the White Paper on Local Government and Batho Pele.

### BACKGROUND AND ANNUAL REPORT PROCESS

In terms of the *Local Government Municipal Systems Act no 32 of 2000* all municipalities are required to prepare Integrated Development Plans (IDPs). Integrated development planning is a process by which municipalities prepare a five-year strategic plan through consultation with communities and stakeholders. National and provincial sector departments, development agencies, private-sector bodies, non-governmental organisations and communities all play a role in the preparation and implementation of municipal IDPs.

In terms of Section 46 of the Municipal Systems Act (MSA), all municipalities are required to prepare an Annual Performance Report that reflects the performance of the municipality at the end of each financial year with, targets set and performances in the previous financial year and measures taken to improve performance. The Annual Performance Report must form part of the municipality's Annual Report in terms of chapter 12 of the Municipal Finance Management Act.

The Section 47 of the Municipal Systems Act no 32 of 2000, requires the MEC for Local Government to annually compile and submit a consolidated report on the performance of municipalities.

**Table 1: Statutory annual report process**

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

## **METHODOLOGY FOLLOWED IN COMPILING THE REPORT**

The Municipal Systems Act requires municipalities to monitor and measure the progress of their performance by preparing quarterly and mid-year performance reports in terms of their performance management systems. These quarterly and mid-year reports contribute to the compilation of the municipalities' annual performance report which is submitted to the Auditor General, together with the annual financial statements for auditing by 31 August of each financial year.

The compilation of this report was based on various data-gathering exercises, followed by an extensive analysis of available data. The main sources of the data-gathering processes were all municipalities in the Western Cape, various reports from the Department of Local Government and other provincial departments and census data from Statistics South Africa's census 2011.

The first step in the process involved the conceptualization of the Section 47 Report. Relevant legislation was consulted in an effort to establish the exact parameters of the Report. Unfortunately, national standardized reporting formats have not been finalized, which has led to uncertainty regarding exact specifications. As a result, the annual reports of individual municipalities were consulted in order to determine the most used parameters in the compilation of reports. In addition, previous versions of this report were analysed to provide trend analysis. The outcome of this process was the establishment of a consensus on what information was relevant and needed to be included in order to satisfy the legislated requirements.

The second step in the process was the assessment of the availability of the required information. The first source to be consulted was the annual reports submitted by individual municipalities. The relevant data from these reports was uploaded onto data templates. The statistical data used in some parts of the report was sourced from Census 2011.

The data was analysed on both a quantitative and qualitative basis, allowing for concrete conclusions to be reached regarding municipal performance within the Western Cape Province.

## **LEGISLATIVE FRAMEWORKS**

Local Government in South Africa is the sphere of government closest to communities and has a key role to play in providing basic services and to facilitate growth and development.



A wide range of legislation guide local government to fulfil this important mandate, of which the most important acts are highlighted below:

Chapter 7 in **The Constitution of the Republic of South Africa, 1996** contains the local government framework. It specifies the establishment of municipalities, powers and functions and composition of councils.

Furthermore, *Section 152* outlines the;

*(1) objects of local government*

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

*(2) A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).*

*Section 153, contains the developmental duties of municipalities;*

*A municipality must*

- a) structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and*
- b) participate in national and provincial development programmes.*

**The Municipal Systems Act no 32 of 2000** Section 47 states the following;

*(1) The MEC for local government must annually compile and submit to the provincial Legislatures and the Minister a consolidated report on the performance of municipalities in the province.*

*(2) The report must –*

- (a) identify municipalities that under-performed during the year;*
- (b) propose remedial action to be taken; and*
- (c) be published in the Provincial Gazette.*

*(3) The MEC for local government must submit a copy of the report to the National Council of Provinces.*

The **Local Government Municipal Finance Management Act no 56 of 2003**) is aimed at modernising municipal budgeting and financial management. It facilitates the development of a long-term municipal lending/bond market. It also introduces a governance framework for separate entities created by municipalities and it fosters transparency at the Local Government sphere through budgeting and reporting requirements.

The **White Paper on Local Government of 1998** underpins the principles of developmental local government in South Africa<sup>2</sup>. It clearly defines the developmental role of Local Government as “municipalities who are committed to working with the local communities to find sustainable ways to meet their needs (social and material) and improve the quality of their lives. In order to fulfil the development role, the White Paper offers guiding principles and outlines the unique characteristics of a developmental Local Government and the expected outcomes.

The White Paper on Local Government states that in many cases the lack of performance management systems at municipal level contributes to inefficient service delivery. The White Paper on Local Government refers to the Provincial Government as an organ of state with a key role in monitoring local government in order to ensure that high standards of public service and good governance are maintained. According to the White paper, performance monitoring indicators need to be carefully designed so that the efficiency, quality and value for money of services are accurately reflected.

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<sup>2</sup> The White Paper on Local Government of 1998

## SECTION 2: DEMOGRAPHIC AND SOCIO-ECONOMIC DATA

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The Western Cape Province is bordered to the north and east by the Northern Cape and Eastern Cape provinces, respectively with a total land area of 129, 462 square kilometers. The Western Cape is the country's fourth largest province taking up 10% of South Africa's land area with a population of 5.9 million people and 1.6 million households. It consist of 30 municipalities with one Metropolitan municipality (City of Cape Town), five District municipalities (West Coast, Cape Winelands, Overberg, Eden and Central Karoo District) and 24 local municipalities.

Cultural backgrounds give the Province an international flavour, creating a demographic profile quite different from the national pattern. Centuries of trade and immigration have created a population with genetic and linguistic links to different parts of the world. Afrikaans is spoken by the majority, with isiXhosa and English being the other main languages.

<sup>3</sup>Over the period 2007 to 2011, regional GDP in the Western Cape economy grew at an average rate of 3.2 per cent per annum. Over this five-year period, the construction sector recorded the highest average growth rate per annum (5.5 per cent), followed by the financial intermediation, insurance, real estate and business services sector (4.3 per cent) and the general government services sector (4 per cent). The Western Cape is more services orientated than the national economy, representing approximately 32 per cent of total economic activity in the Province, compared to the 22 per cent in the rest of South Africa.

The Western Cape experiences a high level of school drop-outs between grades 10 and 12, affecting boys more than girls.

Unemployment has risen by 7 per cent per annum between 2008 and 2013, with the unemployment rate recorded at 23.3 per cent at the end of the first quarter in 2013. Growth in unemployment has been particularly rapid amongst males aged 35 years or more, and those with complete or incomplete secondary education.

The increasing incidence of non-communicable, or chronic diseases, has placed increasing pressure on the public health system, with large amounts of government resources directed at halting the spread of and managing persons with these diseases. A well-functioning

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<sup>3</sup> Provincial Economic Review and Outlook, WC Provincial Treasury 2013

primary health care system is important for the attainment of inclusive growth. The Western Cape performs well in providing access to healthcare as measured by travel time to facilities.

<sup>4</sup>HIV and TB remain the leading causes of death and premature mortality, with large amounts of government resources directed at halting the spread of and managing persons with these diseases. In 2012/13, 126 727 adults and 7 485 children received ART from the Western Cape government. Chronic or lifestyle diseases are responsible for the largest proportion of female and male deaths. The Western Cape is the Province with the largest percentage of people who have been diagnosed with diabetes and hypertension.

Despite its relative economic affluence, the Province is plagued by a number of social problems that in turn are affected by the level of economic development. These include the highest levels of violent crime and housebreaking, and also widespread alcohol and substance abuse, abuse of women and of children, and high levels of gang activity.

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<sup>4</sup> Provincial Economic Review and Outlook, WC Provincial Treasury 2013

## **SECTION 3: ANALYSIS OF MUNICIPAL PERFORMANCE FOR 2012/2013**

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The analysis of this performance information consisting of the following Key Performance Areas:

- Municipal Transformation and organizational development;
- Basic Service Delivery;
- Local Economic Development;
- Municipal financial viability and management;
- Good governance and public participation; and
- Cross cutting interventions.

### **KEY PERFORMANCE AREA 1: Municipal Transformation and Organisational Development**

#### **1.1 Political Governance**

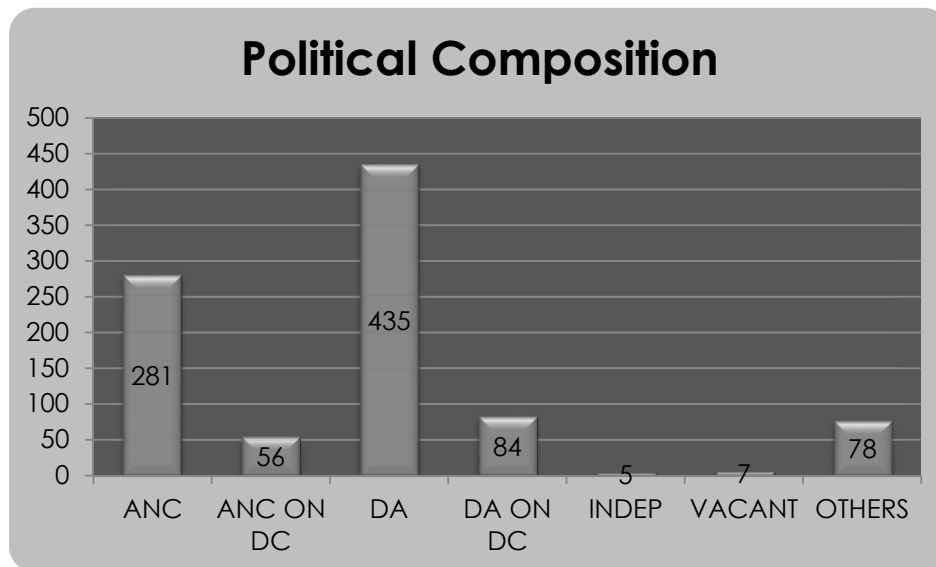
Local government is a sphere that is entrusted with the responsibility to deliver services, promote socio-economic development and govern effectively. The Municipal Councils have the responsibility to ensure that there is change that has a positive effect on the livelihoods of all people in the Western Cape. Local Government is the sphere of government that impacts most on the everyday lives of citizens. The 2012/13 financial year marked as a second year of municipal councils in office.

The Council performs both legislative and executive functions. They focus on legislative, oversight and participatory roles, and have delegated some executive functions to the Executive Mayor and Mayoral Committees. Apart from their functions as decision makers, Councilors are also actively involved in community work and the various social programmes in their municipal areas. Below is a table and graph that illustrates the number of councilors representing each political party across all municipalities in the 2012/13 financial year.

**Table 2: Political Composition**

Municipality	ANC	ANC ON DC	DA	DA ON DC	INDEP	VACANT	OTHERS	OTHERS ON DC	PARTY IN CONTROL
Metro	72		136				13		DA
West Coast DM	4	5	6	8				1	DA
Matzikama	7	1	6	1			2		ANC; TPICO; NGP
Cederberg	6	1	3	1			2		ANC; PAC
Bergrivier	5	1	6	1		1	1		DA; COPE
Saldanha Bay	8	1	15	2	1		1	1	DA
Swartland	6	1	15	3			2		DA
Cape Winelands DM	5	8	9	15			2	1	DA
Witzenberg	9	1	9	2	1		4		DA; COPE; IND, DCP
Drakenstein	19	3	35	5			7		DA
Stellenbosch	11	1	25	3			7	1	DA
Breede Valley	14	2	22	3	1		4		DA
Langeberg	7	1	11	2			5		DA; COPE
Overberg DM	4	5	5	7					DA
Theewaterskloof	9	2	13	3			3		DA
Overstrand	9	2	14	2		1	1		DA
Cape Agulhas	4	1	4	1	1				ANC; IND
Swellendam	4		4	1			1		DA; ACDP
Eden DM	6	7	8	9			1	4	DA
Kannaland	2		2				3	1	ICOSA; ANC
Hessequa	6	1	7	1			2		DA; COPE
Mossel Bay	10	1	16	2			1	1	DA
George	19	2	24	3		1	5	1	DA; ACDP
Oudtshoorn	8	1	11	1		3	3	1	DA
Bitou	5	1	6	1		1	1		DA; COPE
Knysna	7	1	10	1	1		1		DA
Central Karoo DM	3	3	3	3			1		ANC; KGP
Laingsburg	3		3	1			1		DA; COPE
Prince Albert	2		2				3		KGP
Beaufort West	7	3	5	2			1		ANC

Source: Department of Local Government 2013

**Graph 1: Political representation**

Source: Department of Local Government 2013

## 1.2 Organisational Performance Management

The White Paper on Local Government (1998) identifies performance management as one of the key instruments to ensure a developmental Local Government. Section 38 of the Municipal Systems Act requires municipalities to establish a Performance Management System (PMS) that promotes a culture of performance among its political and administrative structures. The PMS must be in line with available resources and the IDP, and also be best suited to each municipality's circumstances.

This section measures the effectiveness of organisational performance by assessing:

- a) how performance management is governed;
- b) submission of Service Delivery and Budget Implementation Plans (SDBIPs);
- c) performance related to Section 57 performance agreements; and
- d) submission of performance related reports within the required timeframes in line with chapter 12 of the MFMA.

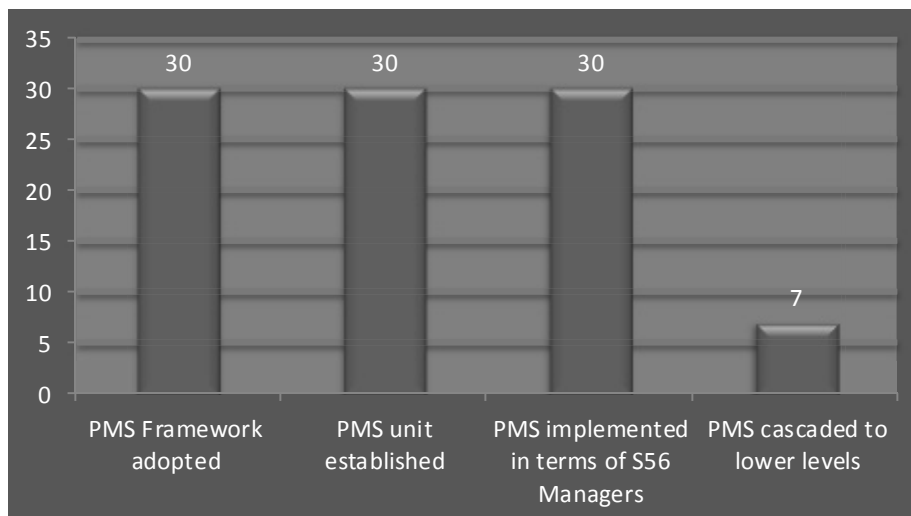
### 1.2.1 Governance of performance management systems

In terms of Section 39 of the MSA, an Executive Mayor or the appointed committee of councillors appointed by the municipal council must manage the development of the municipality's PMS, assigning the responsibility to the municipal manager and submitting the proposed system to the municipal council for adoption.

Graph 2 provides an overview of the following:

- The number of municipalities with PMS frameworks that have been adopted by council;
- The number of municipalities with a PMS unit established;
- The number of municipalities with PMS implemented in terms of Section 56 of the MSA; and
- The number of municipalities with PMS cascaded to lower levels.

**Graph 2: Governance of Performance Management System in municipalities**



Source: Municipal Annual Reports 2012/13

All Western Cape municipalities have reported that their PMS frameworks are in place and were adopted by council. Performance Management Systems are implemented by all municipalities, at least at section 56 managers level. All municipalities have a PMS unit established with a dedicated manager appointed. Individual performance reviews are conducted on a quarterly basis. Only seven municipalities reported to have cascaded their PMS to lower level employees. Most of the municipalities have reported to implement individual performance management reviews on an annual basis, with a plan to finalise the process by end of the financial year.

### 1.2.2 Compliance with the submission of SDBIPs

According to the MFMA, an SDBIP is defined to be a detailed plan approved by the mayor of a municipality in terms of Section 53(1)(c)(ii) for implementing the municipality's delivery of municipal services and its Annual budget which indicates:-

- Projections for each month of
  - Revenue to be collected by source; and



- II. Operational and capital expenditure, by vote;
- b) Service delivery targets and performance indicators for each quarter; and
  - c) Any other matters that may be described, and includes any revision of such plan by the mayor in terms of Section 54(1)(c).

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

In addition to the above, Section 19 of the Municipal Budget and Reporting Regulations stipulates that the Accounting Officer must in accordance with Section 21A of the Local Government: Municipal Systems Act, make public the approved SDBIP within 10 days after the Mayor of a municipality has approved it.

Furthermore, Section 20(2) of the Regulations, requires that the Accounting Officer submits to the National Treasury and the relevant provisional treasury printed copies and in electronic form of the approved SDBIP.

SDBIPs received by the Western Cape Provincial Treasury were assessed with specific focus on compliance with legislation, quality of the document and linkages between the IDP and the budget. The 2012/13 SDBIP assessment positively revealed, in summary, the following:

- All municipalities have submitted their SDBIPs to the Western Cape Provincial Treasury although few municipalities have submitted later than the date stipulated in Section 20(2) of the Regulations;
- High level indicators are linked to the Strategic Objectives of the municipality;
- Key Performance Indicators (KPI) are set against quarterly targets;
- Key Performance Areas (KPA) are linked to the budget; and
- Both the KPAs and the KPIs adequately address the strategic objectives of the IDP.

There is, however, a challenge in many municipalities in ensuring that the general key performance indicators as stipulated in the Local Government: Municipal Planning and Performance Management Regulation No 796 of 2001, are included in their SDBIPs. These municipalities have indicated that these indicators are not easily measurable and very difficult to report on.

### **1.2.3 Performance related to Section 56 managers**

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

Municipalities need to ensure that procedures are adopted to guide institutional transformation, ensure capacity development and that all posts are filled by competent staff.

#### **Filling of Municipal Manager and Section 56 posts**

There were 168 senior manager (including Municipal Manager) positions approved across all municipalities. Out of the total approved posts, 154 posts were filled, while 14 posts were vacant. All municipalities with vacant posts have made arrangements to have temporarily appointed an official in an acting capacity to perform the responsibilities of a section 56 manager. The 8% vacancy has shown that the municipalities in the Western Cape are fairly stable administratively to perform their delegated responsibilities.

#### **Signed performance agreements**

Section 57(2) of the MSA states that performance agreements for Senior Managers including the Municipal Manager must be concluded within 60 days after a person has been appointed in the post and thereafter be concluded within one month after the beginning of each financial year of the municipality.

During 2012/13 financial year, all municipalities with the exception of Swellendam Municipality have signed and submitted their performance agreements to the MEC for Local Government. Bitou Municipality have signed all performance agreements compared to the non-compliance in the previous financial year.

#### **Appointment of female Section 56 managers and municipal manager**

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

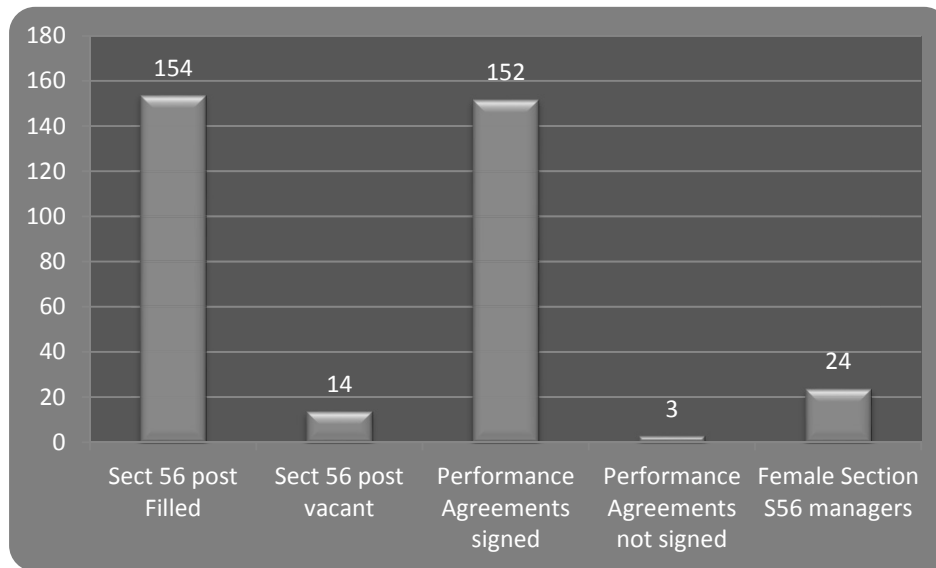
67 (1) a municipality, in accordance with the Employment Equity Act 1998, must develop and adopt appropriate systems and procedures to ensure fair, efficient, effective and transparent personnel administration...

Performance agreements related to Section 56 managers and municipal managers as well as the status on the appointment of female employees in senior management across all municipalities for 2012/13 financial year, is shown in the table and graph below.

**Table 3: Performance related to filling of Municipal Manager and Section 56 posts**

Municipality	Sect 56 post Filled	Sect 56 post vacant	Performance Agreements signed	Performance Agreements not signed	Female Section S56 managers
<b>Metro</b>	14	0	14	0	5
West Coast DM	4	0	4	0	0
Matzikama	5	0	5	0	1
Cederberg	5	0	5	0	0
Bergrivier	4	1	4	0	0
Saldanha Bay	3	2	3	0	0
Swartland	7	0	7	0	1
Cape Winelands DM	4	0	4	0	1
Witzenberg	4	0	4	0	0
Drakenstein	6	0	6	0	1
Stellenbosch	5	1	5	0	1
Breede Valley	6	0	6	0	0
Langeberg	5	0	5	0	1
Overberg DM	1	2	1	0	0
Theewaterskloof	6	0	6	0	0
Overstrand	7	0	8	0	2
Cape Agulhas	5	1	5	0	0
Swellendam	3	2	0	3	0
Eden DM	4	0	4	0	2
Kannaland	3	1	3	0	0
Hessequa	8	0	8	0	2
Mossel Bay	6	0	6	0	1
George	8	2	8	0	0
Oudtshoorn	5	0	5	0	1
Bitou	6	0	6	0	1
Knysna	6	1	6	0	1
Central Karoo DM	3	0	3	0	0
Laingsburg	2	0	2	0	1
Prince Albert	4	0	4	0	1
Beaufort West	5	1	5	0	1

Source: Municipal Annual Report 2012/13

**Graph 3: Performance related to Municipal Manager and Section 56 posts**

Source: Municipal Annual Report 2012/13

### 1.3 Human Resource Management

#### 1.3.1 Development of HR policies and plans

The key mission of the Human Resources Development Strategy (HRDS) of South Africa is to maximise the potential of our people through knowledge and skills acquisition to improve livelihoods – (HRDS SA 2001).

The HRD Strategy consists of 5 strategic objectives, namely:

1. Improving the foundation for human development;
2. Developing high quality skills that are more responsive to developmental needs;
3. Improving and increasing employer participation in lifelong learning;
4. Supporting employment growth through creative innovation and policies; and
5. Ensuring that the four objectives above are linked.

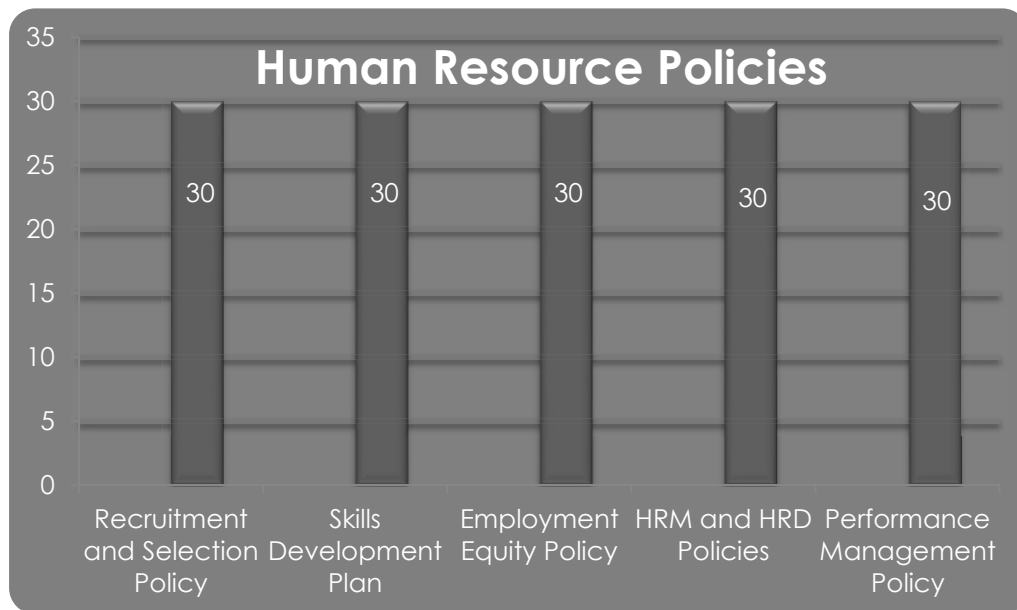
There are numerous policies and plans that were developed, adopted and implemented by municipalities. Assessment of human resource policies and plans only focused on five policies namely:

- Recruitment and Selection Policy;
- Skills Development Plan;
- Employment Equity Plan;
- HRM and HRD policies; and

- Performance Management Policy.

Human resource frameworks, are an integral part of managing the capacity of a municipality. Primarily, it also ensures transparency, consistency and accountability of human resource practices. All Western Cape municipalities had developed and implemented human resources policies. Graph 4 below indicates the status with regards to the development and implementation of specific human resource policies by municipalities.

**Graph 4: Development of HR policies and plans**

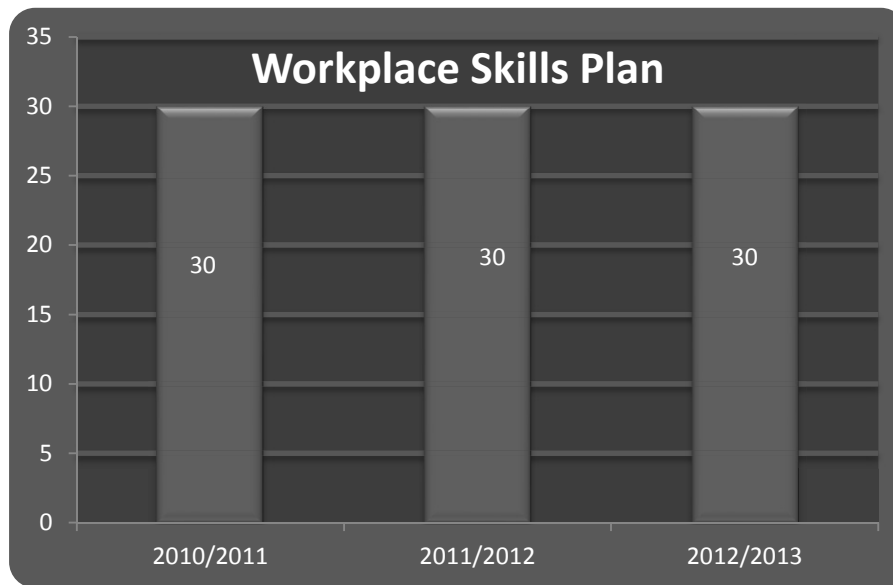


Source: Municipal Annual Report 2012/13

### 1.3.2 Skills Development

Capacity building at municipalities is crucial in achieving effective service delivery. As such, Human Resource Management is aimed at strengthening institutional capacity. This is contained in the Municipal Systems Act of 2000:

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

**Graph 5: Submission of Workplace Skills Plan**

Source: Municipal Annual Report 2012/13

Municipalities are required to annually assess the skills of its personnel and to develop a workplace skills plan after which it must be submitted to the Local Government SETA. Although all the municipalities submitted skills development plans and implement them, an average of only 89% of municipal personnel budgets was spent during 2012/13 financial year.

Various capacity and skills development initiatives were provided by municipalities which include, amongst others, Minimum Competency Training, Administrative training, ABET, ICT, First Aid level 3, Fire Fighting etc. Municipalities have reported that the success of the implementation of their workplace skills plan has been hampered by budgetary constraints.

### 1.3.3 Compliance with the tabling of Annual Reports

An Annual Report in relation to municipalities or municipal entities is a report contemplated in terms of Sec 121 of the MFMA that requires municipalities or municipal entities for each financial year to prepare an Annual Report. The purpose of the report is to:

- Provide a record of activities of a municipality or municipal entity during the financial period to which the report relates;
- Provide a report on performance against budget of a municipality or municipal entity for that financial year; and
- Promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.

In terms of Section 127(2) of the MFMA, the Mayor of the municipality must, within seven months after the end of the financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control. Table 4 reflects the legislative compliance of municipalities in tabling their annual reports as per the MFMA requirements.

**Table 4: Tabling of municipal annual reports**

Municipality	Tabling date in Council		
	2010/2011	2011/2012	2012/2013
City of Cape Town	25-Jan-12	31-Jan-13	29-Jan-14
West Coast District	23-Nov-11	05-Dec-12	04-Dec-13
Matzikama	31-Jan-12	29-Jan-13	27-Jan-14
Cederberg	09-Feb-12	No information	30-Jan-14
Bergrivier	31-Jan-12	31-Jan-13	27-Jan-14
Saldanha Bay	25-Jan-12	22-Jan-13	23-Jan-14
Swartland	26-Jan-12	31-Jan-13	30-Jan-14
Cape Winelands District	26-Jan-12	25-Oct-12	26-Sep-13
Witzenberg	27-Jan-12	31-Jan-13	29-Jan-14
Drakenstein	25-Jan-12	27-Jan-13	31-Jan-14
Stellenbosch	26-Jan-12	31-Jan-13	29-Jan-14
Breede Valley	25-Jan-12	28-Jan-13	27-Nov-13
Langeberg	25-Jan-12	28-Jan-13	03-Dec-13
Overberg District	31-Jan-12	28-Jan-13	27-Jan-14
Theewaterskloof	25-Jan-12	24-Jan-13	23-Jan-14
Overstrand	25-Jan-12	23-Jan-13	22-Jan-14
Cape Agulhas	08-Dec-11	06-Dec-12	22-Jan-14
Swellendam	No information	No information	29-Jan-14
Eden District	27-Jan-12	28-Jan-13	28-Jan-14
Kannaland	31-Jan-12	01-Mar-13	24-Jan-14
Hessequa	22-Nov-11	31-Jan-13	10-Dec-13
Mossel Bay	26-Jan-12	23-Jan-13	23-Jan-14
George	25-Jan-12	04-Dec-12	29-Jan-14
Oudtshoorn	No information	28-Jan-13	06-Feb-14
Bitou	29-Jun-12	31-Jan-13	22-Jan-14
Knysna	26-Jan-12	24-Jan-13	30-Jan-14
Central Karoo District	05-Mar-12	No information	28-Jan-14
Laingsburg	10-Jan-12	24-Jan-13	23-Jan-14
Prince Albert	09-Jan-12	12-Dec-12	30-Dec-13
Beaufort West	13-Dec-12	No information	31-Jan-14

Source: Municipal Annual Report 2012/13

During 2012/13, all municipalities with the exception of Oudtshoorn Municipality have tabled their draft annual reports on time as required by the MFMA. Oudtshoorn Municipality tabled their annual report in February 2014.

### 1.3.4 Compliance with adoption of Oversight Reports

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

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

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

Section 129(2)(a) further requires that copies of the minutes of the meeting where the Oversight Report is adopted, the Accounting Officer must submit them to the Auditor – General, relevant Provincial Treasury and the Department of Local Government. Below is a table that illustrates municipal compliance with Sec 129(1).

**Table 5: Adoption of Oversight Report**

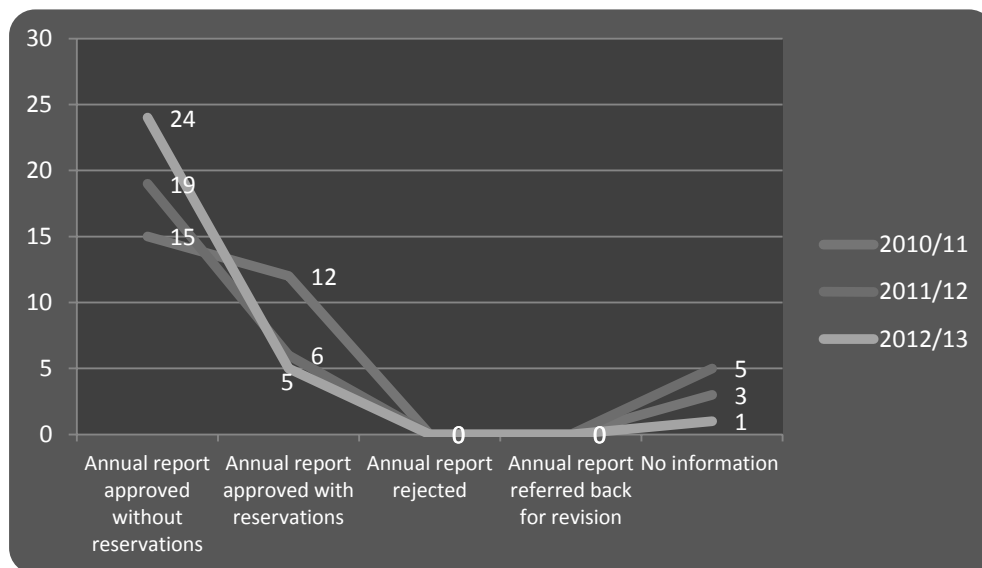
Municipality	2010/11	2011/12	2012/13
City of Cape Town	28-Mar-12	08-Mar-13	26-Mar-14
West Coast District	31-Jan-12	28-Feb-13	26-Feb-14
Matzikama	27-Mar-12	26-Mar-13	31-Mar-14
Cederberg	29-Mar-12	31-Mar-13	31-Mar-14
Bergrivier	22-Mar-12	26-Mar-13	25-Mar-14
Saldanha Bay	29-Mar-12	06-Mar-13	10-Mar-14
Swartland	29-Mar-12	28-Mar-13	27-Mar-14
Cape Winelands District	30-Mar-12	21-Jan-13	27-Feb-14
Witzenberg	03-Apr-12	25-Mar-13	26-Mar-14
Drakenstein	20-Mar-12	27-Mar-13	31-Mar-14
Stellenbosch	29-Mar-12	27-Mar-13	26-Mar-14
Breede Valley	29-Mar-12	28-Feb-13	25-Feb-14
Langeberg	28-Mar-12	28-Feb-13	25-Feb-14
Overberg District	26-Mar-12	25-Mar-13	31-Mar-14
Theewaterskloof	29-Mar-12	20-Mar-13	20-Mar-14



Municipality	2010/11	2011/12	2012/13
Overstrand	28-Mar-12	27-Mar-13	20-Mar-14
Cape Agulhas	08-Feb-12	26-Mar-13	10-Mar-14
Swellendam	No information	No information	31-Mar-14
Eden District	30-Mar-12	28-Jan-13	27-Mar-14
Kannaland	No information	No information	31-Mar-14
Hessequa	30-Mar-12	15-Mar-13	26-Feb-14
Mossel Bay	26-Mar-12	28-Mar-13	19-Mar-14
George	29-Mar-12	01-Mar-13	05-Mar-14
Oudtshoorn	No information	No information	No information
Bitou	29-Jun-12	No information	27-Mar-14
Knysna	13-Apr-12	19-Mar-13	27-Mar-14
Central Karoo District	15-Mar-12	No information	27-Mar-14
Laingsburg	28-Mar-12	14-Feb-13	27-Mar-14
Prince Albert	27-Mar-12	26-Mar-13	31-Mar-14
Beaufort West	30-Mar-12	30-Mar-13	31-Mar-14

Source: Municipal Oversight Report 2012/13

**Graph 6: Compliance with adoption of Oversight Report**



Source: Municipal Oversight Report 2012/13

Municipal Annual Reports which were approved by council with reservations include;

- (a) Stellenbosch;
- (b) Saldanha Bay;
- (c) Swellendam;
- (d) Theewaterskloof; and
- (e) George Municipalities.

The Annual Reports which were approved by council without reservations were reported in 24 municipalities. This is an improvement as compared to 19 municipalities in the previous financial year. Oudtshoorn Municipality did not provide the information on the adoption of their 2012/13 Oversight Report.

## **KEY PERFORMANCE AREA 2: Basic Service Delivery**

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. Municipalities, as a sphere of government, are the closest to communities and are tasked primarily with developing and implementing sustainable ways to meet community needs and improve the quality of their lives with the provision of basic services i.e. water, electricity, sanitation and solid waste. Municipalities are at the forefront of attempts to achieve high levels of service delivery. Service delivery has assumed centre stage across the country, due to highly publicised protests within various communities. This has put greater pressure on municipalities to deliver on their mandates and to ensure effective service delivery.

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 service delivery backlogs.

The Department of Local Government support municipalities to ensure that they are able to municipal services to deliver improve the lives of its citizens. The service delivery chapter attempts to give an indication of the service delivery performance of municipalities in the Western Cape during the municipal financial year ending June 2013. The primary source of information used, was the Annual Reports of 2012/13, IDPs and the Quarterly Reports provided by municipalities.

### **2.1 Service Delivery Backlogs**

Within the Western Cape Province, municipal service delivery backlogs vary from one municipality to another. Municipalities have backlogs in different locations in the municipal area. Municipalities have specified a huge amount of money needed to address the backlogs, amounting to billions of rands. The table below depicts the service delivery backlogs per type of service for each municipality.

**Table 6: Municipal Service Delivery Backlogs**

Municipality	Type of service				
	Housing	Water (on site)	Sanitation	Refuse removal (at least once a week at site)	Electricity (in house)
City of Cape Town	350 000	2 470	26 390	No information	No information
Matzikama	7 786	517	1 705	0	93
Cederberg	416 HH backlog including backyard and informal settlement dwellings	0	183 no toilets, 20 bucket system, 85 other provision	24 HH with no provision of service	12 HH with no electricity
Bergrivier	411	0	0	0	0
Saldanha Bay	4 959	0	0	0	122 no electricity in house, 1 308 HH receiving electricity service level below the minimum standard
Swartland	16 332	0 (All proclaimed urban erven have access to water on site)	0 (All proclaimed urban erven have access to sanitation on site)	0	0 (All proclaimed urban erven have access to electricity on site)
Witzenberg	7 865	677	930	0	0
Drakenstein	37 890	5 476	2 995	6 249	16 000
Stellenbosch	17 600	700	1 600	0	4 021
Breedse Valley	23 500	3 918	1 233	3 981	-
Langeberg		304 informal areas	306 informal areas	0	480 informal areas
Theewaterskloof	9 382	4 345	4 315	0	4 012
Overstrand	6 412	0	0	0	3 449

Municipality	Type of service				
	Housing	Water (on site)	Sanitation	Refuse removal (at least once a week at site)	Electricity (in house)
Cape Agulhas	3 749	0	0	0	0
Swellendam	No information	No information	No information	No information	No information
Kannaland	No information	No information	No information	No information	No information
Hessequa	6 037	0	0	0	0
Mossel Bay	2 234	0	1 422	2 400	5 500
George	233 backlogs including backyard dwellers and informal settlements		27 HH no provision, 32 Bucket system, 62 other toilet provision	8 HH with no provision and 5 HH utilisation other means and own refuse dump	8 HH with no electricity
Oudtshoorn		154	174	No information	No information
Bitou	1 706	No information	No information	No information	No information
Knysna	3 067	350	350	112	3 010
Laingsburg	0	0	0	0	0
Prince Albert	0	0	0	0	0
Beaufort West	0	0	0	0	0

Source: Municipal Annual Reports 2012/13 & IDP 2012-2017

While much has been achieved in the rollout of municipal infrastructure over the last decade, significant work remains to be done, both to eradicate backlogs in access to services, and to ensure that services are properly operated and maintained over the long term.

The eradication of service delivery backlogs is a continuous struggle for municipalities. This is exacerbated by the migration patterns and the influx of people into major towns seeking a better life. This has direct impact on delivering of services and the escalating costs on service provision, infrastructure development and maintenance. The increasing number of

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

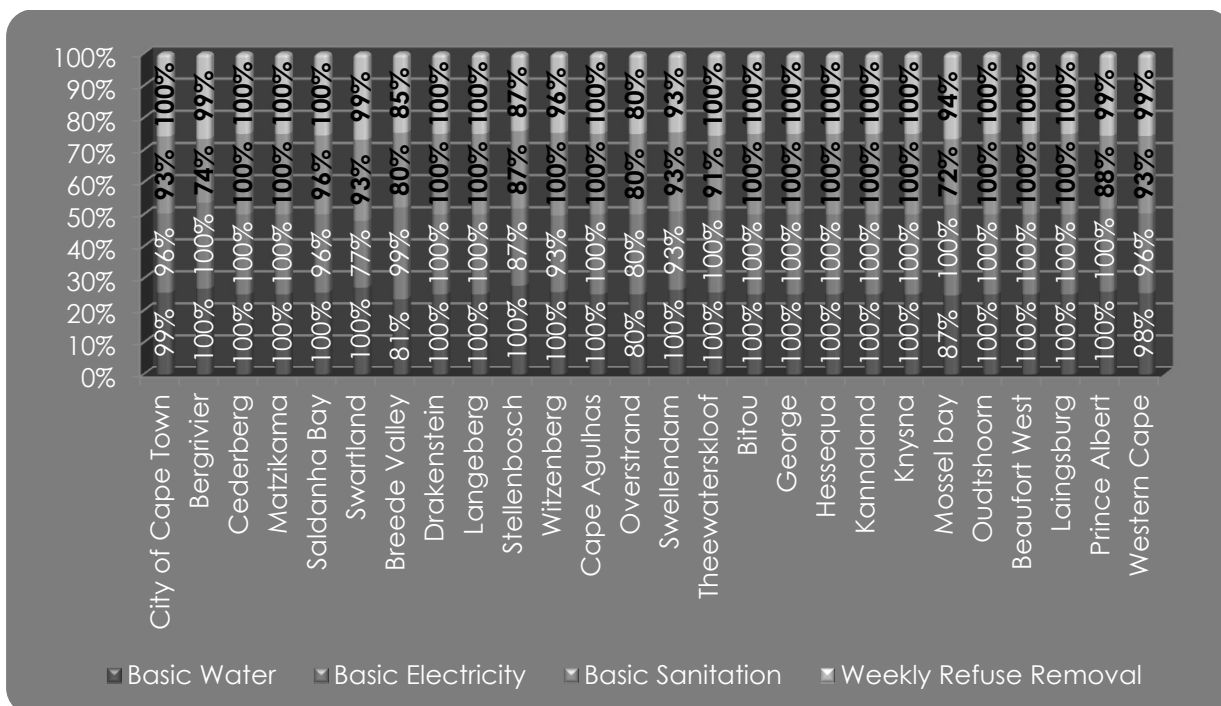
## 2.2 Provision of Service Delivery<sup>5</sup>

During the year under review, there were 1 534 704 households in the Province. The percentage household access to the provision of basic services is highlighted below:

- 98% of households have access to basic water;
- 96% of households have access to basic sanitation;
- 93% of households have access to refuse removal at least once a week; and
- 99% of households have access to basic electricity.

The graph below depicts the provision of the above basic services as submitted by municipalities as at June 2013.

**Graph 7: Provision of basic services**



Source: Municipal Questionnaire, June 2013

<sup>5</sup> Due to inconsistencies in reporting on the provision of services and unavailability of this information from the annual reports, the quarterly questionnaires as at June 2013 were used to provide a comparative analysis and average provision of basic services in the province.

### 2.3 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 that municipalities 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 had been registered as indigent. Those citizens who are unable to afford basic services, government have put in place a social package which provides indigent households with free basic services namely 6KL of water, 50 kWh of electricity, free sanitation and a weekly refuse removal.

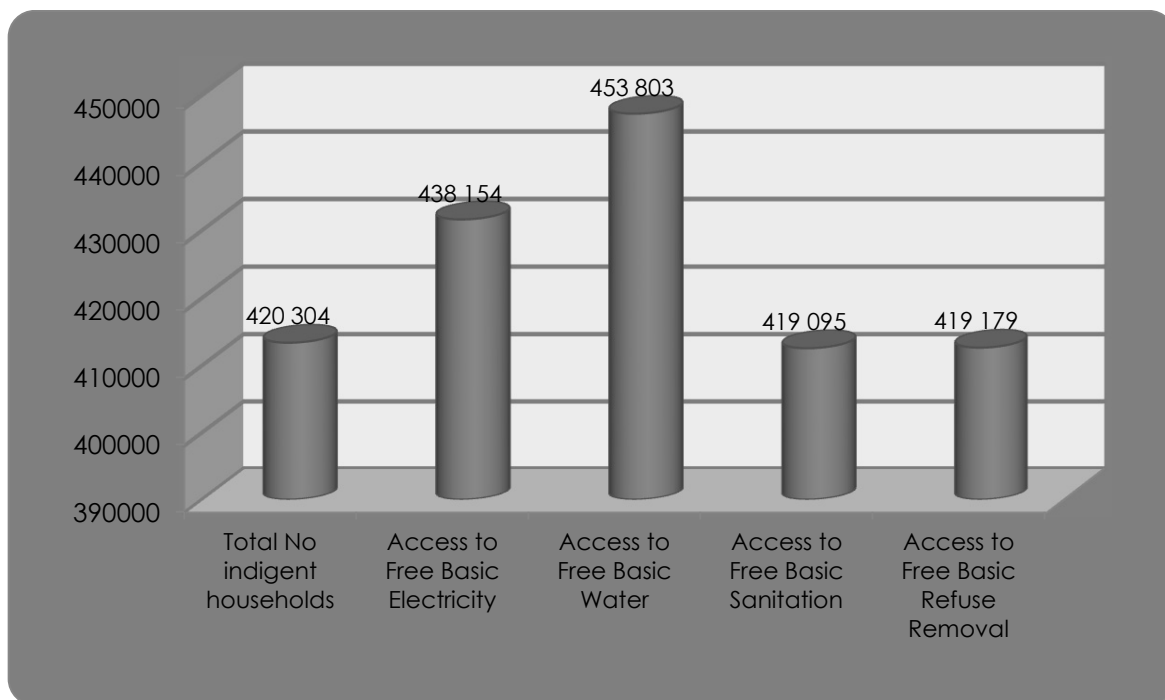
Western Cape municipalities continued to provide nationally mandated free basic services to registered indigent households within their areas during the 2012/13 financial year. There were 420 304 households registered as indigents to receive free basic services in the Province. The total number of households that had access to free basic electricity was 438 154, households that had access to free basic water were 453 803, households that had access to free basic sanitation were 419 095 and households that had access to free basic refuse removal were 419 179. 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. Some municipalities provided from 6kl up to 50kl of free basic water, 50kWh to 100kWh of free basic electricity, free basic sanitation and weekly refuse removal.

The City of Cape Town including other local municipalities provide free basic services (electricity, refuse removal, water, sanitation and rates) to residential properties via either the municipal value of the property, or on application by those with limited income whose property values exceed the set valuation levels. The procedure being used allows any resident who is required to pay for the afore-mentioned services, but whose gross monthly household income is R3 000 or less. The free basic services are funded from the National Government through the local government equitable share received in terms of the annual Division of Revenue Act (DORA). The municipality allocates additional funding from rates income to balance this expenditure. Table 7 below shows the implementation of indigent policy and provision of free basic services in the Province.

**Table 7: Implementation of indigent policy (FBS)**

Municipality	Indigent register	Indigent HH	Free Basic Electricity			Free Basic Water			Free Basic Sanitation			Free Basic Refuse removal		
			No. Access	%	Unit per HH (KwH)	No. Access	%	Unit per HH (kl)	No. Access	%	R value per HH	No. Access	%	Service per HH per week
City of Cape Town	Yes	306 000	306 000	100	60KwH	306 000	100	6kl	306 000	100	67.42	306 000	100	1
Matikama	Yes	2 129	2 184	103	50KwH	2 184	103	6kl	2 184	103	127.3	2 184	102	1
Cederberg	Yes	5 160	5 160	100	50KwH	5 160	100	6kl	5 160	100	-	5 160	100	1
Bergrivier	Yes	2 208	8 419	381	50KwH	8 407	381	6kl	2 008	91	100.95	2 208	100	1
Saldanha Bay	Yes	6 860	6 641	97	50KwH	6 594	96	6kl	3 369	49	-	6 350	93	1
Swartland	Yes	4 897	4 626	94	50KwH	4 888	99.8	10kl	4 709	96	-	4 897	100	1
Witzenberg	Yes	2 599	4 126	100	50KwH	4 126	100	6kl	4 126	100	-	4 126	100	1
Drakenstein	Yes	11 165	12 470	111.6	100KwH	30 196	270.4	10kl	11 165	100	-	11 165	100	1
Stellenbosch	Yes	4 781	12 591	100	60KwH	12 591	100	6kl	12 591	100	-	12 591	100	1
Breede Valley	Yes	7 061	7 061	100	50KwH	7 061	100	50kl/6kl	7 061	100	145	7 061	100	1
Langeberg	Yes	6 500	6 500	100	50KwH	6 500	100	6kl	6 500	100	95	6 500	100	1
Theewaterskloof	Yes	5 749	2 070	36	70KwH	6 011	104	6kl	5 862	102	-	6 024	105	1
Overstrand	Yes	6 423	6 423	100	50KwH	6 423	100	6kl	6 423	100	-	6 423	100	1
Cape Agulhas	Yes	3 462	3 462	100	50KwH	3 462	100	6kl	3 462	100	-	3 462	100	1
Swellendam	Yes	1 611	5 887	365	50KwH	5 884	365	6kl	1 611	100	-	1 611	100	1
Kannaland	Yes	1 390	1 390	100	50KwH	1 390	100	6kl	1 390	100	-	1 390	100	1
Hessequa	Yes	5 175	4 896	95	60KwH	4 737	92	6kl	4 737	92	98.15	4 850	93.70	1
Mossel Bay	Yes	6 801	6 684	100	50KwH	6 684	100	6kl	5 704	85	154.36	6 790	102	1
George	Yes	15 626	15 626	100	50KwH	15 626	100	6kl	15 626	100	148.36	15 626	100	1
Oudtshoorn	Yes	6 500	5 848	90	50KwH	5 848	90	6kl	6 500	100	-	6 500	100	1
Bitou	Yes	2 472	2 472	100	50KwH	2 472	100	6kl	2 472	100	157.53	2 472	100	1
Knysna	Yes	6 583	8 331	127	50KwH	9 17	14	6kl	1 454	22	-	1 465	22	1
Laingsburg	Yes	396	396	100	50KwH	396	100	6kl	396	100	-	396	100	1
Prince Albert	Yes	769	769	100	50KwH	2 023	263	6kl	769	100	71.5	796	100	1
Beaufort West	Yes	4 847	5 435	112	50KwH	6 293	129	6kl	2 661	55	643.2	957	20	1
<b>Total</b>	<b>30</b>	<b>420 304</b>	<b>438 154</b>	<b>104</b>		<b>453 803</b>	<b>108</b>		<b>419 095</b>	<b>99.7</b>		<b>419 179</b>	<b>99.7</b>	

Source: Municipal Annual Reports 2012/13



Source: Municipal Annual Report 2012/13

## 2.4 Municipal Infrastructure Grant

The Municipal Infrastructure Grant (MIG) is a national grant that enables municipalities to utilise their budgets and build basic infrastructure. It is part of the major reforms implemented by South African Government to improve service delivery in a coordinated manner. The key objectives of the MIG are to:

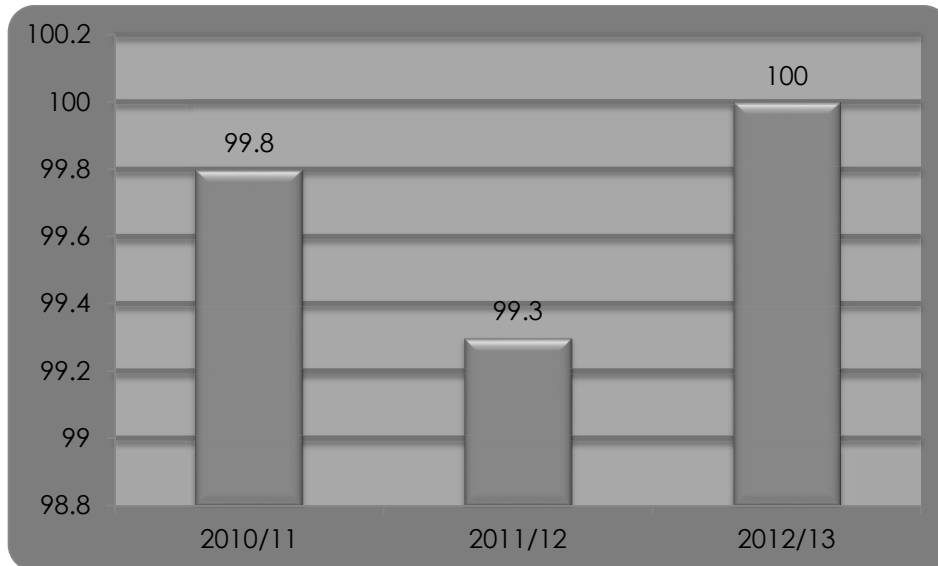
- Fully subsidise capital costs of providing basic services to poor households through prioritized basic infrastructure, such as appropriate bulk connection, and internal infrastructure for essential services;
- Ensure the distribution of such funding in an equitable, transparent and efficient manner;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

MIG expenditure reached 100% at the end of June 2013 as compared to the 99.3% in the previous financial year. This is a positive trend shown by the Western Cape



municipalities in three years as the spending on capital infrastructure is regarded as the priority. The graph below depicts the three year expenditure trend on MIG.

**Graph 9: Municipal Infrastructure Grant**



Source: Department of Local Government MIG Report as at June 2013

## 2.5 Municipal Blue Drop Status

According to the Blue Drop Report 2012, there were five municipalities in the Western Cape that were in the top 10 municipalities that have achieved a high blue drop status. The following municipalities from the sixth place were City of Cape Town, Eden District Municipality, George Municipality, Bitou Municipality and Witzenberg Municipality. The following blue drop scores remained unchanged from the previous report as the updated blue drop status report has not been finalised by the Department of Water Affairs.

**Table 8: Blue drop scores**

Water Services Authority	Blue Drop 2012	Blue Drop 2011	Blue Drop 2010
City of Cape Town	98.14	97.61	98.2
Eden District Municipality	98.12	-	-
Bitou	97.74	96.12	97.7
Witzenberg	97.63	97.56	93.3
George	98.12	96.32	96.9
Overstrand	96.82	90.56	71.6
Drakenstein	96.29	95.72	91.7
Mossel Bay	95.68	95.27	84.5
Stellenbosch	95.56	95.74	94.9
Saldanha Bay	95.40	87.69	80.8
Swartland	95.24	92.89	68.6
Beaufort West	94.91	92.01	83.8

Water Services Authority	Blue Drop 2012	Blue Drop 2011	Blue Drop 2010
Bergvrievier	90.60	85.2	62.7
Knysna	92.00	89.76	75.2
Breedee Valley	89.02	85.93	74
Cape Agulhas	86.64	73.01	78.6
Swellendam	85.16	80.5	67.3
Cederberg	80.39	51.05	60
Theewaterskloof	71.50	75.41	49
Laingsburg	71.16	80.54	63.9
Matzikama	70.29	32.98	30.1
Prince Albert	70.08	70.72	55
Oudtshoorn	64.58	36.88	44.8
Langeberg	51.62	32.39	0
Hessequa	35.59	14.1	46.2
Kannaland	28.47	55.05	19.4

Source: Blue Drop Report 2012, Department of Water Affairs

## 2.6 Provision of Human Settlement (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, (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 the Municipality and the Provincial and National Departments responsible for Housing.

The Western Cape continued with the trend of 100% expenditure during the period under review comparing it with 2010/11 and 2011/12 financial years. The number of houses built increased to 13 128 in 2012/13 as compared to 11 219 in 2010/11 and 11 065 in 2011/12 financial year. The sites serviced decreased to 8 248 in 2012/13 as compared to 10 500 in 2010/11 and 8 686 in 2011/12 financial years.

The Department of Human Settlements reported that a number of projects were delayed as a result of persistent community challenges, i.e. social unrest and community resistance, intimidation of contractors, violence breaking out in some areas and the inability to secure tenders within the subsidy amount. These delays resulted in the Department not being able to meet its intended target.

The provision of services sites were also delayed due to the following reasons:

- planning approval objectives;
- community relocation delays;
- procurement objection delays;

- inability to secure tenders within the subsidy amount; and
- the delays caused by the issues listed above resulted in a number of municipalities not being able to meet the agreed targets.

**Table 9: Housing Delivery**

Municipality	Description	2010/2011	2011/2012	2012/2013
		R'000	R'000	R'000
City of Cape Town	City of Cape Town Allocation	724 449	945 745	897 032
	Amount spent	813 988	901 476	954 087
	% Spent	112	95.32	106.4
	No of houses built	4 485	5 810	7 527
	No of sites serviced	4 584	3 072	6 391
Matzikama	Allocation	13 702	8 923	30 090
	Amount spent	13 702	10 780	30 090
	% Spent	100	120.82	100
	No of houses built	0	0	186
	No of sites serviced	192	319	533
Cederberg	Allocation	34 018	7 551	31 391
	Amount spent	34 018	7 551	22 890
	% Spent	100	100	72.9
	No of houses built	334	0	300
	No of sites serviced	668	61	346
Bergrivier	Allocation	15 380	15 158	513
	Amount spent	14 966	13 822	299
	% Spent	97	91.19	58.3
	No of houses built	0	328	0
	No of sites serviced	246	82	0
Saldanha Bay	Allocation	25 453	41 986	20 631
	Amount spent	25 425	41 875	16 167
	% Spent	99.9	99.74	78.4
	No of houses built	196	189	466
	No of sites serviced	330	384	17
Swartland	Allocation	37 363	14 065	7 358
	Amount spent	37 363	13 940	7 358
	% Spent	100	99.11	100
	No of houses built	113	268	8
	No of sites serviced	381	0	158
Witzenberg	Allocation	21 824	20 680	26 395
	Amount spent	21 824	20 680	16 980
	% Spent	99.9	100	64.3

Municipality	Description	2010/2011	2011/2012	2012/2013
		R'000	R'000	R'000
	No of houses built	280	0	116
	No of sites serviced	0	428	298
Drakenstein	Allocation	63 885	65 899	62 996
	Amount spent	61 404	57 916	53 971
	% Spent	96	87.89	85.7
	No of houses built	273	152	840
	No of sites serviced	0	268	424
Stellenbosch	Allocation	33 159	19 414	66 683
	Amount spent	33 159	16 347	61 276
	% Spent	100	84.20	91.9
	No of houses built	344	0	571
	No of sites serviced	20	536	399
Breede Valley	Allocation	72 405	43 540	46 617
	Amount spent	72 405	37 540	46 617
	% Spent	100	86.22	100
	No of houses built	178	548	354
	No of sites serviced	963	83	627
Langeberg	Allocation	22 175	13 689	18 267
	Amount spent	22 175	11 970	11 896
	% Spent	100	87.45	65.1
	No of houses built	534	161	81
	No of sites serviced	0	16	96
Theewaterskloof	Allocation	29 329	38 977	30 762
	Amount spent	29 329	38 977	30 207
	% Spent	100	100	98.2
	No of houses built	309	190	82
	No of sites serviced	24	947	434
Overstrand	Allocation	31 314	15 276	20 848
	Amount spent	31 314	11 462	20 359
	% Spent	100	75.03	97.7
	No of houses built	232	191	0
	No of sites serviced	202	108	302
Cape Agulhas	Allocation	6 988	19 598	36 038
	Amount spent	8 850	31 237	33 568
	% Spent	127	159.39	93.2
	No of houses built	0	325	419
	No of sites serviced	251	184	177
Swellendam	Allocation	6 433	2 062	8 029

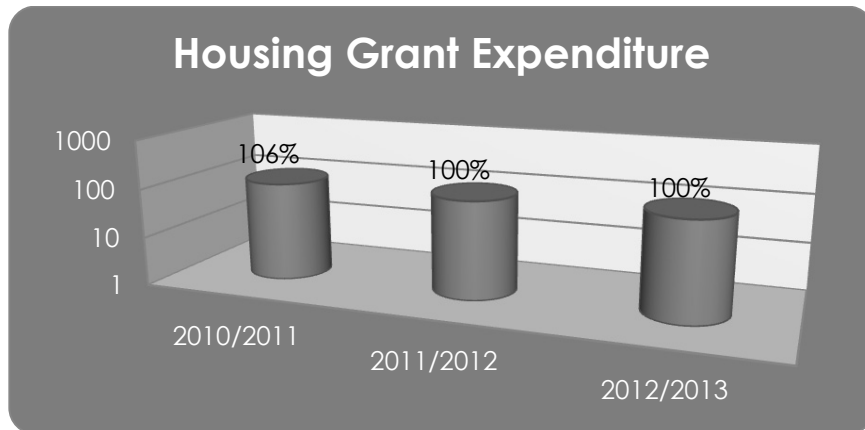
Municipality	Description	2010/2011	2011/2012	2012/2013
		R'000	R'000	R'000
	Amount spent	5 351	2 163	8 029
	% Spent	83	104.89	100
	No of houses built	51	0	2
	No of sites serviced	0	10	272
Kannaland	Allocation	0	5 272	13 964
	Amount spent	0	6 984	13 964
	% Spent	0	132.49	100
	No of houses built	0	0	250
	No of sites serviced	0	251	0
Hessequa	Allocation	49 460	17 684	20 905
	Amount spent	49 460	26 485	20 905
	% Spent	100	149.77	100
	No of houses built	235	32	500
	No of sites serviced	235	532	0
Mossel Bay	Allocation	30 907	48 672	36 759
	Amount spent	30 907	39 550	25 430
	% Spent	100	81.26	69.2
	No of houses built	337	155	174
	No of sites serviced	100	100	497
George	Allocation	50 448	77 158	52 856
	Amount spent	50 087	77 158	51 775
	% Spent	99	100	98.0
	No of houses built	286	1 025	156
	No of sites serviced	183	0	839
Oudtshoorn	Allocation	13 748	13 727	15 225
	Amount spent	13 047	8 417	15 190
	% Spent	95	61.32	99.8
	No of houses built	228	199	71
	No of sites serviced	0	177	184
Bitou	Allocation	56 091	16 327	26 165
	Amount spent	56 038	16 327	24 671
	% Spent	99.9	100	94.3
	No of houses built	144	195	86
	No of sites serviced	248	20	406
Knysna	Allocation	46 043	63 071	48 364
	Amount spent	46 043	59 520	48 364
	% Spent	100	94.37	100
	No of houses built	439	509	414
	No of sites	0	320	200

Municipality	Description	2010/2011	2011/2012	2012/2013
		R'000	R'000	R'000
	serviced			
Laingsburg	Allocation	0	771	3 400
	Amount spent	0	771	1 721
	% Spent	0	99.97	50.6
	No of houses built	0	0	0
	No of sites serviced	0	0	47
Prince Albert	Allocation	0	6 221	0
	Amount spent	0	5 325	0
	% Spent	0	85.59	0
	No of houses built	0	60	0
	No of sites serviced	0	60	0
Beaufort West	Allocation	5 283	121	31 300
	Amount spent	4 419	121	30 998
	% Spent	84	100	99.0
	No of houses built	81	0	125
	No of sites serviced	10	0	518
Individual subsidies and Other (OPSCAP, EEDBS, etc.)	Allocation	-	117 257	174 932
	Amount spent	-	180 448	178 827
	% Spent	-	154	102
	No of houses built	-	728	541
	No of sites serviced	-	728	541
<b>Total</b>	<b>Allocation</b>	<b>1 396 510</b>	<b>1 638 845</b>	<b>1 725 180</b>
	<b>Amount spent</b>	<b>1 479 790</b>	<b>1 638 845</b>	<b>1 725 180</b>
	<b>% Spent</b>	<b>106</b>	<b>100</b>	<b>100</b>
	<b>No of houses built</b>	<b>11 219</b>	<b>11 065</b>	<b>13 128</b>
	<b>No of sites serviced</b>	<b>10 500</b>	<b>8 686</b>	<b>8 248</b>

Source: Department of Human Settlement Database. Housing Delivery as at 31 March 2013

The following graph illustrates the performance of Western Cape municipalities on housing grant expenditure during the past three financial years.

**Graph 10: Housing Grant Expenditure**



Source: Department of Human Settlement Database. Housing Delivery as at 31 March 2013

The following graph illustrates the number of houses built and the number of sites serviced during the past three years.

**Graph 11: Housing Delivery**



Source: Department of Human Settlement Database. Housing Delivery as at 31 March 2013

The Department of Human Settlements together with municipalities have implemented a number of mitigators to manage disasters such as floods and fires. As a result, the need for emergency housing has decreased. The Department of Human Settlements provided 2 895 emergency housing and other housing opportunities. A number of projects has been accelerated under the Integrated Residential Development Programme (IRDP) to mitigate the shortfall for projects under the Upgrade of Informal Settlement Programme (UISP), which were not able to meet the targets as agreed. The Department provided 3 668 new serviced sites connected to basic water and sanitation services as part of the IRDP.

## KEY PERFORMANCE AREA 3: Local Economic Development

### 3.1 Development of Local Economic Development Strategies

Local Economic Development (LED) strategies are at the centre of efforts by municipalities to create economic growth and development. It is an absolutely vital tool at the disposal of all municipalities and has the potential to improve the lives of all municipal citizens by enabling growth and reducing poverty. However, the strategies associated with LED are not to be viewed as a quick-fix solution to these problems. There are potential challenges and obstacles that need to be overcome in implementing such a comprehensive strategy – from local political conditions to the impact of globalization.

In essence, the aim of an effective LED strategy is to reduce the impact of factors that adversely affect the 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. 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. It plays a determining role in the effectiveness of the overall IDP approach. As such, an LED strategy needs to ensure the following:

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

The table below shows municipalities that reviewed and implemented their Local Economic Development strategies or Regional Economic Development (RED) Strategies for the districts.



**Table 10: Local Economic Development Strategies**

<b>Municipality</b>	<b>LED strategy reviewed/developed and implemented</b>
City of Cape Town	LED strategy was reviewed and being implemented.
West Coast DM	The district developed a regional economic development strategy in 2007 and reviewed it at the beginning of 2011
Matzikama	The Local Economic Development (LED) strategy is currently under review.
Cederberg	LED strategy reviewed by June 2012
Bergrivier	LED strategy was reviewed and implemented as part of the EPWP
Saldanha Bay	Yes, the LED strategy was reviewed by June 2013 and adopted by council.
Swartland	Provincial Government will provide assistance with PACA process with the aim to develop a new LED strategy. Combined assistance for Swartland, Cederberg and Bergrivier was approved.
Cape Winelands DM	Cape Winelands Regional Local Economic Development Strategy (CW-RLEDS) was adopted in October 2012 after an extensive consultative and strategy formulation process with relevant stakeholders and role-players.
Witzenberg	LED strategy was reviewed and being implemented.
Drakenstein	The LED Strategy along with the LED Process Plan is completed and is being implemented.
Stellenbosch	Yes, the municipality reviewed and adopted their LED strategy
Breede Valley	LED strategy and process plan was completed and being implemented.
Langeberg	The Draft LED was delivered by the Service Provider on 14 June 2013
Overberg DM	The Provincial Department of Economic Development and Tourism (DEDT) has undertaken to assist the District with the review of its LED Strategy by December 2012. Unfortunately, due to various other commitments across the Province, DEDT was unable to assist, and it is now envisaged to review the LED.
Theewaterskloof	LED strategy was reviewed and being implemented.
Overstrand	The LED strategy along with the LED process Plan is completely reviewed yearly and being implemented.
Cape Agulhas	LED strategy and process plan was completed and being implemented.
Swellendam	Lack of funds to establish the LED unit. Will have to source funding in order to establish unit
Eden DM	LED strategy was reviewed, approved by council on 30 July 2012.
Kannaland	The municipality reviewed and adopted a comprehensive Local Economic Development Strategy during May 2013 which was financed through the Industrial Development Council (IDC) and also secured a grant from the Industrial Development Council for the implementation of a spatial LED projects
Hessequa	LED strategy was reviewed and being implemented.

<b>Municipality</b>	<b>LED strategy reviewed/developed and implemented</b>
Mossel Bay	The LED strategy was reviewed and being implemented.
George	The LED strategy was developed and being implemented.
Oudtshoorn	The LED strategy was reviewed by June 2012
Bitou	The LED strategy to be completed in the 2013/14 financial year
Knysna	The municipality is in the process of reviewing its Economic Development Strategy as part of the ISDF process and will re-evaluate its approach towards facilitating economic growth in the area.
Central Karoo DM	LED strategy to be revised first and the source funding for this strategy.
Laingsburg	LED strategy approved/reviewed by June 2013
Prince Albert	The strategy was reviewed with the help of the Department of Economic Development and Tourism. The document is to be work-shopped with Council in 2013/14.
Beaufort West	LED Strategy was last reviewed. LED forum was established but not functional

Source: Municipal Annual Reports 2012/13

Western Cape municipalities have reviewed and adopted Local Economic Development (LED) strategies with the exception of Overberg and Central Karoo District Municipalities. Municipalities have indicated that their LED strategies include all activities associated with economic development and that they are working closely with all relevant stakeholders on key regional economic issues. Municipalities outside the metro are mainly agricultural, manufacturing, business and financial services and tourism based economies. Their LED interventions effect transformation and shared growth by introducing new entrants to established industries with a view to effect empowerment and ownership. Municipal LED's needs continuous revision, with comprehensive reviews taking place at least once every five years.

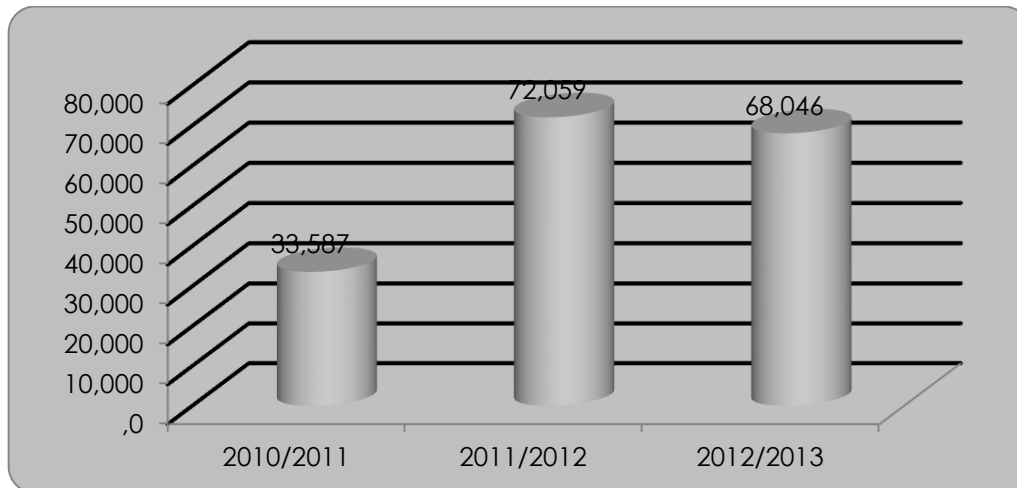
LED Fora were established in four of the five district municipalities. The LED forum in Central Karoo has not been established. Despite the establishment of forums in some districts, some have reported non-functionality of their forum. However, they are in a process of being revived. Their main reason for establishing such a forum is to expand the scale and scope of LED initiatives by systematically leveraging support from partners in localities and strengthening the oversight role in respect of LED. This would then lead to interactions within local communities, the private sector, organised businesses, sector development organisations, educational institutions and other support institutions that are rich in expertise, resources, relational capital and networks. The LED Forum provided the opportunity for regions to achieve enhanced cooperation through the participation of various institutions and contribute towards the economic development of the region in such a way that all parties will benefit. With all the LED initiatives being implemented,

Western Cape municipalities have managed to provide work or job opportunities to their local communities through their LED Strategies and Implementation Plan.

### 3.2 Job Opportunities

The figure below shows the number of Expanded Public Works Programme (EPWP) job opportunities created by municipalities during the 2012/13 financial year.

**Graph 12: Work opportunities (excl. Community Work Programme)**



Source: Municipal Annual Reports 2012/13

### KEY PERFORMANCE AREA 4: Municipal Financial Viability and Management

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 prudent financial management.

The Municipal Finance Management Act of 2003 and the Municipal Property Rates Act of 2004 were introduced to provide municipalities with guidelines for the effective management of their revenue, expenditure, assets and liabilities and the handling of their financial processes. The aim is to resolve financial problems of municipalities and to maximize 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 Tabling of budget

Section 24 of the MFMA requires the Mayor of a municipality to table the annual budget at a council meeting at least 90 days before the start of the budget year. The deadlines

set out in the MFMA for the tabling of municipal budgets are minimum compliance requirements and municipalities may table their budgets earlier. Western Cape municipalities have continued to retain the positive trend of approving the annual budget on time. The table below shows the three year trend in tabling of annual budget in compliance with section 24 of the MFMA.

**Table 11: Tabling of municipal budgets**

Municipality	Submission of Municipal budgets		
	2010/11	2011/12	2012/13
City of Cape Town	31-Mar-10	02-Mar-11	28-Mar-12
Matzikama	31-Mar-10	08-Mar-11	20-Mar-12
Cederberg	30-Mar-10	24-Mar-11	30-Mar-12
Bergrivier	30-Mar-10	16-Mar-11	30-Mar-12
Saldanha Bay	31-Mar-10	09-Mar-11	30-Mar-12
Swartland	25-Mar-10	11-Feb-11	30-Mar-12
West Coast DM	24-Feb-10	23-Feb-11	20-Mar-12
Witzenberg	30-Mar-10	18-Mar-11	03-Apr-12
Drakenstein	25-Mar-10	01-Mar-11	27-Mar-12
Stellenbosch	06-May-10	25-Mar-11	30-Mar-12
Breede Valley	31-Mar-10	07-Mar-11	30-Mar-12
Langeberg	23-Mar-10	24-Feb-11	30-Mar-12
Cape Winelands DM	25-Mar-10	15-Mar-11	26-Mar-11
Theewaterskloof	25-Mar-10	04-Mar-11	30-Mar-12
Overstrand	31-Mar-10	23-Feb-11	28-Mar-12
Cape Agulhas	29-Mar-10	31-Mar-11	29-Mar-12
Swellendam	25-Mar-10	01-Apr-11	04-May-12
Overberg DM	Was not approved by 30 June 2010 (Council place under administration)	14-Mar-11	27-Mar-12
Kannaland	25-Mar-10	31-Mar-11	30-Mar-12
Hessequa	30-Mar-10	27-Mar-11	30-Mar-12
Mossel Bay	30-Mar-10	18-Mar-11	29-Mar-12
George	31-Mar-10	01-Apr-11	29-Mar-12
Oudtshoorn	31-Mar-10	01-Apr-11	30-Mar-12
Bitou	31-Mar-10	05-Apr-11	30-Mar-12
Knysna	31-Mar-10	24-Mar-11	29-Mar-12
Eden DM	30-Mar-10	31-Mar-11	29-Mar-12
Laingsburg	30-Mar-10	02-Apr-11	29-Mar-12
Prince Albert	31-Mar-10	09-Mar-11	30-Oct-12
Beaufort West	30-Mar-10	29-Mar-11	30-Mar-12
Central Karoo DM	26-Mar-10		17-Apr-12

Source: Provincial Treasury Database

## 4.2 Performance against budget

The total operating revenue budget for the 2012/13 financial year amounted to R38, 9 billion while the total operating expenditure budget amounted to R34, 9 billion, thus constituting a surplus of R4 billion.

A year-on-year comparison reflects a slight improvement in terms of the collection of revenue from 96.8 per cent in 2010/11 to 97.8 per cent in 2011/12 and 97.9 per cent in the 2012/13 financial year. In terms of expenditure, a year-on-year comparison reflects an expenditure trend of 96.2 per cent in 2010/11 increasing to 98 per cent in 2011/12 and decreasing to 96.4 per cent in the 2012/13 financial year. The following table shows the operating revenue and expenditure for the financial year 2010/11, 2011/12 and 2012/13.

**Table 12: Performance against budget**

Municipality	Financial Year	Operating Revenue			Operating Expenditure		
		Budget	Actual	%	Budget	Actual	%
		R'000	R'000		R'000	R'000	
City of Cape Town	10/11	21 254 823	20 524 610	96.6	19 471 566	18 784 355	96.5
	11/12	23 887 797	23 653 587	99.0	21 668 502	21 188 026	97.8
	12/13	27 635 438	27 363 454	99.0	24 436 317	23 919 728	97.9
Matzikama	10/11	184 383	169 110	91.7	150 056	157 809	105.2
	11/12	197 634	233 406	118.1	172 614	195 218	113.1
	12/13	208 354	241 074	115.7	207 576	200 435	96.6
Cederberg	10/11	120 737	267 303	221.4	114 865	157 605	137.2
	11/12	188 855	177 405	93.9	170 492	165 690	97.2
	12/13	248 337	169 429	68.2	168 354	171 388	101.8
Bergrivier	10/11	172 404	167 439	97.1	151 998	143 053	94.1
	11/12	173 901	163 387	94.0	172 139	199 742	116.0
	12/13	195 540	192 415	98.4	193 784	182 169	94.0
Saldanha Bay	10/11	563 333	553 177	98.2	571 012	510 510	89.4
	11/12	639 415	628 448	98.3	644 086	595 191	92.4
	12/13	726 881	609 126	83.8	723 456	671 981	92.9
Swartland	10/11	370 429	358 675	96.8	373 748	348 005	93.1
	11/12	373 479	347 714	93.1	422 570	352 685	83.5
	12/13	414 214	374 354	90.4	427 629	376 307	88.0
West Coast DM	10/11	-241 385	-249 326	103.3	237 882	249 899	105.1
	11/12	247 960	239 373	96.5	292 121	261 723	89.6
	12/13	259 437	290 250	111.9	261 637	253 347	96.8
Witzenberg	10/11	316 432	307 932	97.3	262 221	266 029	101.5
	11/12	342 935	353 876	103.2	289 868	288 485	99.5
	12/13	351 612	348 351	99.1	346 848	330 551	95.3
Drakenstein	10/11	1 086 063	1 025 588	94.4	1 011 344	945 891	93.5
	11/12	1 273 984	1 116 086	87.6	1 202 913	1 231 115	102.3

Municipality	Financial Year	Operating Revenue			Operating Expenditure		
		Budget	Actual	%	Budget	Actual	%
		R'000	R'000		R'000	R'000	
	12/13	1 422 256	1 391 166	97.8	1 440 220	1 387 655	96.4
Stellenbosch	10/11	722 207	812 663	112.5	747 507	730 203	97.7
	11/12	859 836	886 514	103.1	839 480	797 161	95.0
	12/13	969 125	993 829	102.5	931 082	923 943	99.2
Breede Valley	10/11	587 856	565 578	96.2	585 564	564 531	96.4
	11/12	556 240	549 760	98.8	612 016	604 726	98.8
	12/13	695 123	700 901	100.8	685 613	656 464	95.7
Langeberg	10/11	389 563	349 113	89.6	357 144	328 044	91.9
	11/12	406 253	372 048	91.6	405 569	332 125	81.9
	12/13	486 740	447 908	92.0	462 625	423 925	91.6
Cape Winelands DM	10/11	385 416	319 158	82.8	385 584	336 418	87.2
	11/12	376 542	318 798	84.7	357 442	310 048	86.7
	12/13	327 888	308 168	94.0	326 705	284 593	87.1
Theewaterskloof	10/11	322 595	288 416	89.4	282 064	274 147	97.2
	11/12	344 653	303 101	87.9	284 409	323 811	113.9
	12/13	413 630	380 229	91.9	340 123	280 746	82.5
Overstrand	10/11	584 660	663 526	113.5	682 262	703 080	103.1
	11/12	640 249	615 146	96.1	728 432	762 273	104.6
	12/13	695 427	693 471	99.7	791 055	745 158	94.2
Cape Agulhas	10/11	157 961	156 321	99.0	166 836	159 624	95.7
	11/12	189 343	194 895	102.3	197 858	187 820	94.9
	12/13	234 831	226 165	96.3	223 732	213 725	95.5
Swellendam	10/11	110 844	177 225	159.9	111 963	83 907	74.9
	11/12	129 114	102 724	79.6	126 694	100 901	79.6
	12/13	147 114	170 150	115.7	159 313	138 824	87.1
Overberg DM	10/11	120 386	102 218	84.9	128 375	119 622	93.2
	11/12	106 188	101 874	95.9	113 775	100 382	88.2
	12/13	113 397	112 280	100.9	114 144	115 010	99.2
Kannaland	10/11	82 764	82 176	99.3	66 842	81 690	122.2
	11/12	87 800	62 010	70.6	87 517	61 299	70.0
	12/13	124 925	76 426	61.2	124 915	85 476	68.4
Hessequa	10/11	266 836	247 458	92.7	248 730	238 927	96.1
	11/12	272 330	275 164	101.0	268 093	261 820	97.7
	12/13	288 328	278 942	96.7	282 123	276 918	98.2
Mossel Bay	10/11	774 935	723 686	93.4	628 730	581 961	92.6
	11/12	693 618	655 743	94.5	649 487	648 156	99.8
	12/13	755 747	703 700	93.1	713 196	589 709	82.7
George	10/11	944 389	841 528	89.1	908 485	851 845	93.8
	11/12	1 014 445	932 980	92.0	994 091	939 312	94.5
	12/13	1 084 006	1 036 378	95.6	1 019 256	1 005 269	98.6
Oudtshoorn	10/11	360 849	280 445	77.7	345 160	289 754	83.9
	11/12	393 926	358 048	90.9	395 739	366 371	92.6
	12/13	452 770	369 926	81.7	424 604	385 006	90.7

Municipality	Financial Year	Operating Revenue			Operating Expenditure		
		Budget	Actual	%	Budget	Actual	%
		R'000	R'000		R'000	R'000	
Bitou	10/11	375 732	328 731	87.5	282 355	305 488	108.2
	11/12	322 743	307 190	95.2	303 250	298 231	98.3
	12/13	380 896	376 845	98.9	340 469	322 533	94.7
Knysna	10/11	448 841	466 159	103.9	427 347	404 348	94.6
	11/12	506 550	543 560	107.3	467 234	697 400	149.3
	12/13	607 245	601 465	99.0	562 569	547 150	97.3
Eden DM	10/11	230 235	193 756	84.2	228 965	184 597	80.6
	11/12	179 018	148 024	82.7	177 405	132 766	74.8
	12/13	176 273	168 312	95.5	175 337	136 074	77.6
Laingsburg	10/11	23 756	25 926	109.1	32 528	34 316	105.5
	11/12	45 710	39 857	87.2	45 710	38 266	83.7
	12/13	60 232	41 658	69.2	63 693	33 923	53.3
Prince Albert	10/11	37 666	35 326	93.8	35 611	38 374	107.8
	11/12	46 375	44 510	96.0	39 579	36 930	93.3
	12/13	48 848	41 511	85.0	39 320	39 335	100.0
Beaufort West	10/11	191 312	177 855	93.0	155 925	173 827	111.5
	11/12	212 949	238 761	112.1	174 517	171 066	98.0
	12/13	253 752	241 288	95.1	193 370	195 175	100.9
Central Karoo DM	10/11	71 239	63 171	88.7	66 102	62 695	94.8
	11/12	56 119	51 221	91.3	55 894	52 201	93.4
	12/13	57 271	51 693	90.3	57 949	51 949	89.6
<b>Total</b>	<b>10/11</b>	<b>31 017 261</b>	<b>30 024 943</b>	<b>96.8</b>	<b>29 218 771</b>	<b>28 110 554</b>	<b>96.2</b>
	<b>11/12</b>	<b>34 765 961</b>	<b>34 010 306</b>	<b>97.9</b>	<b>32 359 496</b>	<b>31 704 495</b>	<b>98.0</b>
	<b>12/13</b>	<b>39 835 636</b>	<b>39 000 864</b>	<b>98.0</b>	<b>36 237 013</b>	<b>34 944 466</b>	<b>96.4</b>

Source: Municipal Annual Report 2012/13 and National Treasury database as at June 2013

### 4.3 Capital Expenditure

The following table shows the capital expenditure for the financial year 2012/13.

**Table 13: Capital Expenditure**

Municipality	Financial Year	Water	Electricity	Housing	Roads Pavements	Other	Total Capital Expenditure	Adjusted Budget	YTD Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	%
City of Cape Town	12/13	603 997	914 675	371 114	994 652	2 896 324	5 780 762	6 221 809	92.9
Matzikama	12/13	40 239	1 257		5 125	1 804	48 425	39 532	122.5
Cederberg	12/13	25 709	2 073	5 356	2 893	10 063	46 094	83 163	55.4
Bergivier	12/13	12 082	314		2 310	3 914	18 620	19 334	96.3
Saldanha Bay	12/13	41 541	11 836		24 751	58 998	137 126	196 544	69.8
Swarfland	12/13	25 575	13 783	8 274	11 301	16 896	75 829	89 009	85.2
West Coast DM	12/13	32 027				2 255	34 282	35 066	97.8
Witzenberg	12/13	41 774	2 890		24 542	18 409	87 615	91 014	96.3
Drakenstein	12/13	137 157	24 902		23 907	48 014	233 980	319 382	73.3
Stellenbosch	12/13	16 932	36 076	29 749	15 212	33 972	175 639	197 811	88.8
Breede Valley	12/13	57 467	27 940		11 768	9 403	106 578	137 817	77.3
Langeberg	12/13	22 230	7 057	3 041	3 814	14 393	50 535	58 788	86.0
Cape Winelands DM	12/13					10 717	10 717	11 863	90.3
Theewaterskloof	12/13	24 897	7 601	33 396	7 758	8 109	81 761	97 519	83.8



Municipality	Financial Year	Water	Electricity	Housing	Roads Pavements	Other	Total Capital Expenditure	Adjusted Budget	YTD Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	%
Overstrand	12/13	65 501	22 182	16 651	15 709	20 337	140 380	167 501	83.8
Cape Agulhas	12/13	14 386	1 454	33 568	5 193	6 619	27 652	30 009	92.1
Swellendam	12/13	20 682	67	7 530	6 551	2 779	37 609	37 879	99.3
Overberg DM	12/13					446	446	1 794	77.1
Kannaland	12/13	6 283	6 321	1 760	243	698	15 305	35 731	42.8
Hessequa	12/13	6 938	4 335		16 422	6 591	34 286	48 114	71.3
Mosel Bay	12/13	16 707	19 409		24 009	63 624	123 749	130 153	95.1
George	12/13	55 729	17 476		3 149	42 689	119 043	153 373	77.6
Oudtshoorn	12/13	14 408	1 499		7 500	19 206	42 613	70 577	60.4
Bitou	12/13	18 913	2 445		9 219	8 177	38 754	59 375	65.3
Knysna	12/13	28 940	14 000	12 072	2 165	13 381	70 558	70 130	100.6
Eden DM	12/13					840	840	935	89.8
Laingsburg	12/13	8 375	203	67	577	645	9 867	16 638	59.3
Prince Albert	12/13	759	6		3 548	4 518	8 831	8 702	101.5
Beaufort West	12/13	2 674	10 759	11 089	25 132	2 485	52 139	72 836	71.6
Central Karoo DM	12/13					30	30	211	14.2
<b>Total</b>	<b>12/13</b>	<b>1 341 922</b>	<b>1 150 560</b>	<b>500 099</b>	<b>1 247 450</b>	<b>3 326 336</b>	<b>7 610 065</b>	<b>8 502 609</b>	<b>89.5</b>

Source: National Treasury Database as at June 2013 (pre-audit)

Capital expenditure for the period ending June 2013 amounted to R7,58 billion or 89.2 per cent of the adjusted budgeted amount of R8,5 billion.

The reasons cited by some municipalities for under expenditure in their capital budget were the inability to obtain external funding for the expansion of capital projects and also due to projects which could not continue due to the late receipt of the Audit Report, which was needed to take up the external loan.

#### 4.4 Liquidity ratio

The Municipality's ability to repay its short term debt is determined by dividing current assets by current liabilities. This shows the number of times short term liabilities can be recovered by the municipality's current assets. If the value is greater than 1.00 it means fully recovered.

The table below shows the current assets and liabilities of municipalities together with their respective liquidity ratios for the financial year ended 2010/11, 2011/12 and 2012/13.

**Table 14: Liquidity ratio**

Municipality	2010/2011	2011/2012	2012/2013		
	Ratio	Ratio	Current assets	Current liabilities	Ratio
			R'000	R'000	
City of Cape Town	1.6:1	1.6:1	12 900 815	7 988 695	1.6:1
Matzikama	0.9:1	0.7:1	26 366	48 126	0.5:1
Cederberg	1.5:1	1.1:1	47 889	57 888	0.8:1
Bergrivier	1.9:1	1.7:1	67 590	32 876	2.1:1
Saldanha Bay	5.2:1	4.3:1	562 078	129 526	4.3:1
Swartland	3.89:1	4.2:1	265 187	64 388	4.1:1
West Coast DM	3.9:1	4.3:1	179 939	47 788	3.8:1
Witzenberg	1.08:1	01:01	92 096	80 212	1.1:1
Drakenstein	0.5:1	1.1:1	414 130	361 847	1.1:1
Stellenbosch	2.5:1	2.9:1	587 547	210 041	2.8:1
Breede Valley	1.52:1	1.5:1	276 278	159 743	1.7:1
Langeberg	1.7:1	1.9:1	130 314	75 155	1.7:1
Cape Winelands DM	6.74:1	6.96:1	438 532	44 555	9.8:1
Theewaterskloof	1.02:1	0.7:1	61 021	69 815	0.9:1
Overstrand	1.3:1	1.5:1	198 520	155 463	1.3:1
Cape Agulhas	2.6:1	2.3:1	44 799	21 519	2.1:1
Swellendam			33 297	35 777	0.5:1
Overberg DM	0.21:1	0.4:1	17 208	20 417	0.8:1

Municipality	2010/2011	2011/2012	2012/2013		
	Ratio	Ratio	Current assets	Current liabilities	Ratio
			R'000	R'000	
Kannaland	0.3:1	0.33:1	35 193	62 027	0.6:1
Hessequa	1.7:1	01:01	73 083	49 284	1.4:1
Mossel Bay	1.6:1	2.2:1	296 208	131 438	2.3:1
George	2.9:1	2.5:1	574 022	265 198	2.2:1
Oudtshoorn	0.50:1	1.1:1	99 491	86 698	1.1:1
Bitou	0.50:1	1.1:1	92 176	95 946	0.9:1
Knysna	1.46:1	1.4:1	134 027	105 417	1.3:1
Eden DM	0.82:1	01:01	90 009	68 993	1.3:1
Laingsburg	22.82:1	2.4:1	13 322	7 208	1.8:1
Prince Albert	12.7:1	1.5:1	6 362	9 177	0.7:1
Beaufort West	1.01:1	1.03:1	48 688	44 985	1.1:1
Central Karoo DM	0.3:1	0.3:1	5 011	11 363	0.4:1

Source: Audited Municipal Annual Financial Statements 2012/13

The total net working capital for the year ended June 2013, amounted to R6.86 billion (Current assets less Current liabilities). The combined liquidity ratio is 1.69:1. This means that collectively the Western Cape municipalities have substantial means to cover their short-term liabilities. There were about nine municipalities who achieved lower than 1:00 in their acid test. These municipalities are Matzikama, Cederberg, Theewaterskloof, Swellendam, Overberg District, Kannaland, Bitou, Prince Albert and Central Karoo District Municipalities. A year-on-year comparison indicated that Matzikama, Overberg DM and Kannaland municipalities had the highest liquidity risk for the last three years, which is a concern.

#### 4.5 Level of reliance on grants

The table below provides an indication of municipalities' level of reliance on grants for the 2010/11, 2011/12 and 2012/13 financial years.

**Table 15: Reliance on grants**

Municipality	2010/2011	2011/2012	2012/2013		
	%	%	Total grants and subsidies received	Total Operating Revenue	Percentage
			R'000	R'000	%
City of Cape Town	12.5	15.9	5 394 440	27 363 454	19.7
Matzikama	40.3	31.6	95 675	241 124	39.7
Cederberg	24.9	37.0	80 228	199 568	40.2
Bergvliet	34.8	29.1	46 368	199 719	23.2
Saldanha Bay	11.2	11.9	120 751	712 329	17.0

Swartland	14.1	9.5	38 201	409 606	9.3
West Coast DM	32.7	31.7	82 062	262 536	31.3
Witzenberg	32.6	32.0	145 432	421 436	34.5
Drakenstein	12.5	15.3	199 515	1 351 690	14.8
Stellenbosch	11.9	12.7	176 918	993 829	17.8
Breede Valley	25	24.2	170 684	693 822	24.6
Langeberg	34.8	19.8	102 837	436 596	23.6
Cape Winelands DM	88.15	65.08	205 443	307 088	66.9
Theewaterskloof	35.5	36.6	146 123	377 278	38.7
Overstrand	13.3	14.1	95 489	704 454	13.6
Cape Agulhas	27.4	33.7	86 620	226 165	38.3
Swellendam		29.8	69 521	170 150	40.9
Overberg DM	80.2	79.5	47 142	109 576	43.0
Kannaland		41.1	56 193	116 894	48.1
Hessequa	22.8	28.1	70 687	278 943	25.3
Mossel Bay	26.9	14.7	114 653	712 484	16.1
George	24.9	21.8	232 516	1 036 100	22.4
Oudtshoorn		24.7	109 477	402 431	27.2
Bitou	36.4	19.1	105 131	391 457	26.9
Knysna	20	20.2	124 842	551 387	22.6
Eden DM	46.7	2.1	12 394	283 224	4.4
Laingsburg	47.8	47.8	24 599	43 941	56.0
Prince Albert	29.4	58.4	23 664	41 690	56.8
Beaufort West	50.4	33.6	117 515	242 748	48.4
Central Karoo DM	89.1	97.2	47 355	51 693	91.6
<b>Total</b>	<b>26</b>	<b>18.9</b>	<b>8 342 455</b>	<b>39 333 412</b>	<b>21.2</b>

Source: Audited Municipal Annual Financial Statements 2012/13

Government grants continue to contribute significantly to the revenue base of some municipalities in the Western Cape. Generally grant reliance is low in the Western Cape (21.2%), with the exception of Central Karoo District (91.6%), which relies on grants to finance its projects and operations.

#### 4.6 Debt Management

The table below indicates that the total debtors for the 2012/13 financial year amounted to R7,96 billion compared to R7,87 billion in 2011/12 and R7,27 billion in 2010/11 financial year. There has been year-on-year growth in total debtors amounting to R598, 271 million or 8.2 per cent in 2011/12 and R93,748 million or 1.2 per cent in 2012/13.

For the financial year 2010/11, debtors over 90 days amounted to R5,12 billion or 70 per cent of the total debtors amount and have increased by R463,10 million or 9.05 per cent

in 2011/12. During the period under review, debtors over 90 days decreased by R50, 19 million or as compared to the previous financial year. The City of Cape Town indicated that the overdue accounts were linked to indigent debtors which were to be written off during the financial year.

Outstanding debtors in respect of water services are the highest at R2.31 billion. In this regard, Provincial Treasury requested all municipalities to explore the viability of water management devices or other initiatives to better control the sale of water to communities. Task teams were established to facilitate the payment of outstanding government debt owed by the provincial departments.

**Table 16: Debtors by service type**

Municipality	Financial Year	Water	Electricity	Property Rates	Other	Total
		R'000	R'000	R'000	R'000	R'000
City of Cape Town	10/11	2 888 797	699 409	1 566 226	606 915	5 761 346
	11/12	3 211 400	712 138	1 619 429	633 788	6 176 755
	12/13	2 079 463	846 895	1 617 545	1 591 421	6 135 324
Matzikama	10/11	-	-	-	31 374	31 374
	11/12	11 231	5 940	4 897	13 417	35 485
	12/13	5 311	5 778	5 337	22 957	39 383
Cederberg	10/11	10 609	7 780	12 807	2 473	33 669
	11/12	14 212	10 778	16 164	3 336	44 490
	12/13	9 571	12 510	20 729	9 458	52 268
Bergrivier	10/11	9 142	7 293	13 092	13 629	43 156
	11/12	9 016	7 808	11 006	21 972	49 802
	12/13	5 919	8 067	10 716	28 900	53 602
Saldanha Bay	10/11	42 273	12 021	24 951	32 871	112 117
	11/12	47 416	17 235	30 440	38 957	134 048
	12/13	30 448	17 139	31 876	58 285	137 748
Swartland	10/11	6 801	9 271	7 493	5 324	28 889
	11/12	8 690	12 333	8 165	5 734	34 922
	12/13	5 000	13 616	8 662	12 271	39 549
West Coast DM	10/11	6 233	31	-	188	6 453
	11/12	6 565	28	-	98	6 691
	12/13	7 739	34	-	138	7 911
Witzenberg	10/11	27 473	12 265	9 022	21 666	70 426
	11/12	36 333	13 396	9 708	26 841	86 278
	12/13	31 215	14 843	12 608	51 224	109 890
Drakenstein	10/11	75 323	41 405	30 363	57 706	204 797
	11/12	59 721	55 714	49 393	79 979	244 807
	12/13	59 237	87 869	37 269	99 336	283 711
Stellenbosch	10/11	28 144	24 074	32 099	46 484	130 802
	11/12	27 235	13 807	32 051	40 941	114 034
	12/13	34 324	14 045	31 176	47 303	126 848
Breede Valley	10/11	28 093	20 023	14 928	30 089	93 133
	11/12	29 348	21 692	13 400	36 913	101 353
	12/13	15 733	23 842	17 283	55 972	112 830
Langeberg	10/11	6 650	12 616	3 709	6 959	29 934

Municipality	Financial Year	Water	Electricity	Property Rates	Other	Total
		R'000	R'000	R'000	R'000	R'000
	11/12	6 121	15 946	4 968	7 275	34 310
	12/13	3 853	16 734	5 837	12 767	39 191
Cape Winelands DM	10/11	-	-	708	812	1 520
	11/12	-	-	-	1 939	1 939
	12/13	-	-	-	1 300	1 300
Theewaterskloof	10/11	50 479	5 889	20 814	31 522	108 704
	11/12	54 560	5 663	21 085	35 313	116 621
	12/13	34 770	5 685	22 112	65 304	127 871
Overstrand	10/11	20 981	16 952	13 291	9 452	60 676
	11/12	25 815	16 589	11 564	9 577	63 545
	12/13	16 136	17 004	12 087	14 598	59 825
Cape Agulhas	10/11	2 926	5 556	2 226	2 594	13 303
	11/12	3 508	7 104	2 843	3 231	16 686
	12/13	3 318	7 338	3 520	4 670	18 846
Swellendam	10/11	14 553	7 703	13 584	10 718	46 558
	11/12	21 224	8 779	7 235	10 719	47 957
	12/13	13 616	8 757	4 516	9 692	36 581
Overberg DM	10/11	14	28	-	2 190	2 233
	11/12	18	64	-	1 828	1 910
	12/13	11	64	-	1 581	1 656
Kannaland	10/11	18 167	2 185	8 194	15 567	44 112
	11/12	21 533	2 440	9 135	17 757	50 865
	12/13	7 280	3 598	10 977	24 208	46 063
Hessequa	10/11	6 074	7 224	9 647	3 888	26 834
	11/12	7 656	8 510	10 289	4 624	31 079
	12/13	4 350	9 121	9 541	9 795	32 807
Mossel Bay	10/11	29 750	14 346	10 560	7 203	61 859
	11/12	21 548	11 815	10 597	19 077	63 037
	12/13	4 351	11 466	10 266	30 608	56 691
George	10/11	30 037	20 820	20 681	21 222	92 760
	11/12	31 511	25 793	19 973	21 313	98 590
	12/13	33 198	31 611	24 607	44 242	133 658
Oudtshoorn	10/11	27 213	16 898	18 172	15 575	77 859
	11/12	31 106	13 245	16 066	20 781	81 198
	12/13	22 661	16 367	16 429	35 855	91 312
Bitou	10/11	19 313	9 279	14 264	9 727	52 582
	11/12	30 715	12 456	16 810	15 419	75 400
	12/13	14 731	11 183	18 921	27 489	72 324
Knysna	10/11	29 426	17 650	27 681	16 246	91 004
	11/12	37 139	20 573	31 436	16 819	105 967
	12/13	13 823	19 108	37 723	15 972	86 626
Eden DM	10/11	8 034	1 487	2 626	7 038	19 185
	11/12	4 295	532	2 002	-2 835	3 994
	12/13	-	-	-	9 642	9 642
Laingsburg	10/11	659	426	1 733	430	3 248
	11/12	1 097	532	2 128	566	4 323
	12/13	703	730	1 992	1 705	5 130
Prince Albert	10/11	2 933	1 069	851	816	5 669
	11/12	3 876	1 098	675	1 143	6 792

Municipality	Financial Year	Water	Electricity	Property Rates	Other	Total
		R'000	R'000	R'000	R'000	R'000
	12/13	2 265	1 034	626	2 991	6 916
Beaufort West	10/11	7 536	3 590	8 707	14 756	34 588
	11/12	7 674	4 212	5 328	24 311	41 525
	12/13	2 843	4 115	6 325	30 243	43 526
Central Karoo DM	10/11	242	234	614	745	1 833
	11/12	-	-	-	-	-
	12/13	-	-	-	275	275
<b>Total</b>	<b>10/11</b>	<b>3 404 875</b>	<b>968 099</b>	<b>1 889 855</b>	<b>1 013 302</b>	<b>7 276 132</b>
	<b>11/12</b>	<b>3 781 027</b>	<b>1 026 217</b>	<b>1 968 147</b>	<b>1 099 012</b>	<b>7 874 403</b>
	<b>12/13</b>	<b>2 461 898</b>	<b>1 208 556</b>	<b>1 980 603</b>	<b>2 318 264</b>	<b>7 968 151</b>

Source: National Treasury Database as at June 2013

**Table 17: Debtors by age analysis**

Municipality	Financial year	0 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	Total	Debtors over 90 days
		R'000	R'000	R'000	R'000	R'000	%
City of Cape Town	2010/2011	1 167 146	266 965	167 106	4 160 129	5 761 346	72
	2011/2012	1 222 445	210 777	242 415	4 501 118	6 176 755	73
	2012/2013	1 357 621	184 421	191 092	4 402 190	6 135 324	72
Matzikama	2010/2011	11 245	1 107	965	18 057	31 374	58
	2011/2012	8 155	2 479	1 604	23 248	35 486	66
	2012/2013	26 550	1 546	773	10 513	39 382	27
Cederberg	2010/2011	6 275	2 565	1 864	22 966	33 670	68
	2011/2012	7 746	2 964	2 352	31 428	44 490	71
	2012/2013	8 251	3 602	2 522	37 892	52 267	72
Bergrivier	2010/2011	9 887	3 064	1 557	28 648	43 156	66
	2011/2012	11 854	5 756	2 031	30 162	49 803	61
	2012/2013	10 523	3 358	3 036	36 685	53 602	68
Saldanha Bay	2010/2011	29 485	3 112	2 914	76 605	112 116	68
	2011/2012	36 191	4 156	2 960	90 740	134 047	68
	2012/2013	38 658	2 956	2 679	93 455	137 748	68
Swartland	2010/2011	17 054	3 258	630	7 947	28 889	28
	2011/2012	20 268	3 676	925	10 053	34 922	29
	2012/2013	21 756	4 491	824	12 479	39 550	32
West Coast DM	2010/2011	6 064	242	124	23	6 453	0
	2011/2012	6 397	226	68	0	6 691	0
	2012/2013	7 543	267	62	39	7 911	0
Witzenberg	2010/2011	18 039	1 640	1 405	49 342	70 426	70
	2011/2012	19 570	1 631	1 644	63 433	86 278	74
	2012/2013	21 628	2 063	2 438	83 761	109 890	76
Drakenstein	2010/2011	56 448	9 452	7 496	131 400	204 796	64
	2011/2012	62 653	11 762	8 920	161 472	244 807	66
	2012/2013	84 370	38 030	9 262	152 050	283 712	54
Stellenbosch	2010/2011	35 775	4 732	4 525	85 771	130 802	66
	2011/2012	23 363	4 200	3 392	83 080	114 034	73
	2012/2013	28 999	3 298	3 093	91 458	126 848	72

Municipality	Financial year	0 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	Total	Debtors over 90 days
		R'000	R'000	R'000	R'000	R'000	%
Breede Valley	2010/2011	62 407	1 999	1 487	27 239	93 132	29
	2011/2012	69 616	1 985	1 796	27 955	101 352	28
	2012/2013	63 740	2 269	1 950	44 872	112 831	40
Langeberg	2010/2011	13 373	2 554	1 685	12 321	29 933	41
	2011/2012	16 724	2 547	1 537	13 503	34 311	39
	2012/2013	18 658	3 143	1 743	15 647	39 191	40
Cape Winelands DM	2010/2011	50	34	0	1 436	1 520	94
	2011/2012	55	2	0	1 882	1 939	97
	2012/2013	107	0	28	1 165	1 300	89
Theewaterskloof	2010/2011	9 127	5 602	365	93 610	108 704	86
	2011/2012	9 077	3 909	2 745	100 891	116 622	87
	2012/2013	10 762	4 308	3 096	109 706	127 872	86
Overstrand	2010/2011	37 131	2 683	2 215	18 648	60 677	31
	2011/2012	36 080	2 370	1 744	23 351	63 545	37
	2012/2013	34 634	1 818	1 230	22 143	59 825	37
Cape Agulhas	2010/2011	10 577	416	433	4 609	16 035	29
	2011/2012	11 426	356	249	4 464	16 497	27
	2012/2013	10 768	1 442	455	5 986	18 648	32
Swellendam	2010/2011	6 958	1 790	1 534	36 276	46 558	78
	2011/2012	7 150	1 498	1 104	38 204	47 956	80
	2012/2013	7 616	1 504	998	26 463	36 581	72
Overberg DM	2010/2011	844	139	218	1 032	2 233	46
	2011/2012	66	121	79	1 645	1 911	86
	2012/2013	440	102	78	1 038	1 658	63
Kannaland	2010/2011	2 346	0	739	41 027	44 112	93
	2011/2012	2 856	719	726	46 564	50 865	92
	2012/2013	4 623	1 491	2 347	37 602	46 063	82
Hessequa	2010/2011	8 404	2 782	1 280	14 366	26 832	54
	2011/2012	12 094	4 952	1 033	13 001	31 080	42
	2012/2013	15 078	1 010	697	16 022	32 807	49
Mossel Bay	2010/2011	19 261	4 045	2 349	36 204	61 859	59
	2011/2012	20 283	3 152	2 427	37 174	63 036	59
	2012/2013	21 883	3 126	1 679	30 004	56 692	53
George	2010/2011	30 816	3 205	2 588	56 150	92 759	61
	2011/2012	34 992	2 836	2 709	58 054	98 591	59
	2012/2013	33 248	8 408	5 159	86 843	133 658	65
Oudtshoorn	2010/2011	12 847	5 096	3 600	56 315	77 858	72
	2011/2012	18 107	3 214	2 874	57 002	81 197	70
	2012/2013	20 782	3 549	2 935	64 047	91 313	70
Bitou	2010/2011	15 041	3 396	2 732	31 414	52 583	60
	2011/2012	20 496	4 851	3 604	46 450	75 401	62
	2012/2013	20 171	3 910	3 007	45 236	72 324	63
Knysna	2010/2011	18 397	7 540	6 145	58 923	91 005	65
	2011/2012	19 931	7 784	4 082	74 170	105 967	70



Municipality	Financial year	0 - 30 days	31 - 60 days	61 - 90 days	Over 90 days	Total	Debtors over 90 days
		R'000	R'000	R'000	R'000	R'000	%
	2012/2013	19 360	8 524	4 639	54 104	86 627	62
Eden DM	2010/2011	1 409	288	302	17 186	19 185	90
	2011/2012	203	69	56	3 665	3 993	92
	2012/2013	1 046	245	830	7 521	9 642	78
Laingsburg	2010/2011	549	134	204	2 361	3 248	73
	2011/2012	427	124	147	3 625	4 323	84
	2012/2013	1 134	125	122	3 749	5 130	73
Prince Albert	2010/2011	873	438	269	4 089	5 669	72
	2011/2012	939	407	324	5 122	6 792	75
	2012/2013	1 048	496	426	4 945	6 915	72
Beaufort West	2010/2011	6 453	983	1 265	25 887	34 588	75
	2011/2012	6 540	1 199	2 739	31 047	41 525	75
	2012/2013	7 482	2 461	915	32 669	43 527	75
Central Karoo DM	2010/2011	243	62	47	1 482	1 834	81
	2011/2012	0	0	0	0	0	0
	2012/2013	0	0	0	275	275	100
<b>Total</b>	<b>2010/2011</b>	<b>1 599 417</b>	<b>339 323</b>	<b>218 043</b>	<b>5 119 344</b>	<b>7 276 132</b>	<b>70.4</b>
	<b>2011/2012</b>	<b>1 704 626</b>	<b>289 780</b>	<b>296 335</b>	<b>5 582 464</b>	<b>7 874 403</b>	<b>70.9</b>
	<b>2012/2013</b>	<b>1 897 945</b>	<b>291 066</b>	<b>248 024</b>	<b>5 532 277</b>	<b>7 968 151</b>	<b>69.4</b>

Source: Audited Municipal Annual Financial Statements 2012/2013

\* Debtors total excludes provision for bad debts

## 4.7 Auditor General Report

### 4.7.1 Municipal Audit Outcomes

This table shows the audit outcomes of the Western Cape municipalities for the past five years.

**Table 18: Audit outcomes over five years**

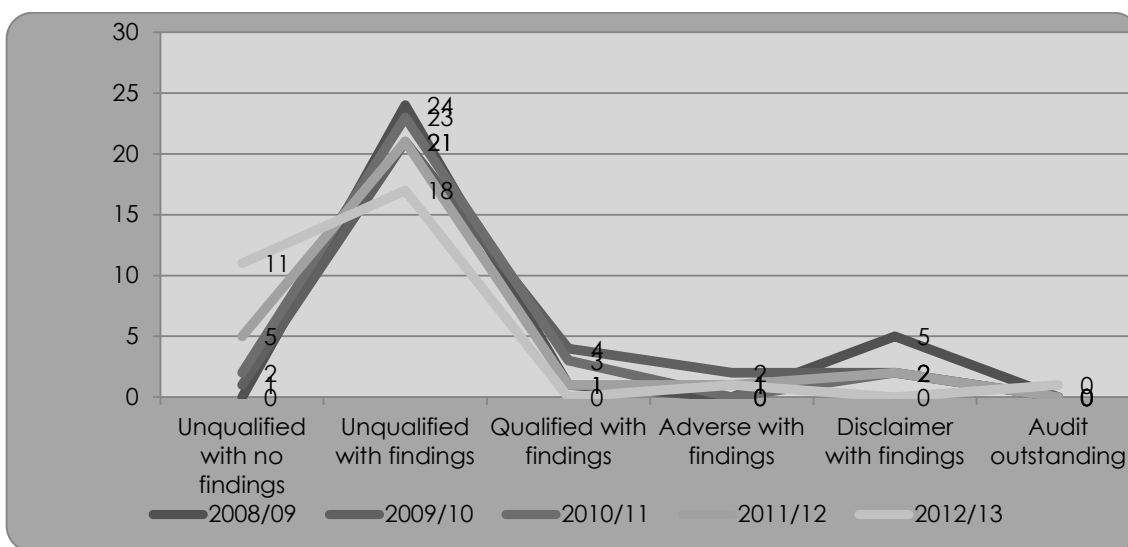
Municipality	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
City of Cape Town	unqualified with findings	Unqualified with no findings	unqualified with findings	unqualified with findings	Unqualified with no findings
West Coast District	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
Matzikama	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Cederberg	Disclaimer with findings	Qualified with findings	unqualified with findings	Qualified with findings	unqualified with findings
Berggrivier	unqualified with findings	unqualified with findings	unqualified with findings	Qualified with findings	unqualified with findings
Saldanha Bay	Disclaimer with	Qualified with	unqualified	unqualified	unqualified

<b>Municipality</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
	findings	findings	with findings	with findings	with findings
Swartland	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings
Cape Winelands District	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Witzenberg	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
Drakenstein	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Stellenbosch	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Breede Valley	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
Langeberg	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings
Overberg District	unqualified with findings	unqualified with findings	Qualified with findings	unqualified with findings	unqualified with findings
Theewaterskloof	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
Overstrand	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
Cape Agulhas	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Swellendam	Disclaimer with findings	Disclaimer with findings	Disclaimer with findings	Disclaimer with findings	unqualified with findings
Eden District	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Kannaland	Disclaimer with findings	Adverse with findings	Disclaimer with findings	Adverse with findings	Adverse with findings
Hessequa	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Mossel Bay	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings
George	Qualified with findings	Adverse with findings	unqualified with findings	Unqualified with no findings	Unqualified with no findings
Oudtshoorn	Disclaimer with findings	Qualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Bitou	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Knysna	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	Unqualified with no findings
Central Karoo District	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings
Laingsburg	unqualified with findings	Qualified with findings	Qualified with findings	unqualified with findings	unqualified with findings

Municipality	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Prince Albert	unqualified with findings	Disclaimer with findings	Qualified with findings	unqualified with findings	unqualified with findings
Beaufort West	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings	unqualified with findings

Source: Auditor General Report

**Graph 13: Audit outcomes over five years**



Source: Auditor General Report

**KEY PERFORMANCE AREA 5: Good Governance and Public Participation**

Good governance according to the democratic principles is achieved through effective public participation. Not only does public participation allow constituents to monitor the governance record of its elected officials, but it also encourages the public to take an active interest in the performance of their municipality and region. It is only through broad public participation that citizens will recognise that their interests are taken to heart – especially the needs of the most vulnerable members of society. This allows all citizens to be heard in determining the political, social and economic priorities through the establishment of a broad societal consensus that includes civil society, government and the private sector. Active ward-based plans and consultative forums are central structures through which public participation and, ultimately, good governance can be achieved.

This necessarily means that municipalities need to be enabled to perform their duties in order to ensure the implementation of good governance practices and public participation. Section 151 of Chapter 7 of the South African Constitution gives each municipality the right to govern the affairs of its community on its own initiative, subject to national and provincial legislation.

However, community participation alone is not sufficient in ensuring that good governance practices are adopted. Institutional integrity is of equal importance and individual municipalities should ensure that its Finance Committee, Audit Committee, Council and sub-committees are fully functional. This should be done through the adoption of effective by-laws and policies that entrench the effective performance of all aspects of municipal governance. As such, this chapter will analyse various indicators related to good governance and public participation in order to determine the extent to which municipalities have succeeded in implementing these strategies.

## **5.1 Good Governance**

### **5.1.1 Anti-corruption and Fraud Prevention**

Anti-corruption measures are an integral part of ensuring good governance at municipalities and promotes whistle-blowing of any corrupt activities. It is a key factor in influencing municipalities' success in combating fraud and corruption. During the year under review, anti-corruption and fraud prevention plans were developed, adopted and being implemented in all 30 municipalities. Various initiatives were implemented by municipalities such as the anti-corruption hotline, employee communication sessions to create awareness on anti- fraud and corruption and identifying risks in the organisation. Municipalities encouraged their employees to communicate with their supervisors or management regarding the identification of risks and incidences of fraud and corruption. Raising awareness on good governance included communication on anti-corruption strategies and highlighting the role of the community in the fight against unethical conduct, fraud and corruption.

Ethics or Anti-corruption committees have been established in seven municipalities. The purpose of this committee is to effectively manage ethical risks within municipal organizations as approved by Council in the relevant Fraud Prevention Policy. It is responsible for the detection and prevention of corruption, the responsible management of acceptable ethical standards as well as the assurance of acceptable professional standards within a municipality. The Ethics or anti-corruption and Fraud committees meet on a quarterly basis. The Department of Local Government has supported all five districts with the roll out of anti-corruption training. The Department further supported 10 municipalities with the development of anti-corruption strategies to the following municipalities, Mossel Bay, George, Witzenberg, Beaufort West, Kannaland, Langeberg, Hessequa, Overberg District, West Coast District and Oudtshoorn municipalities.

### 5.1.2 Internal Audit Units and Audit Committees

Section 165 of the MFMA requires that the municipality must establish an internal audit section which service could be outsourced depending on its resources and specific requirements. Section 165 (2) states that the internal audit unit of a municipality must:

- (a) Prepare a risk based audit plan and an internal audit program for each financial year;
- (b) Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to-
  - i. Internal audit;
  - ii. Internal controls;
  - iii. Accounting procedures and practices;
  - iv. Risk and risk management;
  - v. Performance management;
  - vi. Loss control;
  - vii. Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; and
  - viii. Perform such other duties as may be assigned to it by the Accounting Officer.

The municipal Internal Audit is required to provide independent, objective assurance and consulting services. Independence is maintained by being accountable to the Accounting Officer administratively and by reporting functionally to the Audit Committee. There were 25 municipalities in the Western Cape with internal audit units. Five (5) municipalities did not have an internal audit unit.

The MFMA and the Municipal Planning and Performance Management Regulations require that the municipal council establishes an audit committee consisting of a minimum of three members, where the majority of members are not employees of the municipality. It also requires that the council appoints a chairperson who is not a municipal employee. During the period under review, 28 municipalities in the Western Cape had functional audit committees. Their responsibility is to assist Council members in discharging their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and control processes, the preparation of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards, and the oversight of the external and internal audit appointments and functions. Table 20 depicts the status of documents tabled on municipal websites for the 2012/13 financial year.

**Table 19: Internal Audit Units and Audit Committees**

Municipality	Does the municipality have an Audit Committee?		Does the municipality have an Internal Audit Unit?	
	Y	N	Y	N
City of Cape Town	Yes		Yes	
West Coast District	Yes		Yes	
Matzikama	Yes		Yes	
Cederberg	Yes			No
Bergrivier	Yes		Yes	
Saldanha Bay	Yes		Yes	
Swartland	Yes		Yes	
Cape Winelands	Yes		Yes	
Witzenberg	Yes		Yes	
Drakenstein	Yes		Yes	
Stellenbosch	Yes		Yes	
Breede Valley	Yes		Yes	
Langeberg	Yes		Yes	
Overberg District	Yes		Yes	
Theewaterskloof	Yes		Yes	
Overstrand	Yes		Yes	
Cape Agulhas	Yes		Yes	
Swellendam		No		No
Eden	Yes		Yes	
Kannaland	Yes			No
Hessequa	Yes		Yes	
Mossel Bay	Yes		Yes	
George	Yes		Yes	
Oudtshoorn	Yes		Yes	
Bitou	Yes		Yes	
Knysna	Yes		Yes	
Central Karoo	Yes			No
Laingsburg	Yes		Yes	
Prince Albert		No		No
Beaufort West	Yes		Yes	

Source: Provincial Treasury database as at June 2013

### **5.1.3 Municipal Websites**

The Municipal Systems Act (Section 21(B)) requires that each municipality must establish its own official website. The municipal website is an integral part of the municipality's communication infrastructure and strategy. It serves as a tool for community participation, improves stakeholder involvement and facilitates stakeholder monitoring and evaluation of municipal performance.

The Municipality is required to place all information that must be made public in terms of the Municipal Systems Act and MFMA on this Website. The Municipal Manager is tasked with the responsibility to maintain and regularly update the municipality's website. Section 75 of the MFMA specifies that the following documents on Table 17 must be published on the website.

Table 20: Municipal Website: Documents published on website

Municipality	Is the annual budget published on the website?	Are the updated budget-related policies published on the website?	Is the Annual report published on the website?	Are the updated Performance agreements published on the website?	Is the revised SDBIP published on the website?	Is the revised IDP published on the website?	Is the list of disposed assets published on the website?	Are the long-term borrowing contracts published on the website?	Are the SCM contracts published on the website?	Contracts to which section 33 apply, subject to subsection (3) of that section;	Are the PPP agreements published on the website?	Are the S52(d) reports for 4th Quarter published on the website?
City of Cape Town	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
West Coast	√	√	√	√	√	√	X	√	√	√	√	√
Matzikama	√	√	√	X	√	√	X	√	√	√	X	√
Cederberg	√	√	√	√	√	√	√	√	√	√	√	√
Bergrivier	√	√	√	√	√	√	√	√	√	√	√	√
Saldanha Bay	√	√	√	√	√	√	√	√	√	√	X	√
Swartland	√	√	√	√	√	√	√	√	√	√	N/A	√
Cape Winelands District	√	√	√	√	√	√	X	√	√	X	X	√
Witzenberg	√	√	√	√	√	√	√	√	√	X	X	X
Drakenstein	√	√	√	√	√	√	X	√	√	√	X	√
Stellenbosch	√	√	√	√	√	√	X	√	√	X	X	X
Breede Valley	√	√	√	√	√	√	X	√	√	√	X	√
Langeberg	√	√	√	√	√	√	X	√	√	N/A	N/A	√
Overberg District	√	√	√	√	√	√	X	√	√	X	√	√
Theewaterskloof	√	√	√	√	√	√	X	√	√	X	X	X



Municipality	Is the annual budget published on the website?	Are the updated budget-related policies published on the website?	Is the Annual report published on the website?	Are the updated Performance agreements published on the website?	Is the revised SDBIP published on the website?	Is the revised IDP published on the website?	Is the list of disposed assets published on the website?	Are the long-term borrowing contracts published on the website?	Are the SCM contracts published on the website?	Contracts to which section 33 apply, subject to subsection (3) of that section;	Are the PPP agreements published on the website?	Are the S52(d) reports for 4th Quarter published on the website?
Overstrand	√	√	√	√	√	√	√	√	√	√	√	√
Cape Agulhas	√	√	√	√	√	√	√	X	√	√	X	√
Swellendam	√	√	X	√	X	√	X	√	X	X	X	X
Eden District	√	√	√	√	√	√	X	X	√	X	X	√
Kannaland	√	X	X	√	√	X	X	X	√	X	X	X
Hessequa	√	√	√	√	√	√	N/A	√	√	√	X	√
Mossel Bay	√	√	√	√	√	√	√	√	√	√	N/A	√
George	√	√	√	√	√	√	N/A	√	√	√	N/A	√
Oudtshoorn	√	√	√	√	√	√	X	√	X	X	X	X
Bitou	√	√	√	X	√	√	X	X	√	X	X	√
Knysna	√	√	√	√	√	√	N/A	N/A	√	N/A	N/A	√
Central Karoo District	√	√	√	√	√	√	√	√	√	√	√	√
Laingsburg	√	X	√	√	√	√	X	√	√	X	X	X
Prince Albert	√	√	√	√	√	√	X	√	√	X	X	X
Beaufort West	√	√	√	√	√	√	√	√	√	√	N/A	√

Source: Provincial Treasury database, 2013

## **5.2 Public Participation**

### **5.2.1 Community Development Worker Programme**

Community Development Workers (CDWs) play an important role in providing linkages between local communities and government services. They have grassroots knowledge about local conditions and serve as a valuable resource to make service delivery more effective. Communities, especially in impoverished areas, are often unaware of their rights related to grant applications, service cuts and school enrolments. CDWs play a crucial role in this regard, informing local communities about government services and assisting in the clearing of service delivery backlogs. These CDWs form an important communication link between government and communities in order to mobilize their communities to become active participants in government programmes.

By the end of 2012/13 financial year, there were 162 CDWs deployed in 7 different regions. CDWs facilitated information sessions in various municipalities, which include: HIV/Aids, Maintenance, Social Distress Relief, all types of Grants, services rendered by Sassa, ICASA, PAJA/PAIA, Rape, Know Your Service Rights, Housing Consumer Education, How to register a co-operative, Paraffin Safety, Economic Opportunities and Life Skills. CDWs created partnerships with the following stakeholders:

- Matzikama Municipality
- Department of Water Affairs
- Vredendal Service Centre
- Department of Environmental Affairs
- Consumer Protector in Overberg
- Department of Labour in Prince Albert
- Association for People with Disabilities in Beaufort West
- Department of Justice and Constitutional Development in Beaufort West
- Cape Winelands District Municipality in Worcester
- Department of Health in Central Karoo
- Langeberg Municipality
- Bergrivier Association for People with Disabilities in West Coast.
- Department of Home Affairs - Atlantis in Metro 2.
- World Vision – Atlantis in Metro 2.
- Wesfleur Library – Atlantis in Metro 2.

CDWs have assisted citizens with 26 107 case referrals to government services. These case referrals include amongst others the services related to ID documents, indigent grants, housing, fire disaster, domestic violence, water leakage, youth issues, labour issues, justice issues, eviction, electricity, provident fund, tax clearance, employment issue, child problems, enquiry on provident fund, municipal accounts, pension fund, UIF, policy enquiries, maintenance money, disability review, etc.

### **5.2.2 Community Work Programme (CWP)**

The Community Work Programme (CWP) is an initiative designed to provide an employment safety net with basic level of income. The programme is targeted at unemployed and/or underemployed people of working age, including those whose livelihood activities are insufficient to lift them out of poverty. It is implemented at the local level at a 'site' (which generally comprises a 'community') and is designed to employ a minimum of 1,000 people per site for two days a week, or eight days a month and a maximum of 100 days a year.

The CWP is currently being implemented in 11 municipalities namely: Cederberg, Drakenstein, Breede Valley, Witzenberg, Kannaland, Outdshoorn, Beaufort West, Prince Albert, Laingsburg, Theewaterskloof and the City of Cape Town. The Department of Local Government has established reference groups in all new sites. In order to ensure that the reference groups are functional, the Department of Local Government has ensured that all relevant Sector Departments are represented on the Reference Groups. Partnerships were also established with municipalities, service providers and sector departments.

### **5.2.3 Ward Committees**

Ward committees were established in terms of Chapter 4 of the Municipal Systems Act of 2000 and the Municipal Structures Act of 1998. The ward committee system was designed to ensure that citizens' inputs are taken into account during planning and decision-making processes at local government level.

During the year under review, ward committees were established by all Western Cape municipalities. Two ward committees in Stellenbosch Municipality were not established. The Department of Local Government played a role in supporting municipalities to establish functional ward committee structures throughout the Province. This was done through conducting of ward committee training sessions and ward committee summits for all ward committee members.

Out of 387 ward committees established within the province, 371 ward committees were deemed to be fully functional and the balance was not functional. The Department of Local Government continued to support ward committees with training in 18 municipalities and implemented a train the trainer programme. The following table outlines the number of wards per municipality and the number of functional ward committees in each municipality.

**Table 21: Ward Committee Functionality**

Municipality	No of Wards	Ward Committee functionality		
		2010/11	2011/12	2012/13
City of Cape Town	111	Partly functional: only 88 ward forums were functional in terms of the new model	All ward committees were functional and have regular scheduled meetings as required in the rules for the operation of ward committees	All ward committees were functional and have regular scheduled meetings as required in the rules for the operation of ward committees
Matzikama	8	All 8 ward committees were functional	All 8 ward committees were functional	All 8 ward committees were functional
Cederberg	6	4 ward committees were partly functional	All 6 ward committees were functional	All 6 ward committees were functional
Bergrivier	7	No information	All 7 ward committees were functional	6 ward committees were fully functional and a total of 29 Ward Committee Meetings took place during the year.
Saldanha bay	13	Partly functional: 3 of the 13 ward committees did not have sector / interest group report back meetings	All 13 ward committees were functional	All 13 ward committees were functional
Swartland	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Witzenberg	12	All 12 ward committees were functional	All 12 ward committees were functional	All 12 ward committees were functional
Drakenstein	31	All 31 ward committees were functional	All 31 ward committees were functional	All 31 ward committees were functional
Stellenbosch	22	All 22 ward committees were functional	20 ward committees were functional. Two of the wards were not established.	20 ward committees were functional. Two of the wards were not established.
Breede Valley	21	Partly functional: 4 ward committees had a sector/interest group report meeting	13 of the 21 ward committees were functional	13 ward committees were functional. 8 ward committees were not functional

Municipality	No of Wards	Ward Committee functionality		
		2010/11	2011/12	2012/13
Langeberg	12	Partly function: 3 ward committees did not have sector / interest group report meetings	All 12 ward committees were functional	All 12 ward committees were functional
Theewaterskloof	13	Partly functional: 3 ward committees did not have sector / interest group report back meetings	All 13 ward committees were functional	All 13 ward committees were functional
Overstrand	13	All 13 ward committees are functional	All 13 ward committees were functional	All 13 ward committees were functional
Cape Agulhas	5	Partly functional: Sector report back meetings are still to be implemented	All 5 ward committees were functional	All 5 ward committees were functional
Swellendam	5	No information provided	No information	All 5 ward committees were functional
Kannaland	4	Partly functional: only one ward committee had a sector/interest group report meeting	No information	No information
Hessequa	8	Partly functional: Sector report back meetings are still to be implemented	8 ward committees were functional.	8 ward committees were partly functional.
Mossel Bay	14	Partly functional: Sector report back meetings are still to be implemented	All 14 ward committees were functional	All 14 ward committees were functional
George	25	All 25 ward committees were functional	All 25 ward committees were functional	All 25 ward committees were functional
Oudtshoorn	13	Partly functional: Sector report back meetings are still to be implemented	No information	All 13 ward committees were functional
Bitou	7	Wards were to be established	All 7 ward committees were functional	6 ward committees were fully functional.

Municipality	No of Wards	Ward Committee functionality		
		2010/11	2011/12	2012/13
Knysna	10	Partly functional: 3 ward committees had report back sector meetings	All 10 ward committees were functional	All 10 ward committees were functional
Laingsburg	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Prince Albert	4	All 4 ward committees were functional	All 4 ward committees were functional	All 4 ward committees were functional
Beaufort West	7	Partly functional: Sector report back meetings are still to be implemented	All 7 ward committees were functional	All 7 ward committees were functional

Source: Municipal Annual Report 2012/13

## KEY PERFORMANCE AREA 6: Cross-Cutting Interventions

Cross-cutting interventions are specific issues that are not addressed directly by the five key performance areas. The interventions deal with how municipalities should organise themselves and mobilise human resources and financial support to discharge their mandate as provided in the Constitution of the Republic of South Africa. Progress in municipal performance in this KPA was assessed in the following three focus areas:

- Integrated Development Planning;
- Disaster Management; and
- Provincial Interventions in municipalities.

### 6.1 Integrated Development Planning

The MSA and Regulations 32 of 2000 indicate that the MEC for Local Government in the Province may, within 30 days of receiving a copy of an IDP or an amendment of the plan, request the relevant municipal council to adjust or amend the plan in accordance with the MEC's proposals. Municipal councils must consider the MEC's proposals within 30 days of receiving the MEC's comments.

The Department of Local Government (DLG) annually comments on municipal IDPs in order to indicate areas where municipalities did well and those areas that require improvement. During the 2012/13 IDP finalization process, DLG responded to the aforementioned request and analyzed draft IDPs during April 2012 and provided detailed feedback accordingly. Sector department coordination and involvement in the

process commenced upon receipt of the first draft IDP by the DLG and for the duration of the first three weeks in April 2012.

### 6.1.1 Adoption of final IDPs and submission dates

The table below highlights the adoption dates of both the draft- and final IDPs by municipalities in the Western Cape Province for the 2013/14 financial year and submission dates to the DLG. All municipalities in the Province adopted their final IDPs by 31 May 2013.

**Table 22: Adoption of final IDPs and submission dates**

Municipality	Adoption date of final IDP	Council Resolution number	Date submitted to MEC for Local Government
City of Cape Town	29-May-13	SPC 03/05/13	11-Jun-13
West Coast DM	07-May-13	13/05/07/6.1.1	03-Jun-13
Matzikama	28-May-13	5/1/3 – 2013/2014	05-Jun-13
Cederberg	30-May-13	RB352/30-05-2013	12-Jun-13
Bergrivier	28-May-13	RB 1155	04-Jun-13
Saldanha Bay	29-May-13	R11/3-13	06-Jun-13
Swarthland	30-May-13	Item nr. 3.1	05-Jun-13
Cape Winelands DM	23-May-13	ITEM C.14.2	06-Jun-13
Witzenberg	29-May-13	Item 8.1.8	06-Jun-13
Drakenstein	24-May-13	760899	28-May-13
Stellenbosch	30-May-13	7.1	05-Jun-13
Breede Valley	30-May-13	C34/2013.	03-Jun-13
Langeberg	28-May-13	A2865	03-Jun-13
Overberg DM	29-Apr-13	Item A48	29-Apr-13
Theewaterskloof	28-May-13	C51/2013	03-Jun-13
Overstrand	29-May-13	Council resolution 5.5	03-Jun-13
Cape Agulhas	28-May-13	158/2013	29-May-13
Swellendam	29-May-13	Item A2353.	30-May-13
Eden DM	27-May-13	DC 494/05/13	06-Jun-13
Kannaland	30-May-13	KAN 25/05/13	03-Jun-13
Hessequa	28-May-13	Collab nr 752707	03-Jun-13
Mossel Bay	30-May-13	E71-05/2013	11-Jun-13
George	29-May-13	4.1	13-Jun-13
Oudtshoorn	31-May-13		31-May-13
Bitou	27-May-13	C/6/169/05/13	11-Jun-13
Knysna	30-May-13	M15/05/13	06-Feb-14
Central Karoo DM	27-May-13	Item 3.2	06-Jun-13
Laingsburg	30-May-13	Item 6	06-Jun-13
Prince Albert	28-May-13	BESLUIT 57/2013	06-Jun-13
Beaufort West	28-May-13	Item 2	06-Jun-13

Source: Provincial IDP Assessment Annual Report 2012/13

### **6.1.2 IDP Assessment key findings**

A number of emerging trends in particular with regard to improved intergovernmental planning and budget alignment was identified during the IDP Assessment Process. The trends are discussed in detail below.

#### **Compliance in terms of Section 26 of MSA and its regulations**

Most IDPs generally conform to the minimum requirements stipulated in Section 6 of the MSA and its regulations this means that most IDPs contained:

- a) Vision statements emphasising the critical development and internal transformational needs;
- b) An assessment of the existing level of development, inclusive of the identification of communities which;
- c) Access to basic municipal services;
- d) Development priorities and objectives, including economic development aims and internal transformation needs;
- e) Development strategies aligned to national and provincial sectoral plans and planning requirements;
- f) binding on municipalities in terms of legislation;
- g) Spatial Development Frameworks which includes the provision of basic guidelines for a land use;
- h) management system for a municipality;
- i) Operational Strategies;
- j) Applicable disaster management plans;
- k) Financial plans, which include a budget projection for at least the next three years; and
- l) Key performance indicators and performance targets determined in terms of Section 41 of the MSA.

#### **Inclusion of district, provincial and national policy imperatives in IDPs**

Municipalities are benchmarking their performance against the National Development Plan of 2030, National Outcomes, Provincial Strategic Objectives and the Millennium Development Goals. Another exciting trend was the inclusion of the IDP Indaba facilitated projects and agreements in municipal IDP that provide a provincial spending and project implementation footprint in municipalities. This initiative ensured that IDPs are becoming a reflection of government's investment as a whole in a particular municipality or geographic space.



## **Aligning budgets with priorities**

Municipalities are fundamentally aligning their budgets with the priorities articulated in IDPs. Further analysis revealed that municipal IDPs are increasingly becoming more responsive to the needs expressed by communities and that the strategic priorities identified in IDPs are aligned to community needs.

## **Linkages to the Performance Management Systems in municipalities**

Municipalities have responded to the Auditor General's (AG) stance on Pre-Determined Objectives (PDO's) by creating stronger linkages between their IDPs and their Performance Management Systems. An emphasis on the linkages between the Strategic Objectives (SO's) as contained in IDPs, Key Performance Indicators (KPI's), Service Delivery Budget Implementation Plans (SDBIPs), Performance Management Systems (PMS) and Quarterly and Annual Reporting is evident in IDPs in the Province.

## **6.2 Disaster Management and Fire Brigade Services**

The aim of the Disaster Management Act, 2002 (Act No. 57 of 2002) is to ensure a uniform approach to disaster risk management in each sphere of Government. Sections in the Constitution of the Republic of South Africa that provide for disaster management include the Intergovernmental Relations Framework Act, 2005 (Act number 13 of 2005), the Local Government: Municipal Systems Act, 2000 (Act number 32 of 2000), the Disaster Management Act, 2002 (Act number 57 of 2002) and the National Disaster Risk Management Policy Framework of 2005. These sections provide for:

- the establishment, implementation and maintenance of an integrated rapid and effective disaster response system, post-disaster recovery and rehabilitation;
- the identification, assessment, classification and prioritisation of hazards and vulnerable elements;
- the development, implementation, monitoring and evaluation of disaster risk reduction (prevention, mitigation and preparedness) programmes, projects and measures; and
- the establishment, implementation and maintenance of systems and structures through and across the three spheres of government, the state-owned enterprises (SOEs), the Private Sector, non-governmental organisations (NGOs), communities and individuals.

### **6.2.1 State of readiness of the province (Disaster Management)**

The Western Cape has five disaster management centres across the Province established. All these centres are functional. The Western Cape Disaster Management Centre (WCDMC) facilitated a meeting with Cape Winelands District Municipality and the Department of Public Works in January 2013 with a purpose to fast track the finalization of the Cape Winelands District Centre. A Memorandum of Agreement (MOA) was signed between Emergency Medical Services and Cape Winelands District Municipality. The Cape Winelands District Municipality appointed an architect and the MOA was referred to the Department of Public Works for signature and the centre was only completed and launched in June 2014.

All heads of the centres are appointed and functional in their centres. The Disaster Management structures are functional and have met on a quarterly basis. There is an on-going monitoring of action plans of Forum & sub-committees by the WCDMC. The Social Conflict Task Team which is a sub-committee also held a successful workshop in June 2012. All municipalities had their disaster management plans developed. The WCDMC further supported the development of disaster management plans for six municipalities namely; Knysna, Bitou, Drakenstein, Stellenbosch, Beaufort West and Prince Albert.

During the year under review, the Western Cape Disaster Management Centre (WCDMC) developed seven disaster preparedness plans for municipalities, sector departments and state owned enterprises. These plans were developed to ensure that an organisation has complied with the preventative measures, in a state of readiness to contain the effects of a forecasted disastrous event to minimize loss of life, injury, and damage to property and can provide rescue, relief, rehabilitation and other services in the aftermath of the disaster.

The WCDMC conducted three disaster assessments in the Metro, Kannaland and Beaufort West. The assessment in the Metro was based on the Khayelitsha Fire of 01 January 2013. In Kannaland, the assessment was based on the water shortage in the area which is a huge challenge which resulted in the local council to declare it as a disaster area. The Department of Water Affairs is providing financial support to Kannaland in this regard. In Beaufort West, an assessment was conducted on the hailstorm.

## 6.2.2 Fire Brigade Services

Various support initiatives to increase wild fire fighting capacity were provided. These initiatives include:

- Veld fire awareness campaign, in conjunction with Cape Nature;
- Provincial veld fire strategy compiled and supported by all District Fire Services and relevant stakeholders;
- Aerial firefighting support established in high risk areas and co-ordinated throughout the fire season; and
- Ground fire teams supported and arranged during major fire incidents.

A number of information settlements were reached through awareness programmes on fire prevention. The following components have been implemented:

- Strategy and analysis report on fire related risk to human life in the WC and vulnerable population groups;
- Identification and initial development of evidence-based fire prevention interventions targeting these high risk groups;
- Implementation of the Community Emergency Response Team concept pilot programme within the CWP project; and
- Awareness programmes was held in various communities such as Masiphumelele, Driftsands, Macassar, Sandrift, Enkanini, and Redhill amongst others.

## 6.3 Municipalities placed under Section 139

The Constitution of the Republic of South Africa allows for the relevant provincial executive to intervene should a municipality not be able to fulfil an executive obligation in terms of Constitution or legislation.

The manual for the application of Section 139 of the Constitution states: *“Provincial government has the duty to take an active interest in ensuring the development of strong local government, capable of fulfilling its constitutional mandate. Provincial government must not only monitor and support local government by legislative or other measures; it must also exercise provincial supervision in terms of section 139 when necessary”*.

The Western Cape did not have any municipalities where section 139 was implemented during the financial year 2012/13.

## **SECTION 4: PROVINCIAL INITIATIVE IN SUPPORTING MUNICIPALITIES**

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The Western Cape Government initiated a Municipal Governance Review and Outlook (MGRO) process to monitor, support and capacitate municipalities in the province. The MGRO process facilitates a single minded focus on good governance and the improvement of audit outcomes within local government. This process supports the Provincial Strategic Objective 12 – “Being the best run regional government within the world” and the national initiative Operation Clean Audit – realising clean audit outcomes by 2014.

The MGRO process is about actively assisting municipalities in further raising the level of their governance and, resultantly, improved audit outcomes. In accomplishing this, it required the dedication and joint efforts of all Municipal Managers (MM), Municipal Chief Financial Officers (CFO), Municipal Chief Audit Executives (CAE), PT and DLG. Positive and lasting results can only be achieved if MMs take primary responsibility for driving this endeavour within their organisation. Each MM and his/her executive management team had to set annual stretched targets, which he/she believes can be realistically achieved for the year under review and future years. MGRO is an on-going process aspiring towards systematically achieving higher levels of governance maturity over the long term.

The intention of the MGRO process is to develop a consolidated Municipal Governance Action Plan (MGAP) incorporating response strategies from municipalities, PT and DLG in addressing identified deficiencies between the current state and desired state. Municipal Managers and their management teams independently determined what was necessary to obtain clean governance and better audit results for their municipality, utilising own information and parameters already available together with the latest AG management reports. PT and DLG simultaneously determined what they deemed necessary to obtain clean governance and a better audit result per municipality, by developing governance maturity criteria.

The focus areas included in the Municipal, PT and DLG analysis were the following:

- PDOs
- Supply Chain Management
- Asset Management
- Budget Management
- Revenue Management
- Expenditure management
- Cash Management

- IT Controls
- Corporate Governance
- GRAP Compliant AFS
- Municipal Governance
- Administrative Governance
- Service Delivery

Provincial Treasury and the Department of Local Government engaged with each municipality during 18 February 2013 until 8 March 2013 on the following:

- Progress achieved by each municipality with the implementation of their respective MGAPs;
- Audit outcomes and how to address challenges in the audit and management report;
- Assessments performed by Provincial Treasury and the Department of Local government since September 2012; and
- A preview of progress by Provincial Treasury's and Department of Local Government's support in the short, medium and long term.

## Transversal Findings Identified by Provincial Treasury

**Table 23: MGRO findings Identified within functional areas**

MGRO Findings per functional area	
Functional Areas	Items
<b>Pre-Determined Objectives</b>	The majority of municipalities responded positively by submitting their Annual Performance Reports with the Annual Financial.
	Statements for Audit. There were improvements in the: <ol style="list-style-type: none"> <li>(1) Usefulness and reliability of performance information; and</li> <li>(2) Compliance with laws and regulations. The biggest challenge remained the variance between planned targets and actual outputs due to targets and indicators not being suitably developed during the strategic planning process.</li> </ol>
<b>Supply Chain Management</b>	System of delegations not aligned to the requirements of section 79 of the MFMA.
	The structure of the SCM units did not give effect to all SCM functions.
	Demand management planning not at an acceptable level in order to impact efficiencies within SCM.
	The record keeping systems did not provide for a proper audit trail with regard to all the SCM processes thereby compromising the integrity and reliability of data.
	Awards were made to suppliers who did not submit a declaration on their employment by the state or their relationship to a person employed by the state as per the requirements of Municipal SCM Regulation 13 (c).
	Non-compliance with SCM regulation 36 in terms of the disclosure of deviations.
	Non-compliance with SCM Regulation 44 and 45 in terms of disclosure of people in the service of the state and close family members.
<b>Asset Management</b>	No asset management internal monitoring mechanism or systems in place to ensure that assets were safeguarded and used appropriately.
	Lack of maintaining records of asset movements between directorates.

<b>MGRO Findings per functional area</b>	
<b>Functional Areas</b>	<b>Items</b>
<b>Revenue Management</b>	Credit Control Policies were not updated and implementation thereof was not monitored by council.
	There were no effective monthly collection systems/procedures, and billing systems within the municipalities.
	Consumers were struggling to pay their bills.
	Creditors sometimes were not paid within 30 days due to insufficient cash within municipalities.
<b>Cash Management</b>	Going concern issues identified for two municipalities.
	Compliance of Bank reconciliations process: Compilation (non – completion/completed incorrectly) and review of bank reconciliations or clearing of suspense accounts.
	Cash flow problems experienced by municipalities.
	Systems (financial systems, banking systems and cash receipting systems).
<b>IT Controls</b>	Various controls to be implemented in the IT system: <ul style="list-style-type: none"> <li>• Security Access</li> <li>• User access controls</li> <li>• IT Service Continuity</li> </ul>
<b>Assurance Management</b>	Risk management policy, strategy and implementation plans not in place or updated.
	Lack of risk specific staff.
	Risk Management Committees not established.
	Internal audit methodologies not documented.
	Audit plans not detailed.
	BTO officials were not compliant with the Municipal Regulations on Minimum Competency Regulations, 2007.
	Municipalities were still challenged to implement all the requirements of the Financial Management Internship Programme.
	Municipalities were still challenged to upload all the required information timeously as per section 75 of MFMA.
<b>AFS GRAP Compliance</b>	Incomplete Fixed Asset Registers with errors and did not agree with AFS disclosures.
	AFS with misstatements and material corrections made in the AFS.
	Preparation of complete Audit Files.
	Non-compliance with prescripts per GRAP Reporting Framework: <ul style="list-style-type: none"> <li>GRAP 12 – Inventories</li> <li>GRAP 16 – Investment Property</li> <li>GRAP 17- Property, Plant &amp; Equipment</li> <li>GRAP 19- Provisions, Contingent Liabilities and Contingent Assets</li> <li>GRAP 25- Employee Benefits</li> </ul>

**Table: 24: Transversal Findings Identified by Department of Local Government**

<b>MGRO Findings per functional area</b>	
<b>Functional Areas</b>	<b>Items</b>
<b>Municipal Governance</b>	<ul style="list-style-type: none"> <li>Rules of Order By Law were in place at most municipalities. There were however a few municipalities who require additional support.</li> <li>The Municipal Public Accounts Committee (MPAC) was a major issue at municipalities. Some still have oversight committees in the place of an MPAC while others indicated financial capacity challenges in establishing an MPAC.</li> <li>Most municipalities were implementing their Anti-Corruption and Fraud Prevention strategies. There were however a few municipalities who require additional training.</li> <li>Most municipalities have a Fraud and Corruption Policy in place.</li> </ul>
<b>Municipal Support and Capacity Building</b>	<ul style="list-style-type: none"> <li>Municipalities are looking at implementing PMS to the lower levels in the establishment.</li> <li>There were still vacancies in top management levels. Lack of appropriate skills and also minimum competency requirements was of the reasons given by some municipalities for not appointing managers.</li> <li>Most municipalities have a functional Valuation Appeal Boards. There is however some posts that needed to be re-advertised.</li> <li>Assistance was requested for Municipal Manager stability, staff establishment and policies.</li> </ul>
<b>Municipal Performance Monitoring</b>	<ul style="list-style-type: none"> <li>The Annual Report Template and the submission due date remains a major issue.</li> </ul>
<b>Public Participation</b>	<ul style="list-style-type: none"> <li>Ward Operational Plans and Out of Pocket Expenses were not used for its intended purpose due to it being part of the equitable share. No conditions attached.</li> <li>Most municipalities have functional ward committees</li> </ul>
<b>Municipal Communications</b>	<ul style="list-style-type: none"> <li>Communication Strategies were adopted at most municipalities.</li> </ul>

<b>MGRO Findings per functional area</b>	
<b>Functional Areas</b>	<b>Items</b>
<b>Service Delivery Integration</b>	<ul style="list-style-type: none"> <li>Many municipalities were appointing Thusong Service Centres managers to manage the centres effectively.</li> <li>DCF and DCF Tech Meetings were convened regularly, on a quarterly basis.</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>The slow spending of the Municipal Infrastructure Grant projects was a big concern.</li> </ul>



## Support provided by Provincial Treasury

PT, throughout the MGRO process, has emphasised the importance of a partnership between local and provincial government to formulate a consolidated action plan to achieve higher levels of governance maturity and the improvement of audit outcomes within local government. In light of the MGRO findings identified by municipalities and the accompanying municipal action plans PT identified the following transversal support that were implemented in the short term to support municipalities.

- **Predetermined Objectives**

- Training on PDOs was provided on 13-14 March 2013 and 19 - 20 March 2013 to municipalities in two groups as part of the USB-Ed Training Initiative. The training covered the Legislative Environment, Systems and Processes, Setting of Key Performance Areas, Indicators and Targets, Reporting and Auditing of Performance Information.

- **Supply Chain Management**

- Special intervention sessions at dedicated municipalities to assist in crucial SCM decision making processes;
- Special SCM training intervention sessions at dedicated municipalities to breach the skills gap;
- Conducted SCM Virtuous Cycle Assessments at dedicated municipalities;
- Conducted SCM Policy Assessments of selected municipalities;
- Assisted municipalities in doing comparative analysis with regard to people in the service of the state, and thereby addressing non-compliance to SCM Regulation 44;
- Supported and assisted municipalities via the Provincial Treasury's SCM Helpdesk function;
- Supported via the quarterly SCM Forum meetings, on best practices guidelines and latest legislative requirements; and
- SCM support and assistance were rendered to certain municipalities via the LGTAS Programme.

- **Asset Management**

- Conducted Asset Management Assessments at dedicated municipalities;
- Supported and assisted via the quarterly SCM Forum meetings, on Asset Management best practices guidelines and latest legislative requirements; and
- Supported and assisted via the Provincial Treasury's SCM Helpdesk function.

- **Revenue Management**
  - Municipalities were assisted with the development of long term financial plans and policies to ensure municipalities plan to stay financially sustainable and financially viable in the future; and
  - Municipalities were also assisted with revenue management initiatives and effective credit control.
  
- **Expenditure Management**
  - Municipalities were assisted with the management of their financial systems requirements to accurately report on outstanding creditors; and
  - Municipalities were assisted with the development of budget related policies and the implementation thereof where absent.
  
- **Cash Management**
  - Support was provided in terms of PT Circular 10/2013 as well as the USB - ED training initiative – Cash management; and
  - On-going support was provided through the In Year Monitoring process by advising the municipality in terms of cash flow, external borrowings and investment management.
  
- **Information Technology Controls**
  - Assisted municipalities on the functionality of the system.
  
- **Risk Management**
  - Performed risk management Quality Assessment Review (QAR) readiness reviews;
  - Developed and issued guidance on risk management MGRO findings;
  - Responded to CRO forum requests; and
  - Monitored the application of the grant funding provided for risk management implementation.
  
- **Internal Audit**
  - Performed internal audit QAR readiness assessments;
  - Developed and issued guidance on transversal MGRO findings;
  - Responded to CAE forum requests; and
  - Monitored the application of the grant funding provided for the implementation of internal audit.
  
- **Audit Committees (AC)**
  - In terms of Circular Mun 5 of 2013 PT established an audit committee chair forum; and

- Provided support in the implementation of the combined assurance guideline.
- **Strategic Leadership**
  - Monitored and supported compliance with the Municipal Minimum Competency Regulation.
- **Budget and Treasury Office (BTO) Capacitation**
  - Issued the guideline on BTO structures; and
  - Drove the implementation of the BTO structures guideline.
- **Compliance Management**
  - Developed an integrated compliance management framework.
- **Delegations**
  - Assessed and supported municipalities with the annual review of their system of delegations.
- **GRAP Compliant AFS**
  - Monitored the Implementation of the corrective action on the Audit Findings;
  - Monitored progress on compliance with GRAP Standards;
  - Rolled out training on GRAP Standards and SOPs;
  - Monitored the helpdesk queries to address accounting issues raised by municipalities; and
  - Continued to provide a platform through Accounting Forums for sharing best practices and knowledge.

### **Support by the Department of Local Government**

The Department of Local Government in response to the critical areas raised, intended to provide continuous support to municipalities, on request, to resolve the above mention concerns. The Department supported municipalities with a number of initiatives. These support initiatives includes, amongst others, the following:

- **Municipal Governance**
  - Support in the customisation of the rules of order;
  - Assisted with implementation of compliance model;
  - Compiled and delivered Municipal codes for municipalities;
  - Hosted campaigns to promote protected disclosures among municipal officials;
  - Supported with the implementation of anti-corruption strategies;
  - Interventions on critical governance issues; and
  - Supported to reduce incidences/cases of unethical conduct.

- **Municipal support and capacity building**
  - Assisted with capacity building initiatives;
  - Assisted with the implementation of shared services;
  - Supported to implement Municipal property Rates Act (MPRA);
  - Assessment conducted on the state of ICT;
  - Supported the development of functional OPMS; and
  - Supported to fill top six positions with competent staff (MM, CFO & Tech managers).
  
- **Municipal performance monitoring**
  - Quarterly assessments on Municipal Performance;
  - Workshops on reporting requirements; and
  - Supported in the development performance reports.
  
- **Public participation**
  - Supported with ward committee training and capacity building;
  - Supported with ward committee functionality;
  - Supported with the development of ward operational plans; and
  - Supported with the implementation of the Community Works Programme (CWP) in at least two wards.
  
- **Municipal communications**
  - Supported with the development and implementation of communication strategies.
  
- **Service Delivery Integration**
  - Training conducted for Thusong personnel;
  - Centre-specific sustainability plans for Thusong Services Centres;
  - Supported with the establishment of new Thusong Centres;
  - Thusong outreach projects;
  - Approved Thusong plans for municipalities;
  - Case referrals on IGR issues; and
  - Provincial intergovernmental meetings convened District IGR forums supported (DCF & DCFTech).
  
- **Infrastructure**
  - Supported with Bulk Infrastructure planning and implementation;
  - Supported with MIG expenditure.

## SOURCE DOCUMENTS

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1. Auditor-General Reports: 2011/2012.
2. Census 2011: Statistics South Africa.
3. Department of Human Settlements Database.
4. Department of Local Government Database.
5. Municipal Finance Management Act, Act No. 56 of 2003.
6. Municipal Systems Act, Act No. 32 of 2000.
7. Municipal Annual Reports: 2011/2012.
8. Municipal Financial Statements: 2011/2012.
9. National Government Gazette No. 26511 dated 1 July 2004.
10. National Treasury MFMA database.
11. Provincial Treasury Database.

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