



Western Cape
Government

Local Government



Consolidated Annual Municipal Performance Report 2010/2011
Local Government

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FOREWORD

It is once again a pleasure and privilege to present to the Provincial Legislature, National Minister, and the National Council of Provinces as well as the Western Cape residents, the provincial state of municipalities report for 2010/11 financial year.

This Section 47 annual report is a comprehensive accumulation of achievements and progress made during the 2010/11 financial year by all municipalities. It also serves as a monitoring and evaluation tool of the milestones reached and road travelled towards meeting the needs of communities and enhancing the functioning of municipalities.

The period under review (2010/11) was marked by political changes two months before the end of the financial year with local government elections in May 2011. It was characterized by a number of changes in council leadership, the expiry of the municipal management employment contracts which, amongst others, contributed to a slowdown in capital spending.

In addition, the year saw the Eden district municipal area facing flooding to the extent that it was declared as disaster area. The region was then faced with an Avian Influenza outbreak in the region as well as severe drought. As the Department of Local Government, we played a key role in monitoring and supporting these disaster incidents in the affected regions.

However, despite changes and challenges such as these, a number of key achievements and successes were obtained in the municipal sphere.

Twenty-six of the 30 municipalities adopted their administrative delegations and twenty-eight municipalities adopted delegations according to Section 59 of the Municipal Systems Act. The Portfolio Committees, Municipal Management and IDP Forum meetings took place regularly and there were very few meetings where a quorum could be not achieved.

Of the 125 senior manager positions in the municipalities, only 16% were vacant and 90% of these Section 57 managers had signed and submitted their performance agreements to the Department of Local Government. Employment equity plans were implemented throughout the province and most municipalities demonstrated significant progress with regards to institutional transformation.

In ensuring accessibility of government services to remote areas, the Department and municipalities were able to roll-out 24 Thusong Mobiles during the period, resulting in a reach of over 37 000 Western Cape citizens who received access to services.

Expenditure of the Municipal Infrastructure Grant was also on track with municipalities spending 99.8% of their allocation on capital projects, reflecting only a small decline in comparison to the previous year.

The Auditor General's Report 2010/2011 also reflected that there were a few improvements in some of the Western Cape municipalities with 2 municipalities improving from financially unqualified with findings to clean audits, namely West Coast District and Swartland, 22 receiving unqualified audit opinions with findings and 3 municipalities with qualified opinions.

Improvements were also noted in 4 municipalities, namely: Saldanha Bay and Cederberg Municipality which had moved from a qualified opinion in 2009/2010 financial year to unqualified opinion with findings in 2010/11. George Municipality moved from an adverse opinion in 2009/2010 to unqualified opinion with findings, while Prince Albert Municipality moved from a disclaimer to qualified opinion.

The municipalities should be commended on most of them achieving success in complying with their legislative obligations particularly in light of the challenges they face. The overall accomplishments should serve to spur us on to greater advancements and improved service delivery to the people of this province.



Anton Bredell
Minister for Local Government, Environmental Affairs and Development Planning

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EXECUTIVE SUMMARY

INTRODUCTION

The main purpose of this report is to account to the Provincial legislature, National Council Of Provinces, Minister of Cooperative Governance and Traditional Affairs and to the citizens of the Western Cape on progress being made by municipalities towards achieving the overall goal of improving the lives of all citizens of the province. Furthermore, the report is a performance report to the communities and other stakeholders in keeping with the principles of transparency and accountability of government to the citizens. It subscribes to the South African developmental nature of participatory democracy and cooperative governance and responds to the principles of the Constitution, Batho Pele, White Paper on Local Government, Municipal Systems Act 32 of 2000 (MSA) and the Municipal Finance Management Act 56 of 2003 (MFMA).

This is the sixth report compiled and submitted in respect of Section 47 of the MSA of 2000 by the Western Cape Province. It addresses the performance of municipalities in the Western Cape in respect of its core legislative obligations. A municipality's performance is primarily assessed in terms of its development priorities and the objectives cited in its IDP. In complying with the legislative prescripts, municipalities were probed on all legislative aspects related to their developmental priorities and the objectives of its IDP. The report was compiled with information collected from municipalities by means of a comprehensive questionnaire, annual reports, audit reports, IDPs and additional information obtained from provincial sector departments.

RESEARCH METHODOLOGY

The compilation of this report was based on a methodology involving various data-gathering exercises, followed by an extensive analysis of available data. The main sources of the data-gathering process were all 30 municipalities of the Western Cape, the Department of Local Government and other sector departments.

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 led to substantial uncertainty regarding its 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. 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 next step in the process involved assessing the availability of the required information. The first source which was consulted in this regard was the Annual Reports submitted by individual municipalities. The relevant data from these reports was uploaded onto data templates. Data used in part one was sourced from the Gaffney's: Local Government in South Africa 2009 – 2011 Official Yearbook and Socio-Economic Profiles of Municipalities, compiled by the Provincial Treasury in 2010. The next step was to determine what information was not available through these channels. This was transferred onto a template questionnaire which was sent to all municipalities on 12 June 2012. These questionnaires were to be completed by the municipalities and returned to the Department by 13 July 2012. As expressed through the datasets included in this report, many municipalities did not comply with this deadline.

Once all relevant data was gathered and uploaded onto the datasets, a comprehensive analysis was carried out. This was done on both a quantitative and qualitative basis, allowing for concrete conclusions to be reached regarding municipal performance within the Western Cape Province. However, it needs to be noted that in some instances, only limited conclusions can be drawn from this report. This is due to the fact that information was often outstanding, incomplete or in a different format. It is in this regard that the lack of standardization had its most profound impact. Even though this analysis is constrained by the above-mentioned lack of formatting requirements and standardization, it has become possible to track the progress of municipalities during the past three financial years on various matters.

POPULATION AND SOCIO-ECONOMIC INFORMATION OVERVIEW

The Western Cape Province is bordered to the north and east by the Northern Cape and Eastern Cape provinces, respectively. The Province is geographically diverse, encompassing areas as vastly differentiated as the Metropolitan area, Boland, West Coast, Southern Cape and the Karoo areas.

According to the mid-year population estimates 2011, released by Statistics South Africa, the Western Cape Province holds the 5th largest population in the country, with a total number of 5 287 863, which is 10.45% of South Africa's total population. There is one Metro Municipality (City of Cape Town), five district municipalities, namely West Coast, Cape Winelands, Overberg, Eden and Central Karoo and 24 local municipalities. Table 1 provides an overview of the statistics of the Western Cape, including the population, while Table 2 provides the socio-economic data of individual municipalities.

Table 1: Population per municipality.

| Municipality | Number of Households | Total Population | African | Coloured | Indian | White |
|--------------------------------------|----------------------|------------------|---------|----------|--------|-------|
| City of Cape Town³ | 950 509 | 3 542 092 | 34.9% | 44.0% | 1.8% | 19.3% |
| Matzikama¹ | 15 701 | 63 915 | 6.18% | 75.9% | 0.06% | 6.89% |
| Cederberg¹ | 6 098 | 39 326 | 7.96% | 78.2% | 0.06% | 13.7% |
| Bergrivier¹ | 12 437 | 44 742 | 6% | 76% | 0.03% | 18.2% |
| Saldanha Bay³ | 21 897 | 83 207 | 14.3% | 56.8% | 0.6% | 28.2% |
| Swartland³ | 18 230 | 83 900 | 11.2% | 68.4% | 0.3% | 17.5% |
| West Coast DM³ | 80 289 | 302 075 | 9.0% | 69.4% | 0.3% | 18.9% |
| Witzenberg¹ | 23 892 | 91 222 | 24% | 67% | 0.15% | 9% |
| Drakenstein¹ | 45 000 | 230 934 | 26.3% | 59.9% | 0.4% | 13.4% |
| Stellenbosch¹ | 29 200 | 270 323 | 19.2% | 40.7% | 0.34% | 13.7% |
| Breede Valley² | 25 791 | 134 270 | 17.1% | 73.3% | 0.3% | 7.8% |
| Langeberg³ | 21 215 | 81 271 | 16.5% | 75.1% | 0.1% | 12.2% |
| Cape Winelands DM³ | 182 610 | 750 519 | 20.3% | 64.6% | 0.5% | 13.9% |
| Theewaterskloof² | 22 906 | 103 281 | 25% | 64% | 0 | 11% |
| Overstrand³ | 23 126 | 78 533 | 28.8% | 36.8% | 0.8% | 33.6% |
| Cape Agulhas¹ | 8 128 | 26 474 | 9.7% | 66.6% | 0.1% | 23.6% |
| Swellendam³ | 7 330 | 24 052 | 7.7% | 78.1% | 0% | 14.2% |
| Overberg DM¹ | 60 122 | 212 787 | 18.9% | 56.5% | 0.12% | 19.8% |
| Kannaland¹ | 6 420 | 26 467 | 2.5% | 84.5% | 0.09% | 13% |
| Hessequa¹ | 15 972 | 52 648 | 4.26% | 63.4% | 0.11% | 32.1% |
| Mossel Bay³ | 29 863 | 124 138 | 41.6% | 37.9% | 1.2% | 19.2% |
| George³ | 45 080 | 143 837 | 34.7% | 44.3% | 0% | 21.0% |
| Oudtshoorn³ | 18 867 | 83 861 | 8.7% | 76.3% | 0.6% | 14.4% |
| Bitou³ | 13 323 | 41 096 | 54.1% | 37.2% | 0.3% | 8.4% |
| Knysna³ | 18 349 | 74 169 | 32.3% | 40.9% | 0.4% | 18.8% |
| Eden DM³ | 149 144 | 540 763 | 28.9% | 50.3% | 0.5% | 18.0% |
| Laingsburg¹ | 1 959 | 6 677 | 2.20% | 80.6% | 0.14% | 16.9% |
| Prince Albert¹ | 2 850 | 12 106 | 1.62% | 86.9% | 0.10% | 11.3% |
| Beaufort West¹ | 10 043 | 37 101 | 15.7% | 73.2% | 0.11% | 10.8% |
| Central Karoo DM¹ | 1 452 | 54 248 | 13.6% | 75.5% | 0.15% | 10.6% |

Source : Municipal Annual Reports 2010/11¹

Municipal Integrated Development Plans 2010/11²

Gaffney's Local Government in South Africa 2009-2011 Official yearbook³

Table 2: Socio-economic data per municipality

| Municipality | Literacy rate: 14 years and older 2007 (%) ¹ | Unemployment rate 2007 (%) | % of district population 2007 (*% of Western Cape) | Proportion of youth and children 2007 (%) | HIV/AIDS prevalence (%) | Total number of reported crimes 2009/2010 ² |
|-------------------|---|----------------------------|--|---|-------------------------|--|
| City of Cape Town | 92.9 | 16.8 | *66.3 | - | 7.9 | 76 443 |
| Matzikama | 73.5 | 20.1 | 15.2 | 63 | 5.7 | 1742 |
| Cederberg | 73.6 | 9.2 | 9.7 | 60.8 | 6.9 | 899 |
| Bergrivier | 70.5 | 10.6 | 15 | 60 | 5.7 | 429 |
| Saldanha Bay | 85.3 | 17.9 | 28.9 | 61.3 | 5.9 | 2194 |
| Swartland | 73.0 | 15.0 | 27.7 | 62.7 | 4.9 | 1956 |
| West Coast DM | 76.1 | 15.5 | *5.4 | 61.9 | 5.6 | 7220 |
| Witzenberg | 70.5 | 7.6 | 10.5 | 53.4 | 7 | 2319 |
| Drakenstein | 74 | 20.2 | 30.5 | 65.9 | 4.8 | 6315 |
| Stellenbosch | 80.4 | 17.1 | 28.1 | 66.1 | 3.4 | 1892 |
| Breede Valley | 67.7 | 18.8 | 18.8 | 62.9 | 6 | 3182 |
| Langeberg | 65.5 | 9.4 | 11.2 | 61 | 5.6 | 1264 |
| Cape Winelands DM | 73.3 | 16.2 | *13.5 | 63.3 | 5 | 14 972 |
| Theewaterskloof | 77.6 | 18.7 | 40.8 | 62.5 | 7.8 | 2386 |
| Overstrand | 84.5 | 24.1 | 26.2 | 54.5 | 5.3 | 2215 |
| Cape Agulhas | 74.3 | 6.8 | 13.5 | 55.7 | 4.2 | 513 |
| Swellendam | 67.1 | 7 | 10.1 | 62.4 | 6.4 | 992 |
| Overberg DM | 74.3 | 17.7 | 4 | 58.8 | 6.3 | 6106 |
| Kannaland | 65.6 | 10.2 | 4.8 | 60.3 | 3.9 | 424 |
| Hessequa | 79.6 | 19.2 | 7.6 | 53.6 | 4.8 | 1290 |
| Mossel Bay | 81.1 | 20.9 | 23 | 63 | 3.4 | 2116 |
| George | 79 | 17.9 | 26.6 | 61.9 | 6.5 | 3571 |
| Oudtshoorn | 74.5 | 23.8 | 15.5 | 63.4 | 5.5 | 2042 |
| Bitou | 77.6 | 15.7 | 7.6 | 65.5 | 7.1 | 424 |
| Knysna | 79.6 | 14.2 | 12.7 | 62.9 | 5.2 | 2323 |
| Eden DM | 77.1 | 18.5 | *9.7 | 62 | 5.1 | 13 198 |
| Laingsburg | 62.2 | 24.9 | 9.2 | 53.9 | 5.7 | 353 |
| Prince Albert | 62.2 | 26.3 | 14.9 | 60.3 | 5 | 265 |
| Beaufort West | 71.8 | 32 | 66 | 63.4 | 5.1 | 1251 |
| Central Karoo DM | 57.3 | 30.8 | *1.1 | 61.6 | 4.6 | 1869 |

Sources: Provincial Treasury: Socio-Economic Profiles of Local Government (2007); HIS Global Insights

¹ Literacy is defined as the ability to read and write, operationalized to refer to the successful completion of 7 years of formal education. The literacy rate is calculated as the proportion of those 14 years and older who have successfully completed a minimum of 7 years of formal education

² Crime Statistics reflect the total number of reported crimes, based on the figures for murder, total sexual crimes, residence burglaries, drug related crime and driving under the influence of alcohol/drugs

The figures presented above clearly demonstrate the dominant role played by the City of Cape Town as the demographic hub of the Province with about 66% of the citizens residing within the Metro. The socio-economic data indicates unemployment across all municipalities averages 17%. Additionally, out of a total of 1 364 004 households in the Western Cape, 536 903 are classified as indigent. This translates to about 35% indigent households.

GOVERNANCE OVERVIEW

The period under review (2010/11) was marked by political changes two months before the end of the financial year with local government elections in May 2011. It therefore has been characterized by a number of changes in council leadership, the expiry of the municipal management employment contracts which, amongst others, contributed to a slowdown in capital spending. In order to ensure a smooth process pre and post-elections, the Department of Local Government established a help desk which mainly functioned as a support function to all municipalities during the election process. After the elections, most of the municipalities were assisted by the Department to constitute the councils. Challenges were experienced by Hessequa Municipality, which constituted at the 7th attempt. Eden District Council could only constitute on 20 June 2011.

Twenty-six of the 30 municipalities adopted their administrative delegations, while twenty eight municipalities adopted delegations according to section 59 of the Municipal Systems Act. The Portfolio Committees, Municipal Management and IDP Forum meetings took place regularly and there were very few meetings where a quorum could be not achieved.

Of the 144 senior managers positions filled in the municipalities, only 16% were vacant and 89% of these section 57 managers had signed and submitted their performance agreements to the Department of Local Government. Employment equity plans were implemented throughout the province and most municipalities demonstrated significant progress with regards to institutional transformation.

Human resource policies have been adopted in most municipalities. Some of these HR policies were developed and adopted by councils a few years ago, but are now in a process of being reviewed. During the 2010/11 financial year, municipalities have spent an average of 81% on skills development and training from their personnel budget.

District municipalities had convened all their District Coordinating Forum (DCF) meetings during the year under review, with the exception of Overberg District who met once. In ensuring accessibility of government services to remote areas, 24 Thusong Mobiles were implemented, reaching over 37 000 Western Cape citizens. Ward committees have been established in most municipalities. Out of 382 wards within the province, 285 ward committees were functional and the balance was classified as partly functional. These ward committees were partly functional mainly due to the sector or interest group report back meetings that were not held. Anti-corruption plans were developed in 28 municipalities, while these plans were adopted by Council in 25 municipalities.

SERVICE DELIVERY OVERVIEW

The Constitution of the Republic of South Africa (1996) states that municipalities have the responsibility to ensure that all citizens are provided with basic services i.e. water, sanitation, refuse removal and electricity to satisfy their basic needs. In this respect, the provision of basic services has a direct and immediate effect on the quality of the lives of people in communities across South Africa.

This chapter on service delivery performance focuses in assessing the following areas:

- Service Delivery Backlogs;
- Provision of basic services i.e. water, electricity, refuse removal and sanitation;
- Capital budget expenditure;
- Implementation of indigent policy and provision of free basic services;
- MIG & Housing grant expenditure;
- Blue drop scores; and
- Disaster management.

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. The municipal service delivery

backlogs in the Western Cape Province vary from one municipality to another. Based on the information provided by municipalities, the backlog is mostly evident in housing, with 21 municipalities indicating backlogs in different locations in their municipal area. Municipalities have specified huge sums of money needed to address these backlogs.

The Province is seemingly performing above the average of 70% in the provision of basic services. Based on the information provided by municipalities on their annual reports and questionnaires, the average percentages of households serviced are described below:

- An average of 95% of households are serviced with water;
- An average of 96% of households are serviced with sanitation;
- An average of 97% of households are serviced with refuse removal on site; and
- An average of 96% of households are serviced with electricity.

During the 2010/2011 financial year, municipalities spent in an average of 71.3% of their adjusted capital budgets. This translates to an average under spending of 28.7%. Twenty two municipalities in the province have under spent more than 15% on their capital budgets, with only West Coast District, Drakenstein, Breede Valley, Cape Winelands District, Overstrand, Cape Agulhas, Mossel Bay and Knysna municipalities with less than 15% under spending.

The municipalities in the province spent 99.8% of their allocated Municipal Infrastructure Grant during 2010/11. Comparing to previous financial year, there was a decline in MIG expenditure due to Kannaland Municipality that could not spend all of its allocated MIG allocation. The average percentage of housing allocations spent remained steady during the 2010/11 financial year. The trend continued with the Western Cape achieving a figure of 97% for the period under review. There was an increase in the total number of houses built during the financial year, with the Provincial total for 2010/11 amounting to 11 219.

During the 2010/2011 financial year, the total number of indigent households receiving free basic services in the Province was 536 903. According to the data received, there is generally an increase of 59% in the number of households receiving free basic services in the Western Cape Province as compared to the 336 720 indigent households in 2009/2010. This has been attributed to, unemployment, seasonal employment and poverty which are contributing factors to this trend.

In terms of Disaster Management in the Province, Eden district municipal area (George, Hessequa, Mossel Bay, and Kannaland) was declared as disaster area owing to flooding. The following disaster incidents were monitored and supported by the Department of Local Government:

- Previous floods (2006 to 2008)
- Drought projects in Eden and Central Karoo Districts;
- June 2011 floods in Eden; and
- Avian influenza outbreak in Eden.

FINANCIAL HEALTH OVERVIEW

Municipalities received a total operating revenue amount of R25.5 billion or 97.3 percent of the budgeted amount of R26.2 billion for the 2010/2011 municipal financial year. The operating revenue budget increased by 2.3 percent from 2008/09 to 2009/10 and again significantly by 23.4 per cent from the 2009/10 to 2010/11 financial years. Municipalities with the highest liquidity risks are Matzikama, Drakenstein, Overberg, Kannaland, Eden District, Bitou and Central Karoo District municipalities as their current liabilities exceed their current assets. The total average of the Provincial liquidity ratio continued to increase from 1.7:1 in 2008/09 to 2.1:1 in 2009/2010 and then decreased by 1.2:1 in 2010/2011.

The total outstanding debtors for municipalities as at 30 June 2011 amounted to R7.28 billion indicating a decrease of R177.14 million or 2.4 percent compared to the R7.45 billion recorded at the end of May 2011.

AUDITOR GENERAL REPORT

According to the Auditor General's Report 2010/2011, there were some improvements in some of the Western Cape municipalities with 2 municipalities improving from financially unqualified with findings to clean audits, namely West Coast District and Swartland, 22 receiving unqualified audit opinions with findings and 3

municipalities with qualified opinions.

Improvements were also noted in 4 municipalities, namely: Saldanha Bay and Cederberg Municipality which had moved from a qualified opinion in 2009/2010 financial year to unqualified opinion with findings in 2010/11. George Municipality moved from an adverse opinion in 2009/2010 to unqualified opinion with findings, while Prince Albert Municipality moved from a disclaimer to qualified opinion.

STATUTORY ANNUAL REPORT PROCESS

South Africa's Constitution establishes the framework of governmental relations. It sets out the principles for co-operative governance and the application of these between national, provincial and local government. Local Government in South Africa is the sphere of government closest to communities and has a key role to play in ensuring service delivery and facilitating growth and development. A wide range of legislation guides Local Government to fulfil its mandate, of which the most important acts are highlighted below.

The Local Government Municipal Systems Act, 2000 established a framework for planning, performance-management systems, effective use of resources and organisational change in a business context. The Act also established a system for municipalities to report on their performance, and gives an opportunity to residents to compare this performance to the performance of other municipalities.

The Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003) 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 budget and reporting requirements.

In terms of the **Local Government Municipal Systems Act, 2000 (Act 32 of 2000)**, all municipalities are required to prepare Integrated Development Plans (IDPs). Integrated development planning is a process by which municipalities prepare five-year strategic plans that are reviewed annually in consultation with communities and stakeholders. The aim is to achieve service delivery and development goals for municipal areas in an effective and sustainable way. National and provincial sector departments, development agencies, private-sector bodies, non-governmental organisations and communities all have a key role to play in the preparation and implementation of municipal IDPs.

Each municipality is then expected to prepare an Annual Report which reflects on the performance of the municipality for each financial year. This Annual Report is prepared in terms of Section 46 of the Municipal Systems Act (MSA). Municipalities are required to submit a copy of the annual report to the MEC for Local Government. The annual reporting process of municipalities is presented in the table below.

Table 3: 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) |

Table 3: Statutory Annual Report process

| REPORT | APPLICABLE LEGISLATION | RESPONSIBLE ENTITY/ PERSON | BY WHEN |
|---|------------------------|---|--|
| 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 and Housing) | 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, Gazette Report | 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 |

CHAPTER 1: GOVERNANCE

1.1 POLITICAL COMPOSITION, FUNCTIONALITY OF POLITICAL STRUCTURES AND GOOD GOVERNANCE

Good governance is important in the local government sphere. Local government is the sphere of government that citizens interact with on a regular basis. As such, public confidence in government can only be assured if the local sphere is seen to be operating according to the requirements and spirit of the South African Constitution. This means that each municipality has an important responsibility to govern its constituents in a manner that speaks to its honesty, integrity and openness.

A central aspect in achieving good governance according to democratic principles is 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.

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 their 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 in the Western Cape have succeeded in implementing these strategies.

The 2010/11 financial year was marked by political changes two months before the end of the financial year in June 2011 with the Local Government elections May 2011. It therefore has witnessed a number of changes in council leadership. In ensuring a smooth process, pre and post-elections, the Department of Local Government established a help desk which mainly functioned as a support function to all municipalities during the election process. Post elections, most of the Western Cape municipalities were assisted by the Department to constitute the councils. Challenges were experienced in Hessequa Municipality, which then later constituted at the 7th meeting. Eden District Council could only constitute on 20 June 2011. The following table provides an overview of the political composition of councils in each municipality, showing the political party in control in terms of majority seats and also where coalitions exist.

Table 4: Political composition of councils per municipality

| Municipality | ANC | ANC REP ON DC | DA | DA REP ON DC | COPE | COPE REP ON DC | INDEP. | ACDP | AMP | NPP | PAC | VP | OTHER | Political Party in-control |
|----------------------|-----|------------------------|-----|-----------------------|------|-------------------------|--------|------|-----|-----|-----|----|---------------|-------------------------------|
| City of Cape Town | 73 | | 135 | | 3 | | | 3 | 1 | | | 1 | UDM: 1 | DA |
| | | | | | | | | | | | | | AL JAMA: 1 | |
| | | | | | | | | | | | | | CMC: 1 | |
| | | | | | | | | | | | | | NPSA: 1 | |
| Matzikama | 6 | 1 | 7 | 1 | | | | | | | | | PICIVIC: 1 | DA&NPG |
| | | | | | | | | | | | | | NGP: 1 | |
| Cederberg | 5 | 1 | 4 | 1 | 1 | | | | | | 1 | | | ANC&PAC |
| Bergvliet | 5 | 1 | 7 | 1 | 1 | | | | | | | | | DA&COPE |
| Saldanha Bay | 8 | 1 | 15 | 2 | 1 | 1 | 1 | | | | | | | DA |
| Swartland | 6 | 1 | 15 | 3 | 1 | | | | | | | | PI CIVIC: 1 | DA |
| West Coast DM | 4 | 5 | 6 | 8 | 1 | | | | | | | | | DA |

Table 4: Political composition of councils per municipality

| Municipality | ANC | ANC REP ON DC | DA | DA REP ON DC | COPE | COPE REP ON DC | INDEP. | ACDP | AMP | NPP | PAC | VP | OTHER | Political Party in-control |
|-------------------|-----|------------------------|----|-----------------------|------|-------------------------|--------|------|-----|-----|-----|----|---|-------------------------------|
| Witzenberg | 8 | 1 | 10 | 2 | 1 | | 1 | | | 1 | | | DCP: 1 | DA, COPE & IND |
| | | | | | | | | | | | | | VOICE IND: 1 | |
| Drakenstein | 19 | 3 | 35 | 5 | 2 | | | 1 | | 2 | | | PDM: 1 | DA |
| | | | | | | | | | | | | | SADCO: 1 | |
| Stellenbosch | 11 | 1 | 25 | 3 | 1 | | | 1 | | 1 | | | SPA: 1 | DA |
| | | | | | | | | | | | | | SCA: 3 1 (rep on DC) | |
| Breede Valley | 14 | | 22 | | 1 | | 1 | | | | | | CIVIC IND: 1 | DA |
| | | | | | | | | | | | | | B IND: 2 | |
| Langeberg | 7 | 1 | 11 | 2 | 1 | | | | | | | | PDM: 1 | DA & COPE |
| | | | | | | | | | | | | | WCC: 1 | |
| | | | | | | | | | | | | | CIVIC: 2 | |
| Cape Winelands DM | 5 | 8 | 9 | 15 | 1 | | | | | 1 | | | SCA: 1 | DA |
| Theewaters kloof | 9 | 2 | 13 | 3 | 1 | | | 1 | | 1 | | | NICO: 1 | DA |
| Overstrand | 9 | 2 | 15 | 2 | | | | | | | | | NAT IND ORG: 1 | DA |
| Cape Agulhas | 4 | 1 | 4 | 1 | | | 1 | | | | | | | ANC & IND |
| Swellendam | 4 | | 4 | 1 | | | | 1 | | | | | NPP: 1 | DA |
| Overberg DM | 4 | 4 | 5 | 7 | | | | | | | | | | DA |
| Kannaland | 2 | | 2 | | | | | | | | | | ICOSA: 3 1 (rep on DC) | ICOSA & ANC |
| Hessequa | 6 | 1 | 7 | 1 | 1 | | | | | | | | CIVIC IND: 1 | DA |
| Mossel Bay | 10 | 1 | 16 | 2 | | | | 1 | | | | | | DA |
| George | 19 | 2 | 25 | 3 | 1 | | | 1 | | | | | GEORGE IND | DA & ACDP |
| | | | | | | | | | | | | | ICOSA: 1 PLKE BESORGDE INWONERS: 1 | |
| Oudtshoorn | 11 | 1 | 11 | 1 | 1 | | | | | 1 | | | ICOSA: 1 | ANC, ICOSA & NPP |
| Bitou | 6 | 1 | 6 | 1 | 1 | | | | | | | | | DA & COPE |
| Knysna | 7 | 1 | 10 | 1 | 1 | | 1 | | | | | | | DA |
| Eden DM | 6 | 7 | 8 | 9 | 1 | | | 2 | | | | | ICOSA: 1 1 (rep on DC) | DA |
| Laingsburg | 3 | | 3 | 1 | 1 | | | | | | | | | DA & COPE |
| Prince Albert | 2 | | 2 | | | | | | | | | | KAROO GEM PARTY: 3 (KGP ON DC: 1) | KGP |
| Beaufort West | 7 | 3 | 5 | 2 | | | | | | | | | ICOSA: 1 | ANC |
| Central Karoo DM | 3 | 3 | 3 | 3 | | | | | | | | | KGP: 1 | ANC & KGP |

Source: Political Composition as at June 2011: Database Department of Local Government

Good Governance

Municipalities need to be supported 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 local government affairs of its community on its own initiative, subject to national and provincial legislation. Additionally, the by-laws of municipal councils are legislative acts that are not reviewable in terms of administrative law.

The following table provides an overview of the functionality of political structures and good governance in municipalities.

Table 5: Functionality of political structures and good governance

| Municipality | All admin delegations adopted | \$59 MSA Delegations adopted | Roles of Committees and Political Office Bearers defined | Meetings convened | | | Number of meetings where quorum was not achieved | | Code of conduct adopted (Council & staff) | Code communicated to community | Interests of councillors and staff declared | Councillors and staff members in arrears with municipal accounts |
|-------------------|-------------------------------|------------------------------|--|-------------------|-----------------------------|---------------------|--|-----------------------------|---|--------------------------------|---|--|
| | | | | Council | Executive mayoral committee | Portfolio Committee | Council | Executive mayoral committee | | | | |
| City of Cape Town | Yes | Yes | Yes | 13 | 25 | 104 | 0 | 0 | Yes | No | Yes | Yes |
| Matzikama | Yes | Yes | Yes | 10 | 8 | 5 | 0 | 0 | Yes | No | Yes | Yes |
| Cederberg | Yes | Yes | Yes | 9 | 8 | 12 | 0 | 0 | Yes | Yes | Yes | No |
| Bergrivier | Yes | Yes | Yes | 15 | 19 | 30 | 1 | 0 | Yes | No | Yes | NI |
| Saldanha Bay | Yes | Yes | Yes | 26 | 26 | 12 | NI | NI | No | Yes | Yes | Yes |
| Swartland | Yes | Yes | Yes | 7 | 15 | 30 | 0 | 0 | Yes | Yes | Yes | No |
| West Coast DM | Yes | Yes | No | 8 | 10 | 36 | 0 | 0 | Yes | Yes | Yes | No |
| Witzenberg | Yes | Yes | Yes | 12 | 25 | 25 | 0 | 0 | Yes | Yes | Yes | Yes |
| Drakenstein | Yes | Yes | Yes | 10 | 19 | 6 | 0 | 0 | Yes | Yes | Yes | No |
| Stellenbosch | Yes | Yes | Yes | 11 | 11 | 34 | 0 | 0 | Yes | No | Yes | Yes |
| Breede Valley | Yes | Yes | NI | 15 | 5 | 0 | 0 | 0 | Yes | Yes | Yes | NI |
| Langeberg | Yes | Yes | Yes | 13 | 14 | 40 | 0 | 0 | Yes | Yes | Yes | No |
| Cape Winelands DM | Yes | Yes | Yes | 9 | 13 | 17 | 0 | 0 | Yes | Yes | Yes | No |
| Theewaterskloof | Yes | Yes | Yes | 10 | 7 | 31 | N/A | N/A | Yes | No | Yes | No |
| Overstrand | Yes | Yes | Yes | 11 | 11 | 9 | 0 | 0 | Yes | Yes | Yes | No |
| Cape Agulhas | Yes | Yes | Yes | 18 | 50 | 9 | 0 | 0 | Yes | Yes | yes | No |

Table 5: Functionality of political structures and good governance

| Municipality | All admin delegations adopted | S59 MSA Delegations adopted | Roles of Committees and Political Office Bearers defined | Meetings convened | | | Number of meetings where quorum was not achieved | | Code of conduct adopted (Council & staff) | Code communicated to community | Interests of councillors and staff declared | Councillors and staff members in arrears with municipal accounts |
|-------------------------|-------------------------------|-----------------------------|--|-------------------|-----------------------------|---------------------|--|-----------------------------|---|--------------------------------|---|--|
| | | | | Council | Executive mayoral committee | Portfolio Committee | Council | Executive mayoral committee | | | | |
| Swellendam | Yes | Yes | Yes | 15 | 28 | 0 | 2 | 0 | Yes | Yes | Yes | Yes |
| Overberg DM | No | No | No | 15 | 2 | 10 | 0 | 0 | Yes | Yes | Yes | No |
| Kannaland | NI | NI | NI | NI | NI | NI | NI | NI | NI | NI | NI | NI |
| Hessequa | Yes | Yes | Yes | 12 | 18 | 37 | 0 | 0 | Yes | Yes | Yes | No |
| Mossel Bay | Yes | Yes | Yes | 11 | 11 | 55 | 0 | 0 | Yes | Yes | Yes | No |
| George | Yes | Yes | No | 18 | 16 | 7 | 0 | 0 | Yes | No | No | Yes |
| Oudtshoorn | N/A | Yes | Yes | 20 | 20 | NI | NI | NI | Yes | Yes | Yes | No |
| Bitou | Yes | Yes | Yes | 13 | 17 | NI | NI | NI | Yes | No | Yes | No |
| Knysna | Yes | Yes | Yes | 15 | 9 | 25 | 0 | 0 | Yes | No | Yes | Yes |
| Eden DM | Yes | Yes | Yes | 12 | 12 | 77 | 2 | 0 | Yes | Yes | Yes | No |
| Laingsburg | Yes | Yes | Yes | 14 | N/A | 3 | 0 | N/A | Yes | Yes | Yes | No |
| Prince Albert | NI | NI | NI | NI | NI | NI | NI | NI | NI | NI | NI | NI |
| Beaufort West | Yes | Yes | Yes | 11 | 4 | 21 | NI | NI | Yes | Yes | Yes | No |
| Central Karoo DM | Yes | Yes | Yes | NI | NI | NI | NI | NI | Yes | Yes | Yes | NI |

Source: Questionnaires, 2012

*NI – No information provided

Based on the information obtained from the annual reports, 26 municipalities have adopted administrative delegations, 1 municipality did not adopt while 3 did not provide the information. 28 of 30 municipalities have complied with the adoption of delegations according to Section 59 of the Municipal Systems Act, with Matzikama Municipality as the only municipality that did not comply with the Act, while 2 municipalities did not provide the information. 24 Municipalities have defined the roles of committees and political office bearers, 4 have not, and 2 did not provide any information. Furthermore, Council, Executive Mayoral Committee, Portfolio Committee, Municipal Management and IDP Forum meetings took place regularly and there were very few meetings where a quorum was not achieved.

Codes of conduct were adopted in accordance with the Municipal Systems Act. One municipality did not adopt their code of conduct while the others did not provide this information. The declarations of interest by Councillors and staff have improved as compared to the previous financial year, with 24 municipalities submitting. During the 2010/11 financial year, 8 of the Province's municipalities were reported to have Councillors and municipal employees in arrears with their municipal accounts, which is an improvement as compared to the ten municipalities reported in the previous year.

1.2 STATUS OF EXECUTIVE MANAGEMENT APPOINTMENTS AND TRANSFORMATION STATISTICS

Section 51 of the Municipal Systems Act of 2000 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 organizational 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. The Municipal Manager is primarily responsible for the adoption of staff establishment policies, including the approval of job descriptions and other conditions of service for each municipal staff member. The Municipal Manager also has the responsibility of conducting reviews and evaluations of staff establishments and conditions of service.

Human Resources management is to enhance the individual and collective contribution of employees to the success of the organization. To this end the Municipal Systems Act, 2000 refers to capacity building issues.

A municipality should also ensure that its recruitment, employment and career development practices are aligned to the objectives of the Employment Equity Act. These obligations are encompassed 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...

The broad objectives of the Employment Equity Act, 1998 are cited in Section 2 and read as follows:

"Purpose of the Act

The purpose of this Act is to achieve equity in the workplace by

- (a) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and*
- (b) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce".*

During the 2010/11 financial year, municipalities had a total of 169 approved senior management posts, i.e. Municipal Manager and Managers reporting directly to municipal manager (s56). Of these approved posts, 144 posts were filled and 24 vacant, which equals to a vacancy rate of 16%. Out of the filled posts, 128 of the section 56 appointments had signed and submitted their performance agreements to the Department of Local Government.

The information on transformation statistics is based on the staff establishments of municipalities. This information reveals that 63% of the jobs are occupied by males from the coloured demographic group, followed by Africans, Whites and Indians. Although employment equity plans are implemented, most municipalities demonstrated significant progress with regards to institutional transformation. The tables 6 and 7 below indicate the number of filled, vacant posts and transformation statistics in municipalities.

Table 6: Number of approved, filled and vacant Section 57 posts per municipality

| Municipality | Section 57 | | | | | | | | | |
|-------------------|--|-------------------|-------------------------|--|-------------------|-------------------------|--|-------------------|-------------------------|--------------------------------------|
| | *2008/09 | | | *2009/10 | | | *2010/11 | | | |
| | S57 posts on establishment of municipality | Section 57 Filled | Section 57 posts Vacant | S57 posts on establishment of municipality | Section 57 Filled | Section 57 posts Vacant | S57 posts on establishment of municipality | Section 57 Filled | Section 57 posts Vacant | No. of signed performance Agreements |
| City of Cape Town | 13 | 13 | 0 | 12 | 12 | 0 | 12 | 12 | 0 | 9 |
| Matzikama | 5 | 3 | 2 | 6 | 5 | 1 | 5 | 5 | 0 | 5 |
| Cederberg | 4 | 3 | 1 | 4 | 3 | 1 (Acting) | 4 | 4 | 0 | 4 |
| Bergrivier | 5 | 5 | 0 | 5 | No info | No info | 5 | 4 | 1 | 4 |
| Saldanha Bay | No info | No info | No info | 6 | 5 | 1 | 6 | 3 | 3 | 3 |
| Swartland | 7 | 6 | 1 | 7 | 7 | 0 | 7 | 7 | 0 | 7 |
| West Coast DM | 5 | 5 | 0 | 4 | 4 | 0 | 4 | 4 | 0 | 4 |
| Witzenberg | 5 | 5 | 0 | 5 | 5 | 0 | 5 | 5 | 0 | 5 |
| Drakenstein | 6 | 6 | 0 | 6 | 6 | 0 | 6 | 4 | 2 | 4 |
| Stellenbosch | No info | No info | No info | 9 | 9 | 0 | 7 | 7 | 0 | 7 |
| Breede Valley | 5 | 5 | 0 | 5 | 5 | 0 | 5 | 5 | 0 | 5 |
| Langeberg | 5 | 5 | 0 | 5 | 5 | 0 | 5 | 4 | 1 | 4 |
| Cape Winelands DM | 7 | 7 | 0 | 7 | No info | No info | 7 | 7 | 0 | 7 |
| Theewaterskloof | 5 | 5 | 0 | 6 | 6 | 0 | 6 | 6 | 0 | 6 |
| Overstrand | 7 | 7 | 0 | 8 | 8 | 0 | 7 | 7 | 0 | 7 |
| Cape Agulhas | 5 | 5 | 0 | 5 | 5 | 0 | 5 | 5 | 0 | 5 |
| Swellendam | 6 | 3 | 3 | No info | No info | No info | 4 | 3 | 1 | 3 |
| Overberg DM | 3 | 2 | 1 | 3 | 2 | 1 | 3 | 2 | 1 | 1 |
| Kannaland | 4 | 3 | 1 | No info | No info | No info | 4 | 3 | 1 | 0 |
| Hessequa | 8 | 4 | 4 | No info | No info | No info | 8 | 7 | 1 | 8 |
| Mossel Bay | 7 | 6 | 1 | 6 | 6 | 0 | 7 | 7 | 0 | 7 |
| George | No info | No info | No info | 9 | 5 | 4 | 8 | 4 | 4 | 4 |
| Oudtshoorn | 5 | 3 | 2 | 6 | 5 | 1 | 4 | 3 | 1 | 3 |
| Bitou | 6 | 6 | 0 | 6 | 6 | 0 | 6 | 6 | 1 | 5 |
| Knysna | 7 | 6 | 1 | 6 | 6 | 0 | 6 | 5 | 1 | 0 |
| Eden DM | 6 | 4 | 2 | 6 | 6 | 0 | 6 | 4 | 0 | 0 |
| Laingsburg | 1 | 0 | 0 | 1 | 1 | 0 | 1 | 1 | 0 | 1 |
| Prince Albert | 3 | 2 | 1 | 4 | 4 | 0 | 4 | 2 | 2 | 2 |
| Beaufort West | 6 | 6 | 0 | 6 | 6 | 0 | 8 | 5 | 3 | 5 |
| Central Karoo DM | 4 | 0 | 0 | 4 | 4 | 0 | 4 | 3 | 1 | 3 |

Source: Department of Local Government Database 2011

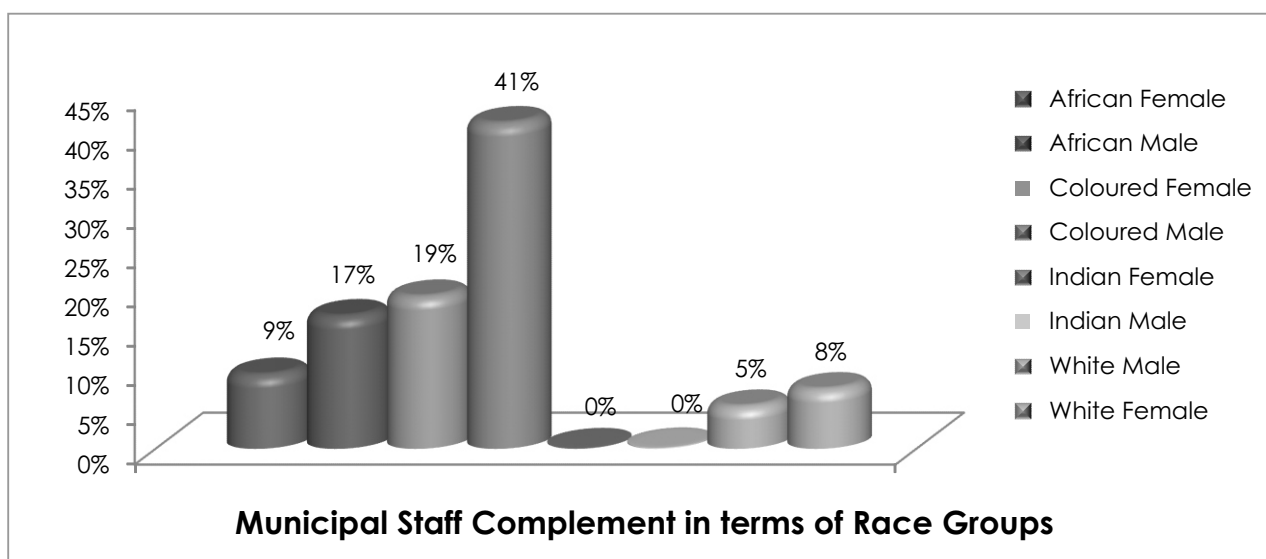
Note: The totals are based on the information submitted by municipalities as at June 2011

Table 7: Municipal Transformation statistics

| Municipality | Municipal Staff complement in terms of race groups | | | | | | | |
|-------------------|--|---------|---------|---------|---------|---------|---------|---------|
| | AF | AM | CF | CM | IF | IM | WF | WM |
| City of Cape Town | 2 394 | 4 414 | 4 259 | 10 970 | 31 | 65 | 1 171 | 2 086 |
| Matzikama | 3 | 24 | 91 | 214 | 0 | 0 | 22 | 13 |
| Cederberg | 33 | | 229 | | 0 | | 26 | |
| Bergrivier | 1 | 14 | 63 | 224 | 0 | 0 | 21 | 28 |
| Saldanha Bay | 63 | 144 | 191 | 448 | 0 | 0 | 34 | 46 |
| Swartland | 6 | 56 | 92 | 287 | 0 | 0 | 37 | 50 |
| West Coast DM | 8 | 30 | 79 | 329 | 0 | 0 | 50 | 17 |
| Witzenberg | 34 | 111 | 106 | 282 | 1 | 2 | 12 | 22 |
| Drakenstein | No info | No info | No info | No info | No info | No info | No info | No info |
| Stellenbosch | 344 | | 628 | | 0 | | 109 | |
| Breede Valley | 83 | 247 | 223 | 483 | 0 | 2 | 27 | 59 |
| Langeberg | 176 | | 382 | | 0 | | 150 | |
| Cape Winelands DM | 56 | 100 | 105 | 209 | 0 | 0 | 27 | 85 |
| Theewaterskloof | 21 | 70 | 136 | 311 | 1 | 0 | 32 | 23 |
| Overstrand | 49 | 275 | 106 | 357 | 1 | 0 | 117 | 121 |
| Cape Agulhas | 6 | 18 | 67 | 151 | 0 | 0 | 19 | 23 |
| Swellendam | No info | No info | No info | No info | No info | No info | No info | No info |
| Overberg DM | 22 | 68 | 43 | 133 | 0 | 0 | 17 | 31 |
| Kannaland | No info | No info | No info | No info | No info | No info | No info | No info |
| Hessequa | 51 | 86 | 163 | 212 | 0 | 0 | 34 | 38 |
| Mossel Bay | 47 | 184 | 98 | 320 | 1 | 5 | 53 | 105 |
| George | No info | No info | No info | No info | No info | No info | No info | No info |
| Oudtshoorn | No info | No info | No info | No info | No info | No info | No info | No info |
| Bitou | 92 | 197 | 53 | 124 | 0 | 1 | 10 | 22 |
| Knysna | 63 | 297 | 106 | 307 | 0 | 0 | 38 | 45 |
| Eden DM | 25 | 58 | 104 | 222 | 2 | 0 | 20 | 64 |
| Laingsburg | 1 | 1 | 12 | 29 | 0 | 0 | 3 | 0 |
| Prince Albert | 0 | 0 | 25 | 46 | 0 | 0 | 5 | 2 |
| Beaufort West | 25 | 61 | 60 | 178 | 0 | 0 | 16 | 15 |
| Central Karoo DM | 13 | 29 | 21 | 101 | 0 | 1 | 6 | 9 |

Source: Annual Report 2010/11

AF: African Female **IF:** Indian Female
AM: African Male **IM:** Indian Male
CF: Coloured Female **WF:** White Female
CM: Coloured Male **WM:** White Male



Graph 1: Total percentage (%) per race category in Western Cape municipalities

1.3 DEVELOPMENT AND IMPLEMENTATION OF POLICIES

The Human Resources Development Strategy (HRDS) of South Africa's key mission 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.

Human resource policies have been extensively adopted, with most municipalities indicating that it is regarded as a priority. Some of these policies were developed and adopted by councils a few years ago, but to date not reviewed, while others are in a process of reviewing. The table below indicates the status with regards to the development and implementation of specific Human Resource policies by municipalities.

Table 8: Human Resource policies per municipality

| Municipality | Recruitment and selection policy | Skills Development Plan | EE Plan | HRM and HRD policies | Performance Management Policy |
|-------------------|----------------------------------|-------------------------|---------|----------------------|-------------------------------|
| City of Cape Town | Yes | Yes | Yes | Yes | Yes |
| Matzikama | Yes | Yes | Yes | Yes | No |
| Cederberg | Yes | Yes | Yes | No | No |
| Bergrivier | Yes | Yes | Yes | Yes | Yes |
| Saldanha Bay | Yes | Yes | Yes | Yes | Yes |
| Swartland | Yes | Yes | Yes | Yes | Yes |

Table 8: Human Resource policies per municipality

| Municipality | Recruitment and selection policy | Skills Development Plan | EE Plan | HRM and HRD policies | Performance Management Policy |
|--------------------------|----------------------------------|-------------------------|------------|----------------------|--|
| West Coast DM | Yes | Yes | Yes | Yes | Yes |
| Witzenberg | Yes | Yes | Yes | Yes | Yes |
| Drakenstein | Yes | Yes | Yes | Yes | Yes |
| Stellenbosch | Yes | In process | Yes | Yes | Yes |
| Breede Valley | Yes | Yes | In process | Yes | Yes |
| Langeberg | Yes | Yes | Yes | Yes | Yes |
| Cape Winelands DM | Yes | Yes | Yes | Yes | Yes |
| Theewaterskloof | Yes | Yes | Yes | Yes | Yes |
| Overstrand | Yes | Yes | Yes | Yes | Yes |
| Cape Agulhas | Yes | Yes | Yes | Yes | Yes |
| Swellendam | In a process | Yes | Yes | Yes | Yes |
| Overberg DM | Yes | Yes | Yes | No | Yes [Performance Management Framework] |
| Kannaland | No | No | No | No | No |
| Hessequa | Yes | Yes | Yes | Yes | Yes |
| Mossel Bay | Yes | Yes | Yes | Yes | Yes |
| George | Yes | Yes | Yes | Yes | Yes |
| Oudtshoorn | Yes | Yes | Yes | Yes | No info |
| Bitou | Yes | Yes | Yes | Yes | Yes |
| Knysna | Yes | Yes | Yes | Yes | Yes |
| Eden DM | Yes | Yes | Yes | Yes | Yes |
| Laingsburg | Yes | Yes | No | Yes | Yes |
| Prince Albert | Yes | Yes | Yes | Yes | Yes |
| Beaufort West | Yes | Yes | Yes | Yes | Yes |
| Central Karoo DM | Yes | Yes | Yes | Yes | Yes |

Source: Annual Report 2010/11 & Questionnaires, June 2011

1.4 PERFORMANCE REWARDS

The evaluation of the performance of Section 57 managers forms the basis for rewarding outstanding performance. The table below indicates performance rewards awarded by municipalities during 2010/11 financial year.

Table 9: Performance Rewards for 2010/11

| Municipality | Yes | No of beneficiaries | Amount |
|--------------------------|---------|---|-------------|
| City of Cape Town | Yes | 11 | R3 576 000 |
| Matzikama | Yes | 5 | R422 000 |
| Cederberg | No info | No info | No info |
| Bergrivier | Yes | | R2 232 900 |
| Saldanha Bay | Yes | 4 | R53 000 |
| Swartland | | No performance reward awarded by municipality | |
| West Coast DM | Yes | 5 | R141 432.22 |
| Witzenberg | Yes | 5 | R574 884.95 |
| Drakenstein | Yes | 6 | R555 595 |
| Stellenbosch | No info | No info | No info |
| Breede Valley | Yes | 5 | R519 000 |
| Langeberg | Yes | 5 | R561 532 |
| Cape Winelands DM | Yes | 7 | R640 219 |
| Theewaterskloof | Yes | 6 | R678 311.51 |
| Overstrand | | No performance reward awarded by municipality | |
| Cape Agulhas | Yes | | R436 000 |
| Swellendam | | No performance reward awarded by municipality | |
| Overberg DM | | No performance reward awarded by municipality | |
| Kannaland | No info | No info | No info |
| Hessequa | Yes | 8 | R641 000 |
| Mossel Bay | No info | No info | No info |
| George | Yes | 4 | R407 976.89 |
| Oudtshoorn | No info | No info | No info |
| Bitou | Yes | 6 | R570 000 |
| Knysna | Yes | 6 | R605 000 |
| Eden DM | No info | No info | No info |
| Laingsburg | Yes | 1 | R107 724 |
| Prince Albert | No info | No info | No info |
| Beaufort West | Yes | 4 | R329 518 |
| Central Karoo DM | Yes | | R230 211 |

Source: Municipal Annual Reports 2010/11

- Note: 1. The information presented on this table is based on available information only
2. Some municipalities have a policy not to provide bonuses to senior managers

1.5 SKILLS DEVELOPMENT AND TRAINING

Municipalities provided information on various capacity building and skills development initiatives undertaken during the 2010/11 financial year. Capacity building at municipalities is crucial to improve 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 1999 (Act No. 28 of 1999).

Western Cape municipalities continued to experience challenges during 2010/11 in attracting and retaining skilled staff, especially in technical areas such as finance. This was largely due to an overall lack of skilled personnel, combined with budget constraints. Most municipalities spent their personnel training budget in enhancing and capacitating their employees with the necessary skills to perform their duties. During the 2010/11 financial year, municipalities spent an average of 81.3% of their personnel training budget. The table below indicates the capacity and skills development initiatives by municipalities and a percentage of personnel budget spent.

Table 10: Capacity and skills development initiatives in 2010/11

| Municipality | Workplace skills plan | Capacity and skills development initiatives | |
|-------------------|-----------------------|---|---------|
| City of Cape Town | Yes | Learnerships/ apprenticeships; Bursaries; Adult Education & Training (AET); Employees Wellness; Training; Cooperative-education, Electricians, Plumbing, Diesel Mechanic, Welding, Boiler making, Carpentry, Bricklaying, Auto-Electrical Fitting, Painting International Investors Conference, ARC GIS Desktop 2, Advanced Supervisory Skills, Business Report Writing, Chairperson and Initiators, Climate Change, Competency Assessment, Construction Engineering Law, Driver Training | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 90.04% |
| Matzikama | Yes | Ward committee, Road safety, LG Accountancy Certificate, Entrepreneurial skills, Business Plan Development, Housing owners education, Excellent Customer Care, ODETDP, Heavy driving, Waste Water Treatment, Roads 10 workers | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 108.65% |
| Cederberg | | No info | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 100% |
| Bergrivier | Yes | ABET; MFMP; Microsoft excel super user; Microsoft access; chairperson and prosecutors for disciplinary hearings; law enforcement; fire brigade ; first aid; health and safety training; electricity modular course; report writing; water and waste water treatment plant supervisory course (blue drop / green drop); tiling; plumbing; dimtech sphere standards and disaster assessment tools training; municipal supply chain management | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 100% |
| Saldanha Bay | | Internal Audit Technician learnership | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 99.80% |

Table 10: Capacity and skills development initiatives in 2010/11

| Municipality | Workplace skills plan | Capacity and skills development initiatives | |
|----------------|-----------------------|---|---------|
| Swartland | Yes | ABET, Learnerships, Minimum Competency Regulations, Local Government Accounting Certificate | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 98.20% |
| West Coast DM | | Basic Introduction to fire science, ABET level 2 Numeracy and Communication, MS Word & Excel, Powerpoint 2007 Basic – Advanced, First Aid level 1, IMASA conference, Water quality (EHP) Sewerage plant operation and municipal health operations systems, Amended labelling regulations, Horticulture learnership NQF1, Health and Safety Representatives, fundamental project management administration and techniques, Code EC drivers licence fire fighters, Municipal finance management programme, municipal systems act amendment bill, post graduate diploma in labour law, AARTO, introduction to SAMTRAC, protocol & etiquette workshop, fire investigation, construction road worker learnership NQF2, HIV and Aids, Office professionals, Expenditure training, GRAP implementation readiness, Introduction to Linux, Intermediate Linux training workshop, Advanced Linux system administration, SA host customer services training, Expenditure training, Supply Chain Management, Enterprise management, Billing administration, IMPSA conference generational leadership in changing times, regional spatial analysis as basis for effective regional planning, GAP skills computer based training, career direct facilitator, project management and techniques, Grap implementation readiness, risk management of drinking water system in SA, internal audit quality assessment. | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 0.63% |
| Witzenberg | Yes | Management Leadership; Protocol & Ethics, Computer Training, Customer Services, Batho Pele, Supervisory Course, Conflict Management | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 98.84% |
| Drakenstein | Yes | Learnerships, skills programmes and short courses | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 100.00% |
| Stellenbosch | | No info | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | |
| Breede Valley | Yes | Skills programs and other short courses; Minimum competencies; Water learner ships; Admin and bookkeeping learner ship; Telematic water learner ship; Local Government Accounting certificate; | |
| | | Internal audit technician | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 100.91% |
| Langeberg | Yes | Computer Literacy / Abet, Project Management, Building Maintenance, Local Government Accounting Certificate, Life Skills, Management And Leadership | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 70% |
| Cape Winelands | | Minimum competence levels, air quality, VMWare Vsphere 4.1, Worksite Management, Windows Server 6425c, skills development workshop | |

Table 10: Capacity and skills development initiatives in 2010/11

| Municipality | Workplace skills plan | Capacity and skills development initiatives | |
|-------------------------|-----------------------|---|--------|
| Theewaters-kloof | Yes | Learner ships – Water and Waste Water Treatment, IDP, Local Government Accounting Certificate, Fraud Prevention, Law Enforcement, IT, Project Management, Electrical, ABET, Minimum competency training. Ward Committee Training. | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 77.24% |
| Overstrand | Yes | <p>Aarto, Abet Level 1, Abet Level 2, Abet Level 4, Adv Dip For L.A.W. Enf Prof., Adv. Dip : Traffic & Met Policing, Adv. Driving & Vip Protection, Advanced Fire Prevention, Advanced Project Management, Arcobjects Developer Training, Assests Accounting, B.Admin., B.Com.: General, B.Com.: Indus & Org Psychology, B.Com.: Internal Auditing, B.Com.: Management Acc, B.Compt. Accounting Science, Ba: Community Development, Ba: Environmental Mng, Ba: Human And Social Studies, Ba: Laws, Ba Compressor Course, Ba Hons, Ba: Business Management, BaccaLaureus Legal, Business Management N4, Cable Jointing, Camera Training, Certificate In Management, Cherry Picker, Computer Course, Degree Of Business Admin., Disaster Management, Disciplinary Procedure And Code Collective Agreement, Dismissal & Forms Of Termination & Employment, Duits li, Elec Trade Test, Epwp Mis/Kwantu Training, Estuarium Course, Event Management, Examiner Of Driving Lisenze, Finance For Non-Financial Mng, First Aid Level 1 fraud Prevention, Grader Operator, Grader Training, Hazchem Training, Health Assessment Skills, High Angle li, High Impact Attitude Transformation, Higher Cert: Accounting, Honours Ba In Dev Studies, Housing Policy Course, Hr Hiring Practices, Human Settlement Training, Idp Learnership, Int Conveyancing Sec, Intermediate Fin Accounting, Internal Audit, Intro To Project Management, Ito Kursus, Labour Relations, Labour Relations Management, Legal Liability, LI.B., Local Gov Finance, Local Gov Accounting Cert, Management And Learship Training, Management Certificate, Metro Traffic Policing, Mfma, Motor Mechanic, N6 Hr Management Exam, N6 Management Assistant, Nd: Admin. Management, Nd: Administrative Mng, Nd: Civil Engineering, Nd: Hr Management, Nd: Local Gov Finance, Nd: Logistiek, Nd: Project Management, Nd: Public Administration, Nd: Public Relations, Nd: Public Relations Management, Nd: Safety Management, Nd: Tech Finanical Accouting, Nd: Logistiek, Occupational Health & Safety, Operators, Pavement M & R, Payday, Payroll Training, Pepfar Training, Programme In Office Management, Protocol & Etiquette, Psira Training, Public Procurement & Sc, Public Relations Certificate, Purchasing Management, Registry Clerk Course, Revit, Safety Management, Safety Rep Training, Samras Training, Sbs, Security Course, Senior Certificate, Simulator Course, Strafproses & Wettereg, Supervisory Course, Supervisory Management, Tcs, Traffic Officers, Truck Mounted Training, W & W Treatment Process Operations, Water & Wastewater Treatment, Weedeater Training, What Is New In Arcgis 10</p> | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 99.90% |
| Cape Agulhas | | Training for non-financial officials; Training for archive register clerk; Archive record management; Introduction to project management; Chlorine training; Law enforcement; Aircon training; Register clerk course; Advanced project management; Human settlement training; Basic computer training; HCE refresher course; Minimum competencies training; Performance management; Gap skills training; Learner licence training; Module 5 electrical training; Nedbank personal budget training; TASK training; Water purification training; Process control training; Basic fire fighting. | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 96% |

Table 10: Capacity and skills development initiatives in 2010/11

| Municipality | Workplace skills plan | Capacity and skills development initiatives | |
|--------------|-----------------------|---|---------|
| Swellendam | | Integrity Management (9 Employees), Hr Management (2 Employees) Disaster Management (1 Employee), Unicipal Munimum Competency Programme (9 Employees), Water & Sewage Purification Learnership (6 Employees), Internal Audit Learnership (1 Employee) | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 0.43% |
| Overberg DM | | Abet, Computer training, Basic Fire Fighting, Certificate Program Management Development, Diploma in Fire Technology, Ethics for Environmental Health Practitioners, Five Keys for Environmental Health Practitioners, Hazmat and Spill Response, Digger Loader, Lowbed, Managing Day to Day Issues, Moderation training, Municipal Minimum Competency Level, Road Maintenance & Stormwaters, Trauma Incidents Reduction, Reuck Mounted Crane/Basic Rigging & Slingsing | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 57.59% |
| Kannaland | Yes | Labour Intensive Construction (NQF level 5); First Aid & Safety; Supervisor Training Course; Local Government Accounting Certificate; Local Economic Development Learnerships; Integrated Development Planning; Occupationally Directed Training and Development Practices; Competency Program for Municipal Development and Municipal Finance (CPMD) ; Councillor Induction (SALGA); SALGA Councillor Development Program. | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | No info |
| Hessequa | Yes | Supply chain management, fire fighting, first aid, library computer systems client service, disaster management, MFMA Minimum Core Competency Training | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 83.0% |
| Mossel Bay | Yes | First Aid Level 1, First Aid Level 3, Incident Investigation, Introduction to SAMTRAC, Basic Health and Hygiene, Health and Safety in the Workplace, SHE Representation Functions, Rope Rescue Technicians, Hazardous Material Operations, Intro into Sphere and Disaster Impact Assessment, Law enforcement training by peace officers, SANS - Building regulations, Aerial platform and Truck mounted crane, Basic Health and Hygiene, Bricklaying Learnership, Carpentry learnership, Charing disciplinary meetings, Deciibel meter training, Electrician and Aerial platform operator, First aid level 2 & 3, Gapskill reporting, Grade 12, Hazmat operations workplace, Health and Safety in workplace, Incident investigation, Introduction to Samtrac, LV short circuit currents, Minimum competency levels, People Management, Plumbing | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 100% |
| George | Yes | Financial management training, Capacity building of soup kitchen volunteers/ crèche managers, chef training, personal hygiene and food, Capacity building of volunteers to execute door-to-door campaigns on substance abuse, Capacity building of youth to conduct a youth survey, youth friendly clinic outreaches and tavern project, career development, film making training, arts, capacity building of sex workers to act as peers educators, arts and craft training for women, sensitization workshop of different disabilities to businesses | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 100% |
| Oudtshoorn | | No info | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | |

Table 10: Capacity and skills development initiatives in 2010/11

| Municipality | Workplace skills plan | Capacity and skills development initiatives | |
|---|-----------------------|---|---------|
| Bitou | | Firearm training, office professionals, first aid levels 1- 3, professional aviation training/airport, fire fighting, HAZMAT technician, advanced fire prevention, HAZMAT operation, professional risk, supervisor training, SDF training, chainsaw operation, GIS, grass/bush cutting, advanced electrical (NQF 2), OHS, electrical maintenance, waste water treatment, board governance, drivers' license, sport turf grass, nursery training (pruning and maintenance), electrical, supply chain, internal auditing, advanced DB4/salaries, IDP/strategic learnership, LED/strategic learnership, finance learnership, ABET, finance internship, electrical internship, building internship, sport and recreation internship, corporate services internship. | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 88% |
| Knysna | | Learnerships, Skills programmes and short training courses. | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 93% |
| Eden DM | | Occupation Directed Education Training and Development, Temporary employment contract administration | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | |
| Laingsburg | | Road construction learnership, local government accounting, MFMA/GRAP training, IDP/LED, supply chain, coaching/mentoring, ODETDP, Project Management, water reticulation, waste water treatment. | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 178.90% |
| Prince Albert | | Water purification, Computer training beginners, Computer training Advanced, Minute taking, Record Management, NQF2 Water Learnership, IDP Learnership, Finance and Auditing Learnership, Supply Chain Management, Minimum Competency Training, GRAP Financial, Ward Committees, Drivers Licences, Traffic Supervisor, Occupational Development and Training, ABET, Natis Motor Vehicle Registration | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 1.75% |
| Beaufort West | | Record Management, First Aid, GRAP training, Disaster Risk Management, Executive Secretaries training, Construction training | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 173.50% |
| Central Karoo DM | | BTECH civil engineering, dangerous goods certificate, MFMA minimum competency training, driver's licence bursaries, water reticulation learnership, role of housing admin in housing delivery, managing low-cost housing, diesel mechanic trade test. | |
| | | Percentage of personnel training budget spent on skills development in 2010/11 | 90% |
| Average % of personnel budget spent on skills development in 2010/11 | | 81.3 | |

Source : Municipal Annual Report 2010/11 & Municipal Questionnaires July 2012

1.6 FUNCTIONALITY OF IGR STRUCTURES

It is essential that high levels of cooperation exist between all three spheres of government, in order to ensure the alignment of development strategies and planning priorities. Effective IGR structures are especially important to the developmental role of municipalities. This role can only be fulfilled through the active involvement of all spheres of government in the setting of priorities, resource allocation and development planning. The strategic objective of IGR is to support good governance and accountability between the three spheres of government through effective intergovernmental relations.

District municipalities are required to at least meet once per quarter with the local municipalities in discussing their cross-cutting/overarching issues. District municipalities convened all their District Coordinating Forum (DCFs) meetings during the year under review, with the exception of the Overberg District which only met once due to governance challenges.

During the 2010/11 financial year, the Provincial and municipal government continued to institutionalize IGR structures within the Western Cape. At the heart of this process lay a review process undertaken by all stakeholders, culminating in the reconfiguration of processes and structures wherever this was required. As an outcome of this review, the establishment of the Ministers and Executive Mayors Forum (MINMAY) and the Ministers and Executive Mayors Technical Committee (MINMAY TECH) should be viewed as significant steps in strengthening IGR structures within the Province. It is envisioned that their establishment will ensure greater synergy between the Provincial and local governments, resulting in strengthening inter-governmental cooperation.

1.7 THUSONG SERVICE CENTRE PROGRAMME

Control over the functioning of Thusong Service Centres was transferred to the Provincial Department of Local Government in April 2010. These Centres enable local communities to gain easier access to government services. Drakenstein, Breede Valley, Prince Albert, Witzenburg, Matzikama as well as Beaufort West municipalities, benefitted from the establishment of new Thusong Service Centres.

The Thusong Programme has been expanded in the Western Cape Province to include Thusong Zones, Thusong Service Centres, Thusong Service Satellite Centres, Thusong Mobiles and the Thusong Extension programme. There were twenty four (24) Thusong Mobiles held reaching over 37 000 Western Cape citizens.

The Department of Local Government rolled out the Thusong Implementation Strategy, which strengthened the sustainability of Thusong Service Centres by assisting municipalities. Lease agreements were also concluded ensuring that the key anchor departments render services at the Thusong Service Centres. Twenty four Thusong Service Centre Managers attended an accredited Junior Management Development Programme at the Provincial Training Institute in order to be equip themselves with the skills in successfully managing these centres.

1.8 WARD COMMITTEES

Ward committees are established in terms of Chapter 4 of 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.

Ward committees have been established in most municipalities. The Department of Local Government played a role in establishing functional ward committee structures throughout the Province. This was done through the development of a Provincial Framework for the implementation of effective ward systems.

Out of 382 wards within the province, 285 ward committees were functional and the balance was classified as partly functional due to the sector or interest group report back meetings that were not held. The following municipalities reported that their ward committees were functional: Matzikama, Cederberg, Bergrivier, Saldanha Bay, Swartland, Witzenberg, Drakenstein, Stellenbosch, Breede Valley, Langeberg, Theewaterskloof, Overstrand, Cape Agulhas, Kannaland, Mossel Bay, George, Oudtshoorn, Knysna, Beaufort West, Laingsburg and Prince Albert.

There were ward committees which were not fully constituted from the following municipalities: City of Cape

Town, Swellendam, Bitou, and Hessequa municipalities confirming the completion of the process of establishment of their Ward Committee structures in the following financial year. The following table outlines the number of wards per municipality and the status of ward committee functionality in each municipality.

Table 11: Ward Committee functionality

| Municipality | Number of wards | Status |
|--------------------------------|-----------------|---|
| City of Cape Town | 106 | Partly functional, only 88 ward forums are functional in terms of new model. |
| West Coast District | 46 | |
| Matzikama | 8 | All wards are functional. |
| Cederberg | 6 | Partly functional: Four ward committees did not have sector / interest group report back meetings. |
| Bergrivier | 7 | Partly functional: Not all wards have sector / interest group report back meetings. |
| Saldanha Bay | 13 | Partly function: three ward committees did not have sector / interest group report back meetings. |
| Swartland | 12 | All wards are functional. |
| Cape Winelands District | 98 | |
| Witzenberg | 12 | All wards are functional. |
| Drakenstein | 31 | All wards are functional. |
| Stellenbosch | 22 | All wards are functional. |
| Breede Valley | 21 | Partly functional: only four ward committees had sector / interest group report back meetings. |
| Langeberg | 12 | Partly functional: three ward committees did not have sector / interest group report back meetings. |
| Overberg District | 36 | |
| Theewaterskloof | 13 | Partly functional: three ward committees did not have sector / interest group report back meeting. |
| Overstrand | 13 | All wards are functional. |
| Cape Agulhas | 5 | Partly functional: Sector report back meetings still to be implemented. |
| Swellendam | 5 | No information provided. |

Table 11: Ward Committee functionality

| Municipality | Number of wards | Status |
|------------------|-----------------|--|
| Eden District | 81 | |
| Kannaland | 4 | Partly functional: Only one ward committee had a sector / interest group report meeting. |
| Hessequa | 8 | Partly functional: sector report back meetings still to be implemented. |
| Mossel Bay | 14 | Partly functional: sector report back meetings still to be implemented. |
| George | 25 | All wards are functional. |
| Oudtshoorn | 13 | Partly functional: sector report back meetings still to be implemented. |
| Bitou | 7 | Ward committees still to be established. |
| Knysna | 10 | Partly functional: 3 ward committees had report back sector / interest group meetings. |
| Central Karoo DM | 15 | |
| Laingsburg | 4 | All ward committees are functional. |
| Prince Albert | 4 | All ward committees are functional. |
| Beaufort West | 7 | Partly functional: sector report back meetings still to be implemented. |

Source: Department of Local Government Database

1.9 ANTI-CORRUPTION AND FRAUD PREVENTION

Anti-corruption measures are an integral part of ensuring good governance at municipalities and promote whistle-blowing for any corrupt activities. According to the Department of Local Government, progress with the implementation of anti-corruption strategies by municipalities showed similar results as compared to the previous year. The table below outlines the progress per municipality.

Table 12: Anti-corruption and fraud prevention plans

| Municipality | Anti-corruption and/or Fraud Prevention Plan compiled? | Has council adopted the Anti-corruption and/or Fraud Prevention Plan? | Is the plan being implemented? |
|-------------------|--|---|--------------------------------|
| City of Cape Town | Yes | Yes | Yes |
| Matzikama | Yes | Yes | Yes |
| Cederberg | Yes | In process | |
| Bergervier | Yes | Yes | Yes |

Table 12: Anti-corruption and fraud prevention plans

| Municipality | Anti-corruption and/or Fraud Prevention Plan compiled? | Has council adopted the Anti-corruption and/or Fraud Prevention Plan? | Is the plan being implemented? |
|--------------------------------------|--|---|--------------------------------|
| Saldanha Bay | Yes | Yes | Yes |
| Swartland | Yes | Yes | Yes |
| West Coast District Municipality | Yes | Yes | |
| Witzenberg | Yes | Yes | |
| Drakenstein | Yes | Yes | Yes |
| Stellenbosch | Yes | Yes | Yes |
| Breede Valley | Yes | To be adopted by 30 June 2012 | No |
| Langeberg | Yes | Yes | Yes |
| Cape Winelands District Municipality | Yes | Yes | Yes |
| Theewaterskloof | Yes | Yes | Yes |
| Overstrand | Yes | Yes | Yes |
| Cape Agulhas | Yes | Yes | Yes |
| Swellendam | Yes | Yes | Yes |
| Overberg District Municipality | Yes | To be adopted by 30 June 2012 | No Need assistance |
| Kannaland | No Need assistance | | |
| Hessequa | Yes | Yes | Yes |
| Mossel Bay | Yes | Yes | Yes |
| George | Yes | Yes | Yes |
| Oudtshoorn | Yes | Yes | |
| Bitou | Yes | Yes | No |
| Knysna | Yes | Yes | Yes |
| Eden District Municipality | Yes | Yes | Yes |
| Laingsburg | Yes | Yes | |
| Prince Albert | No Need assistance | | |
| Beaufort West | Yes | No | |
| Central Karoo District Municipality | Yes | Yes | Yes |

Source: Department of Local Government Database

Anti-corruption plans were developed in 28 municipalities, while these plans were adopted by Council in 25 municipalities.

To support anti-corruption initiatives, the Department of Local Government appointed a service provider to conduct a survey on the perceptions of corruption amongst municipal councillors and staff. The findings of the survey indicated that there is a lack of awareness amongst both staff and councillors in respect of the Prevention of Corrupt Activities Act and Protected Disclosure "Whistleblowing" Act. These findings were submitted to all municipalities for comment in order to assist them with the relevant support. Through the assistance of the National Department of Cooperative Governance and donor partners, Mossel Bay was assisted with the development of Fraud Prevention Plans (FPP) and the implementation of Anti-Corruption or "Ethics" Committees.

1.10 PUBLIC SATISFACTION ON SERVICES

This section shows the level of public satisfaction conducted through surveys on the services rendered by the municipality i.e. refuse removal, road maintenance, electricity, water etc.

Table 13: Public satisfaction on service level

| Municipality | Satisfaction surveys undertaken | What was the overall satisfaction levels from the public towards Municipal Service Delivery and office bearers |
|--------------------------|---|---|
| City of Cape Town | Community Satisfaction Survey | Overall perceptions of the performance of the City have increased significantly. Respondents indicated that the City has improved across most of the City's service delivery areas. |
| Matzikama | No info | No info |
| Cederberg | No info | No info |
| Bergrivier | No info | No info |
| Saldanha Bay | No info | No info |
| Swartland | Community Satisfaction Survey | A comprehensive customer satisfaction survey has been conducted by an external service provider, where the CORE services of the Municipality have been evaluate on a five point scale, where 1= very bad and 5=very good. Our overall score (average) obtained was 4. |
| West Coast DM | No info | No info |
| Witzenberg | No | Good; The Municipality didn't have any protest marches regarding service delivery; nor petitions received in respect of service delivery grievances |
| Drakenstein | Service Delivery and Community Satisfaction Survey | The survey suggested that Drakenstein households and businesses are troubled with the unsatisfactory provision of essential services, community facilities and services, economic development, account and billing services and performance of staff |
| Stellenbosch | No info | No info |
| Breede Valley | No info | No info |
| Langeberg | No info | No info |
| Cape Winelands DM | No info | No info |
| Theewaterskloof | TWK has implemented Service Level Agreements with communities, Service level agreement committee exists made out of members of the local community. Together with municipality Services standards are negotiated and reported on a quarterly basis to the committee | High degree of compliance i.r.o municipal service delivery and municipal office bearers |
| Overstrand | Yes | The survey was conducted by the municipality and the community were satisfied with the services rendered. |

Table 13: Public satisfaction on service level

| Municipality | Satisfaction surveys undertaken | What was the overall satisfaction levels from the public towards Municipal Service Delivery and office bearers |
|-------------------------|---------------------------------|--|
| Cape Agulhas | No | However, agreed to assist Department of Local Government: Public Participation section to undertake a citizen satisfaction survey within Cape Agulhas via the community development workers. Surveys to be undertaken in new financial year. In the meantime the Complaint System is being monitored which indicates a high level of satisfaction. |
| Swellendam | Yes | Low |
| Overberg DM | No | No |
| Kannaland | No info | No info |
| Hessequa | No | |
| Mossel Bay | Yes | Fairly good |
| George | Yes | According to findings 66.7% of the public was satisfied with the overall performance of the municipality |
| Oudtshoorn | No info | No info |
| Bitou | No info | No info |
| Knysna | No info | No info |
| Eden DM | No info | No info |
| Laingsburg | Yes | 83% of citizens were satisfied with the services. |
| Prince Albert | No info | No info |
| Beaufort West | No info | No info |
| Central Karoo DM | No info | No info |

Source: Municipal Annual Report 2010/11

1.11 IMPLEMENTATION OF CDW PROGRAMME

Community Development Workers (CDWs) play an important role in providing linkages between local communities and government services. These workers are civil servants who are passionate about serving their local communities. As such, they have vast grassroots knowledge about local conditions and serve as a valuable resource to make service delivery more accessible. Communities, especially in rural 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. This means that these workers form an important communication link between government and communities in order to mobilize their communities to become active participants in government programmes.

In the Western Cape, CDWs are deployed in 7 different regions. By the end of the 2010/11 financial year, there were 164 CDWs in the province, with an additional 10 supervisors. The Department of Local Government entered into a Memorandum of Agreement with 23 municipalities where these CDWs were deployed, namely: Witzenberg, Drakenstein, Breede Valley, Theewaterskloof, Overstrand, Cape Agulhas, George, Oudtshoorn, Bitou, Knysna, Laingsburg, Prince Albert, Beaufort West, Matzikama, Cederberg, Swartland, Saldanha Bay, Kannaland, Mossel bay, Stellenbosch, Cape Winelands District, Bergrivier and City of Cape Town.

During the 2010/11 financial year, CDWs conducted information sessions in various municipalities which include: Social Grants, Substance Abuse, Economic Opportunities, Housing Consumer Education, Child Maintenance, Cooperatives, Skills Training, Services rendered by SASSA, PAJA, Economic Empowerment, Know Your Service Rights, Job Creation, Fire and Floods, Teenage Pregnancy, Rights of Elderly people, etc. The number of the information sessions per region was as follow: Central Karoo 15, Metro 27, Overberg 8, Cape Winelands 11, West Coast 12, and Eden 6. In addition, two new partnerships with relevant stakeholders were concluded i.e. the

Department of Trade and Industry (DTI) in Eden and First National Bank (FNB) in Khayelitsha. Service Level Agreements with these stakeholders were signed.

There were a number of cases referred by CDWs to relevant institutions relating to Identity Documents, Indigent grants, Housing subsidies, etc. These cases were reported in the following municipalities: Metro 2002, Cape Winelands 794, Central Karoo 875, Eden 157, West Coast 1359 and Overberg 862.

The CDWs supported various government initiatives which include:

- Launching the Nursery and Herb Garden project by the Department of Environmental Affairs and Development Planning;
- Assisting Regional Stakeholders with Provincial Information Sharing Day Outreach by bringing information closer to the people;
- Supporting Expanded Public Works Programme in facilitating access to rural people of new carpenter and roadwork's learnership; and
- Assisting in identifying 397 beneficiaries in Nuwe Begin Beneficiary Survey at TR section in Khayelitsha.

Community projects supported by the CDWs during the period under review were:

- Masivuke project on getting 6 volunteers, training and filling in application forms for funding.
- Developed, initiated and monitored vegetable garden at A.H. Barnard Primary School.
- Handjies and Voetjies Educare with drafting of adverts, placement on database of Community Worker Programme.
- Administrative and technical support to Suit Case Back yard garden in Lutzville-Wes, Ebenheaser and Doring Bay in Matzikama Municipality.
- Stakeholders meeting about Community Nutritional Development centres in Khayelitsha.
- Vegetable garden at HM Dlikidla Primary School.
- Certificate ceremony for 10 young people that successfully completed computer training in ward 8 and 11.
- Clean and greed project of Ward 9 in Breede Valley Municipality.

CHAPTER 2: PERFORMANCE AND COMPLIANCE MONITORING

2.1 SERVICE DELIVERY BUDGET IMPLEMENTATION PLANS (SDBIP)

In terms of section 69(3) of the MFMA, the Accounting Officer must no later than 14 days after the approval of an annual budget submit to the mayor a draft SDBIP for the budget year and drafts of the annual performance agreements as required in terms of section 57(1) (b) of the Municipal Systems Act (Act 32 of 2000) for the Municipal Manager and all senior managers.

Furthermore, section 53 of the MFMA requires that the Executive Mayor of a municipality approves the municipality's SDBIP within 28 days after the approval of the budget. In terms of section 19 of the Municipal Budget and Reporting Regulations, the Municipal Manager must in accordance with section 21A of the Municipal Systems Act make public the approved SDBIP within ten working days after the Mayor has approved the plan in terms of section 53(1)(c)(11) of the Act.

The SDBIP targets should complement the municipal reporting cycle which includes the monthly report (section 71), mid-year report (section 72) and the annual report (section 122) of the Municipal Finance Management Act. The SDBIP forms the basis for the section 52(d) report on the implementation of the budget and the financial state of affairs of a municipality, which the mayor has to table in council within 30 days of the end of each quarter.

The following table outlines the compliance in terms of the submission of SDBIP by municipalities.

Table 14: Submission of SDBIPs by municipalities

| MUNICIPALITY | SUBMISSION OF SDBIP'S TO PROVINCIAL TREASURY | | |
|-------------------------|--|-------|-------|
| | 08/09 | 09/10 | 10/11 |
| City of Cape Town | Yes | Yes | Yes |
| West Coast District | Yes | Yes | Yes |
| Matzikama | Yes | Yes | Yes |
| Cederberg | Yes | Yes | Yes |
| Bergrivier | Yes | Yes | Yes |
| Saldanha Bay | Yes | Yes | Yes |
| Swartland | Yes | Yes | Yes |
| Cape Winelands District | Yes | Yes | Yes |
| Witzenberg | Yes | Yes | Yes |
| Drakenstein | Yes | Yes | Yes |
| Stellenbosch | Yes | Yes | Yes |
| Breede Valley | Yes | No | Yes |
| Langeberg | Yes | Yes | Yes |
| Overberg District | Yes | Yes | Yes |
| Theewaterskloof | Yes | Yes | Yes |
| Overstrand | Yes | Yes | Yes |
| Cape Agulhas | Yes | Yes | Yes |
| Swellendam | Yes | No | Yes |
| Eden District | Yes | No | Yes |
| Kannaland | Yes | Yes | Yes |
| Hessequa | Yes | Yes | Yes |
| Mossel Bay | Yes | Yes | Yes |
| George | Yes | Yes | Yes |

Table 14: Submission of SDBIPs by municipalities

| MUNICIPALITY | SUBMISSION OF SDBIP'S TO PROVINCIAL TREASURY | | |
|-------------------------------|--|-------|-------|
| | 08/09 | 09/10 | 10/11 |
| Oudtshoorn | Yes | Yes | Yes |
| Bitou | Yes | Yes | Yes |
| Knysna | Yes | Yes | Yes |
| Central Karoo District | Yes | Yes | Yes |
| Laingsburg | Yes | Yes | Yes |
| Prince Albert | Yes | Yes | Yes |
| Beaufort West | Yes | Yes | Yes |

Source: Provincial Treasury Database

All Western Cape municipalities prepared and submitted their SDBIP's for the 2010/11 financial year to Provincial Treasury.

All submitted SDBIPs were assessed by the Provincial Treasury based on the following criteria:

- Compliance
- Quality of document
- Budget/IDP linkage
- Basic Services: Water, Electricity, refuse removal, Sanitation and Housing. Targeted basic services and infrastructure investment
- Governance IDP Planning/ public participation
- Local Economic Development: Is the LED reported across directorates? Poverty alleviation and skill development
- Performance Management

The results of the assessment revealed that most of the municipalities had complied with the due date and submitted the document to council for approval. The SDBIP included all the high level indicators which are linked to the Strategic Objectives of the Municipality. The Key Performance Areas were included in the SDBIP and are linked to the budget.

2.2 SUBMISSION OF ANNUAL FINANCIAL STATEMENTS

Every municipality and every municipal entity must for each financial year prepare annual financial statements in accordance with section 122 of the MFMA (Act 56 of 2003). In terms of section 126 of the same Act, the Accounting Officer is required, that within two months (by end August) after the end of the financial year to which those statements relate, submit the statements to the Auditor-General for auditing. The table indicates the compliance of municipalities with the preparation and submission of Annual Financial Statements to Auditor General.

Table 15: Submission of AFS to AGSA

| MUNICIPALITY | PREPARATION AND SUBMISSION OF AFS TO AGSA | | |
|----------------------------|---|------------|------------|
| | 08/09 | 09/10 | 10/11 |
| City of Cape Town | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| West Coast District | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| Matzikama | 31 Aug 09 | 31 Aug 10 | 14 Dec 11 |
| Cederberg | 01 Sept 09 | 20 Sept 10 | 31 Aug 11 |
| Bergrivier | 22 Sept 09 | 31 Aug 10 | 30 Sept 11 |
| Saldanha Bay | 31 Aug 09 | 01 Sept 10 | 31 Aug 11 |
| Swartland | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |

Table 15: Submission of AFS to AGSA

| MUNICIPALITY | PREPARATION AND SUBMISSION OF AFS TO AGSA | | |
|-------------------------|---|------------|------------|
| | 08/09 | 09/10 | 10/11 |
| Cape Winelands District | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| Witzenberg | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| Drakenstein | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| Stellenbosch | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| Breede Valley | 15 Sept 09 | 10 Sept 10 | 31 Aug 11 |
| Langeberg | 31 Aug 09 | 31 Aug 10 | 30 Sept 11 |
| Overberg District | 31 Aug 09 | 31 Aug 10 | 30 Sept 11 |
| Theewaterskloof | 31 Aug 09 | 31 Aug 10 | 05 Sept 11 |
| Overstrand | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| Cape Agulhas | 07 Sept 09 | 31 Aug 10 | 31 Aug 11 |
| Swellendam | 11 Sept 09 | | |
| Eden District | 31 Aug 09 | 31 Aug 10 | 14 Feb 11 |
| Kannaland | 03 Sept 09 | 31 Aug 10 | 14 Dec 11 |
| Hessequa | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| Mossel Bay | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| George | 23 Sept 09 | 31 Aug 10 | 31 Aug 11 |
| Oudtshoorn | N/A | 21 Jan 11 | 24 Feb 11 |
| Bitou | 31 Aug 09 | 31 Aug 10 | 08 Sept 11 |
| Knysna | 31 Aug 09 | 31 Aug 10 | 01 Sept 11 |
| Central Karoo District | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| Laingsburg | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |
| Prince Albert | 31 Aug 09 | 31 Aug 10 | 26 Sept 11 |
| Beaufort West | 31 Aug 09 | 31 Aug 10 | 31 Aug 11 |

Source: Provincial Treasury Database

The above table indicates the dates on which the financial statements of each municipality were submitted to the Auditor-General in the past three financial years. The table reflects that when comparing the 2009/10 and 2010/11 financial years there has been a decrease in terms of municipal compliance with the submission of the Annual financial statements to the Auditor-General by 31 August of each year. Twelve municipalities did not comply with the submission of the financial statements by 31 August 2011. The municipalities that submitted their Annual Financial Statements after the due date provided the following reasons:

- Challenges with the implementation of GRAP 17 (the balancing of the Fixed Asset Register and infrastructure assets)
- Challenges with completing the Fixed Asset Register
- The resignation of the Chief Financial Officer, combined with GRAP 17 implementation backlogs, caused the late submission
- Staffing shortage that emerged at a late stage during the compilation process of Annual Financial Statements

2.3 SUBMISSION OF ANNUAL REPORTS

In terms of section 127(2) of the MFMA, the Mayor must within seven months (by end January) of the financial year, table in the municipal council the annual report of the municipality containing all elements as prescribed by section 121(3) of the MFMA.

Section 127(5)(b) then requires that immediately after the annual report has been tabled in the council in terms of 127(2), the accounting officer of a municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province. The following table indicates the compliance of municipalities with the tabling in council and submission of Annual reports to the Department of Local Government.

Table 16: Tabling and submission of annual report

| MUNICIPALITY | 09/10 | | 10/11 | |
|-------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | Tabling date in Council | Submission to the DLG | Tabling date in Council | Submission to the DLG |
| City of Cape Town | 26 Jan 11 | Yes | 25 Jan 12 | Yes |
| West Coast District | 24 Nov 10 | Yes | 23 Nov 11 | Yes |
| Matzikama | 24 Nov 10 | Yes | 31 Jan 12 | Yes |
| Cederberg | 06 Dec 10 | Yes | 09 Feb 12 | Yes |
| Bergrivier | 27 Jan 11 | Yes | 31 Jan 12 | Yes |
| Saldanha Bay | 17 Mar 11 | Yes | 25 Jan 12 | Yes |
| Swartland | 31 Jan 11 | Yes | 26 Jan 12 | Yes |
| Cape Winelands District | 27 Jan 11 | Yes | 26 Jan 12 | Yes |
| Witzenberg | 25 Jan 11 | Yes | 27 Jan 12 | Yes |
| Drakenstein | 26 Jan 11 | Yes | 25 Jan 12 | Yes |
| Stellenbosch | 27 Jan 11 | Yes | 26 Jan 12 | Yes |
| Breede Valley | 31 Jan 11 | Yes | 25 Jan 12 | Yes |
| Langeberg | 02 Dec 10 | Yes | 25 Jan 12 | Yes |
| Overberg District | 08 Mar 11 | Yes | 31 Jan 12 | Yes |
| Theewaterskloof | 25 Jan 11 | Yes | 25 Jan 12 | Yes |
| Overstrand | 26 Jan 11 | Yes | 25 Jan 12 | Yes |
| Cape Agulhas | 26 Jan 11 | Yes | 08 Dec 11 | Yes |
| Swellendam | Non-compliance | | Non-compliance | |
| Eden District | 15 Dec 10 | Yes | 27 Jan 12 | Yes |
| Kannaland | 28 Jan 11 | Yes | 31 Jan 12 | Yes |
| Hessequa | 25 Jan 11 | Yes | 22 Nov 11 | Yes |
| Mossel Bay | 27 Jan 11 | Yes | 26 Jan 12 | Yes |
| George | 20 Jan 11 | Yes | 25 Jan 12 | Yes |
| Oudtshoorn | Non-compliance | | Non-compliance | |
| Bitou | 25 Jan 11 | Yes | 29 Jun 12 | Yes |
| Knysna | 25 Jan 11 | Yes | 26 Jan 12 | Yes |
| Central Karoo District | 25 Feb 11 | Yes | 05 Mar 12 | Yes |
| Laingsburg | 25 Jan 11 | Yes | 10 Jan 12 | Yes |
| Prince Albert | 03 Jan 11 | Yes | 09 Jan 12 | Yes |
| Beaufort West | 08 Dec 10 | Yes | 13 Dec 12 | Yes |

Source: Department of Local Government Database

Twenty five municipalities tabled their Annual reports in council within the specified timeframe. Cederberg, Bitou and Central Karoo municipalities tabled their Annual reports after the specified timeframe, while Swellendam and Oudtshoorn municipalities did not comply with the Act in tabling their annual report in council. The table illustrates that Oudtshoorn and Swellendam municipalities have not complied to section 127(2) and section 127(5)(b) of the MFMA.

2.4 OVERSIGHT REPORTS

Section 129(1) of the MFMA prescribes that the council of a municipality must consider the Annual report of the municipality and of any municipal entity under the municipality's sole or shared control. By no later than two months from the date on which the annual report was tabled in council in terms of section 127, Council must adopt an Oversight report containing the comments on the annual report, which must include a statement whether the council has:

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

The table indicates the compliance of municipal councils with the adoption of the Oversight report and the council's resolutions on the Annual reports.

Table 17: Adoption of oversight report

| MUNICIPALITY | Financial Year | Expected date of Adoption | Actual adoption date | Annual report approved without reservations | Annual report approved with reservations | Annual report rejected | Annual report referred back for revision |
|-------------------------|----------------|---------------------------|----------------------|---|--|------------------------|--|
| City of Cape Town | 09/10 | 26 Mar 11 | 30 Mar 11 | | | | |
| | 10/11 | 25 Mar 12 | 28 Mar 12 | | | | |
| West Coast District | 09/10 | 24 Jan 11 | 01 Feb 11 | | | | |
| | 10/11 | 23 Jan 12 | 31 Jan 12 | | | | |
| Matzikama | 09/10 | 31 Mar 11 | 28 Mar 11 | | | | |
| | 10/11 | 31 Mar 12 | 27 Mar 12 | | | | |
| Cederberg | 09/10 | 06 Feb 11 | 18 Mar 11 | | | | |
| | 10/11 | 09 May 12 | 29 Mar 12 | | | | |
| Bergrivier | 09/10 | 27 Mar 11 | 29 May 11 | | | | |
| | 10/11 | 31 Mar 12 | 22 Mar 12 | | | | |
| Saldanha Bay | 09/10 | 17 May 11 | 06 May 11 | | | | |
| | 10/11 | 25 Mar 12 | 29 Mar 12 | | | | |
| Swartland | 09/10 | 31 Mar 11 | 31 Mar 11 | | | | |
| | 10/11 | 26 Mar 12 | 29 Mar 12 | | | | |
| Cape Winelands District | 09/10 | 27 Mar 11 | 31 Mar 11 | | | | |
| | 10/11 | 26 Mar 12 | 30 Mar 12 | | | | |
| Witzenberg | 09/10 | 25 Mar 11 | 28 Feb 11 | | | | |
| | 10/11 | 27 Mar 12 | 03 Apr 12 | | | | |
| Drakenstein | 09/10 | 26 Mar 11 | 30 Mar 11 | | | | |
| | 10/11 | 25 Mar 12 | 20 Mar 12 | | | | |
| Stellenbosch | 09/10 | 27 Mar 11 | 24 Mar 11 | | | | |
| | 10/11 | 26 Mar 12 | 29 Mar 12 | | | | |

Table 17: Adoption of oversight report

| MUNICIPALITY | Financial Year | Expected date of Adoption | Actual adoption date | Annual report approved without reservations | Annual report approved with reservations | Annual report rejected | Annual report referred back for revision |
|------------------------|----------------|---------------------------|----------------------|---|--|------------------------|--|
| Breede Valley | 09/10 | 31 Mar 11 | 23 Mar 11 | | | | |
| | 10/11 | 25 Mar 12 | 29 Mar 12 | | | | |
| Langeberg | 09/10 | 02 Feb 11 | 22 Feb 11 | | | | |
| | 10/11 | 25 Mar 12 | 28 Mar 12 | | | | |
| Overberg District | 09/10 | 08 May 11 | 15 Apr 11 | | | | |
| | 10/11 | 31 Mar 12 | 26 Mar 12 | | | | |
| Theewaterskloof | 09/10 | 25 Mar 11 | 24 Mar 11 | | | | |
| | 10/11 | 25 Mar 12 | 29 Mar 12 | | | | |
| Overstrand | 09/10 | 26 Mar 11 | 30 Mar 11 | | | | |
| | 10/11 | 25 Mar 12 | 28 Mar 12 | | | | |
| Cape Agulhas | 09/10 | 26 Mar 11 | 26 Jan 11 | | | | |
| Swellendam | 09/10 | Non-compliance | | N/A | | | |
| | 10/11 | Non-compliance | | N/A | | | |
| Eden District | 09/10 | 15 Feb 11 | 30 Mar 11 | | | | |
| | 10/11 | 27 Mar 12 | 30 Mar 12 | | | | |
| Kannaland | 09/10 | 28 Mar 11 | Non-compliance | | | | |
| | 10/11 | 31 Mar 12 | | | | | |
| Hessequa | 09/10 | 25 Mar 11 | 22 Mar 11 | | | | |
| | 10/11 | 22 Jan 12 | 30 Mar 12 | | | | |
| Mossel Bay | 09/10 | 27 Mar 11 | 31 Mar 11 | | | | |
| | 10/11 | 26 Mar 12 | 26 Mar 12 | | | | |
| George | 09/10 | 27 Mar 11 | 15 Mar 11 | | | | |
| | 10/11 | 25 Mar 12 | 29 Mar 12 | | | | |
| Oudtshoorn | 09/10 | Non-compliance | | N/A | | | |
| | 10/11 | Non-compliance | | N/A | | | |
| Bitou | 09/10 | 25 Mar 11 | 25 Mar 11 | | | | |
| | 10/11 | 29 Jun 12 | 29 Jun 12 | | | | |
| Knysna | 09/10 | 25 Mar 11 | 17 Mar 11 | | | | |
| | 10/11 | 26 Mar 12 | 13 Apr 12 | | | | |
| Central Karoo District | 09/10 | 25 Apr 11 | 25 Feb 11 | | | | |
| | 10/11 | 05 May 12 | 15 Mar 12 | | | | |

Table 17: Adoption of oversight report

| MUNICIPALITY | Financial Year | Expected date of Adoption | Actual adoption date | Annual report approved without reservations | Annual report approved with reservations | Annual report rejected | Annual report referred back for revision |
|----------------------|----------------|---------------------------|----------------------|---|--|------------------------|--|
| Laingsburg | 09/10 | 25 Mar 11 | 28 Mar 11 | | | | |
| | 10/11 | 10 Mar 12 | 28 Mar 12 | | | | |
| Prince Albert | 09/10 | 03 Mar 11 | 13 May 11 | | | | |
| | 10/11 | 09 Mar 12 | 27 Mar 12 | | | | |
| Beaufort West | 09/10 | 08 Feb 11 | 28 Feb 11 | | | | |
| | 10/11 | 13 Feb 12 | 30 Mar 12 | | | | |

Source: Department of Local Government database 2012

Out of the twenty eight municipalities that have tabled the annual reports in council, only twenty three have adopted their Oversight report to council within specified timeframe. Cederberg, Witzenberg, Bitou and Knysna municipalities adopted their oversight reports after the specified timeframe while Kannaland, Oudtshoorn and Swellendam municipalities continued with the trend identified in 2009/10 of non-compliance with the Act in adopting their oversight report.

In the two periods reflected in the table, none of the Annual reports were rejected by Council. Overberg District's Annual report was in 2009/10 referred back for revision by the Municipal Council but was eventually approved. In the 2010/11 financial year, sixteen municipal Annual reports were approved without reservations as compared to the twenty-three in the previous financial year. Ten municipal annual reports were approved with reservations as compared to the three in 2009/10 financial year.

CHAPTER 3: PLANNING AND DEVELOPMENT

3.1 INTEGRATED DEVELOPMENT PLANNING

Integrated Development Planning (IDP) has formed part of the democratic South Africa since the late 1990s. Municipalities are entering the third 5 year term of utilizing integrated development planning as their strategic municipal planning processes. The IDP Directorate within the Department of Local Government fulfills the requirements of Section 31 of the Municipal Systems Act, 32 of 2000, which requires the MEC for Local Government to provide comment on the IDPs of municipalities.

IDPs in the Western Cape Province form a critical component towards the municipal strategic development agenda that is increasingly being utilized to inform the province's planning and resource allocation processes.

3.2 IDP ASSESSMENT

The assessment of municipal IDPs by the Provincial Government is central to efforts aimed at providing support to the development IDPs within the Province. Each municipal IDP was assessed in terms of the IDP credibility framework of the Western Cape. This assessment framework consists of 5 central criteria:

- Clear analysis of municipal reality and clear development strategy;
- Targeted basic services and infrastructure investment;
- Community involvement in planning and delivery;
- Institutional delivery capacity within municipality; and
- Alignment with national/provincial programmes.

Table 18: Dates of adoption and submission of IDP

| Municipality | Adoption date of final IDP | Date submitted to MEC for Local Government |
|-------------------|----------------------------|--|
| City of Cape Town | 01 Jun 11 | 04 Jul 11 |
| West Coast DM | 23 Mar 11 | 15 Apr 11 |
| Matzikama | 28 Apr 11 | 06 May 11 |
| Cederberg | 28 Apr 11 | 17 May 11 |
| Berg River | 12 May 11 | 31 May 11 |
| Saldanha Bay | 06 Jul 11 | IDP not officially submitted to MEC |
| Swartland | 05 May 11 | 13 May 11 |
| Cape Winelands DM | 14 Apr 11 | 24 May 11 |
| Witzenberg | 20 Apr 11 | 01 Jun 11 |
| Drakenstein | 20 Apr 11 | 30 May 11 |
| Stellenbosch | 05 May 11 | 25 May 11 |
| Breede Valley | 05 May 11 | 01 Jun 11 |
| Langeberg | 19 Apr 11 | 27 May 11 |
| Overberg DM | 20 Apr 11 | 25 May 11 |
| Theewaterskloof | 05 May 11 | 16 May 11 |
| Overstrand | 04 May 11 | 19 May 11 |
| Cape Agulhas | 30 May 11 | 20 May 11 |
| Swellendam | 13 Jun 11 | 05 Jul 11 |
| Eden DM | 21 Apr 11 | 04 May 11 |
| Kannaland | 20 Apr 11 | 12 May 11 |
| Hessequa | 19 Apr 11 | 30 May 11 |
| Mossel Bay | 03 May 11 | 24 May 11 |

Table 18: Dates of adoption and submission of IDP

| Municipality | Adoption date of final IDP | Date submitted to MEC for Local Government |
|-------------------------|-----------------------------------|---|
| George | 30 May 11 | 24 May 11 |
| Oudtshoorn | 26 Apr 11 | 05 May 11 |
| Bitou | 06 May 11 | 27 May 11 |
| Knysna | 20 Apr 11 | 17 May 11 |
| Central Karoo DM | 17 May 11 | 20 May 11 |
| Laingsburg | 16 May 11 | 30 May 11 |
| Prince Albert | 29 Apr 11 | 09 Jun 11 |
| Beaufort West | 12 Apr 11 | 08 Jun 11 |

Source: Provincial IDP Assessment Annual Report 2011/2012

All twenty seven IDPs that were assessed by the Province, were considered to be of quality and therefore credible. Despite the quality, there were also areas of improvement identified in the process of development of the IDPs. This included:

- Few of the province's municipalities IDPs are developed by municipalities internally. The utilization of service providers is almost non-existent in the province. This is a positive step to deepen the ownership of these plans.
- There is an emergence of introducing ward/community based planning and spatial budgeting in some IDPs. This is important because of the connection that these IDPs seek to make with communities on the ground.
- There are also attempts made by some municipalities to link their plans with key provincial strategic plans.
- In general, municipalities embarked on comprehensive public participation processes as part of the development of their IDPs.
- There are municipalities that have succeeded in reflecting the status of their sector plans in their IDPs.

CHAPTER 4: SERVICE DELIVERY PERFORMANCE

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

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

The Department of Local Government must ensure that municipalities in the Province are fully functional to enable the delivery of infrastructure and municipal services. This chapter on service delivery attempts to give an indication of the performance of each municipality in the Western Cape during the municipal financial year ending June 2011. However, it needs to be noted that information received for this chapter is very limited due to the fact that information was often outstanding, incomplete or in a different format. The primary source of information used throughout this chapter was sourced from Annual Reports of the financial year under review and supplemented by questionnaires submitted by municipalities for the financial year 2010/11.

Within the Western Cape Province, the municipal service delivery backlogs vary from one municipality to another. The most evident type of service that has a major backlog in the province is housing, with 21 municipalities indicating to have backlogs in different locations in the municipal area. Municipalities have specified a significant amount of money that is needed to address the backlog, amounting to billions of rands. The following table shows the service delivery backlogs per type of service for each municipality.

4.1 SERVICE DELIVERY BACKLOGS

Table 19: Municipal Backlogs

| Municipality | Type of service | Housing | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) | Streets and storm water |
|-------------------|-------------------------------|--------------|---|---|---|---|-------------------------|
| City of Cape Town | Major backlog locality | Metro-wide | Various informal settlements within Cape Town | Various informal settlements within Cape Town | None | Various informal settlements within Cape Town | No info |
| | Total nr. of households | 353 000 | 11 456 | 88 716 | None | 40 012 | None |
| | Total cost to address (R'000) | R3.7 billion | R2 616 160 | R170 774 | None | R260 078 | None |

Table 19: Municipal Backlogs

| Municipality | Type of service | Housing | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) | Streets and storm water |
|--------------|-------------------------------|---------------------|-----------------|------------|---|------------------------|--|
| Matzikama | Major backlog locality | Whole area | Whole area | Whole area | None | Whole area | Whole area |
| | Total nr. of households | 4 936 | 600 | 600 | None | 300 | 250 |
| | Total cost to address (R'000) | R271 480 | R7 000 | R14 000 | None | R3 000 | R8 000 |
| Cederberg | Major backlog locality | None | Whole area | Whole area | None | None | Whole area |
| | Total nr. of households | None | 3 950 | 3 999 | None | None | 17 km Gravel road 5 km storm water |
| | Total cost to address (R'000) | None | R197 500 | R199 950 | None | None | R2 466 Gravel Road R2 217 Storm Water |
| Bergrivier | Major backlog locality | Whole area | None | None | None | None | None |
| | Total nr. of households | 3 950 | None | None | None | None | None |
| | Total cost to address (R'000) | None | None | None | None | None | None |
| Saldanha Bay | Major backlog locality | Middelpos, Saldanha | None | None | None | Middelpos, Saldanha | None |
| | Total nr. of households | 6 730 | None | None | None | 122 | None |
| | Total cost to address (R'000) | R55 000 | None | None | None | R900 | None |

Table 19: Municipal Backlogs

| Municipality | Type of service | Housing | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) | Streets and storm water |
|---------------|-------------------------------|--|--------------------------------|--|---|--|--|
| Swartland | Major backlog locality | Chartsworth Riebeek West Abbottsdale Malmesbury | Riebeek Valley area | Installation of automatic samplers at two industries | None | All proclaimed erven including informal housing area provided with minimum standard of service | Application of polymer based coatings for dust control |
| | Total nr. of households | 381 320 325 1000 | | 104 | None | None | None |
| | Total cost to address (R'000) | R1 211 200 | R12 599 | R27 863 | None | R1 265 (maintenance to ensure no new backlogs are created) | R8 651 |
| West Coast DM | Major backlog locality | Bitterfontein, Nuwerus, Kliprand | None | None | None | None | None |
| | Total nr. of households | 60 | None | None | None | None | None |
| | Total cost to address (R'000) | R3 600 | None | None | None | None | None |
| Witzenberg | Major backlog locality | Bella Vista, Tulbagh, Wolseley | Bella Vista, Tulbagh, Wolseley | None | Bella Vista, Tulbagh, Wolseley | Bella Vista, Tulbagh, Wolseley | Bella Vista, Tulbagh, Wolseley |
| | Total nr. of households | 7 257 | 7 257 | None | 7 257 | 7 257 | 7 257 |
| | Total cost to address (R'000) | R83 834 | 0 | None | 0 | 0 | 0 |
| Drakenstein | Major backlog locality | None | Farms | Farms | None | None | Farms |
| | Total nr. of households | None | 894 | 890 (no services, 38 | | | |

Table 19: Municipal Backlogs

| Municipality | Type of service | Housing | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) | Streets and storm water |
|-------------------|--|---|--|------------------------------------|--|--|---|
| Stellenbosch | Major backlog locality | None | None | None | None | None | Stellenbosch area |
| | Total nr of households | None | None | None | None | None | 30km |
| | Total cost to address (R'000) | None | None | None | None | None | R50 000 |
| Breede Valley | Major backlog locality | None | Breede Valley area | None | Breede Valley area | None | Breede Valley area |
| | Total nr. of households | None | 3 918 | None | 3 918 | 0 | 3 918 |
| | Total cost to address (R'000) | None | R44 500 | None | R5 000 | None | R70 300 |
| Langeberg | Major backlog locality | Ashton Bonnievale McGregor Montagu Robertson | Ashton Bonnievale McGregor Montagu Robertson | None | Ashton Bonnievale McGregor Montagu Robertson | Ashton Bonnievale McGregor Montagu Robertson | Ashton Bonnievale McGregor Montagu Robertson |
| | Total nr. of households | 9 114 | 9 114 | None | 9 114 | 9 114 | 9 114 |
| | Total cost to address (R'000) | R600 000 | Unpredictable | None | Unpredictable | Unpredictable | Unpredictable |
| Cape Winelands DM | Do not render any services in DMA area | | | | | | |
| Theewaterskloof | Major backlog locality | Grabouw Villiersdorp Botriver Caledon RSE Genadendal | Grabouw Villiersdorp | Grabouw Villiersdorp Caledon | None | | Grabouw Villiersdorp Botriver Caledon RSE Genadendal |

Table 19: Municipal Backlogs

| Municipality | Type of service | Housing | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) | Streets and storm water |
|--------------|--|--|-----------------|------------|---|------------------------|-------------------------|
| Overstrand | Major backlog locality | Overstrand area | None | None | None | None | None |
| | Total nr. of households | 6 145 | None | None | None | None | None |
| | Total cost to address (R'000) | R375 000 | None | None | None | None | None |
| Cape Agulhas | Major backlog locality | | None | None | None | None | None |
| | Total nr. of households | 4 292 | None | None | None | None | 848 |
| | Total cost to address (R'000) | R429 000 | None | None | None | None | R25 |
| Swellendam | Major backlog locality | All towns | None | Suurbraak | None | None | None |
| | Total nr. of households | 3 345 | None | 16 | None | None | None |
| | Total cost to address (R'000) | None | None | None | None | None | None |
| Overberg DM | Do not render any services in DMA area | | | | | | |
| Kannaland | Major backlog locality | Calitzdorp Ladismith Van Wyksorp | Zoar | None | None | None | None |
| | Total nr. of households | 250 935 190 | 250 | 164 | None | 3 081 | None |
| | Total cost to address (R'000) | R15 000 | None | None | None | None | None |
| Hessequa | Major backlog locality | Hessequa | Hessequa | None | Hessequa | Hessequa | Hessequa |
| | Total nr. of households | 3 855 | 5 724 | None | 5 724 | 5 724 | 775 |
| | Total cost to address (R'000) | R385 500 | None | None | None | None | R34 000 |

Table 19: Municipal Backlogs

| Municipality | Type of service | Housing | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) | Streets and storm water |
|--------------|-------------------------------|---|---------------------------------------|---|---|--|---|
| Mossel Bay | Major backlog locality | None | Kwa-Nonqaba Asia Park Joe Slovo | Greatbrak Powertown Joe Slovo Kwa-Nonqaba Asia Park Bartelsfontein | None | Wolwedans Joe Slovo Asazani/ izinyoka | Kwa-Nonqaba Friemersheim Herbertsdale Sonskynvallei Brandwacht Wolwedans |
| | Total nr. of households | None | 840 | 563 | None | 1 649 | 1 396 |
| | Total cost to address (R'000) | None | 17 000 | 20 000 | None | 12 000 | 60 000 |
| George | Major backlog locality | George | None | George | None | None | None |
| | Total nr. of households | 16 100 (waiting list + 4 373 (informal settlement)) | None | 96 | None | None | None |
| | Total cost to address (R'000) | R1 610 | None | R1 004 | None | None | None |
| Oudtshoorn | Major backlog locality | No info | No info | No info | No info | No info | No info |
| | Total nr. of households | No info | No info | No info | No info | No info | No info |
| | Total cost to address (R'000) | No info | No info | No info | No info | No info | No info |
| Bitou | Major backlog locality | Whole area | Whole area | Whole area | None | Whole area | Whole area |
| | Total nr. of households | 7 950 | 7 448 | 7 448 | None | 740 | 7 950 |
| | Total cost to address (R'000) | R816 275 | R10 576 | R23 287 | None | R4 884 | R9 748 |
| Knysna | Major backlog locality | None | None | None | None | None | None |
| | Total nr. of households | None | None | None | None | None | None |
| | Total cost to address | None | None | None | None | None | None |

Table 19: Municipal Backlogs

| Municipality | Type of service | Housing | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) | Streets and storm water |
|------------------|-------------------------------|----------------|-----------------|--------------|---|------------------------|-------------------------|
| Eden DM | Major backlog locality | None | None | None | None | None | None |
| | Total nr. of households | None | None | None | None | None | None |
| | Total cost to address (R'000) | None | None | None | None | None | None |
| Laingsburg | Major backlog locality | Whole area | Whole area | Whole area | Whole area | Whole area | Whole area |
| | Total nr. of households | 500 | 500 | 500 | 500 | 500 | 500 |
| | Total cost to address (R'000) | R47 000 | | | | | |
| Prince Albert | Major backlog locality | Municipal area | None | None | None | None | None |
| | Total nr. of households | 2121 | None | None | None | None | None |
| | Total cost to address (R'000) | R212 100 | None | None | None | None | None |
| Beaufort West | Major backlog locality | Whole area | Whole area | Whole area | None | None | Whole area |
| | Total nr of households | 3 039 | 28 | 28 | None | None | 1 916 |
| | Total cost to address (R'000) | R182 340 | R355 | R600 | None | None | R8 825 |
| Central Karoo DM | Major backlog locality | Murrays-burg | Murrays-burg | Murrays-burg | None | Murraysburg | None |
| | Total nr of households | 50 | 100 | 120 | None | 130 | None |
| | Total cost to address (R'000) | R2 500 | R100 | R100 | None | R170 | None |

Source: Municipal Annual Report 2010/11, Questionnaire 2012

4.2 PROVISION OF BASIC SERVICES

Based on the information provided by the municipalities in their annual reports and the questionnaire distributed, the Province seems to be performing above the average of 70% in the provision of basic and free basic services. During the 2010/11 financial year, the total number of households in the province was 1, 3 million. Of these households, 536 903 are classified as indigent households, which then translates to 35% being indigent. Based on the information provided by municipalities on their annual reports and questionnaires, the average percentages of households serviced are described below:

- An average of 95% of households are serviced with water;
- An average of 96% of households are serviced with sanitation;
- An average of 97% of households are serviced with refuse removal on site; and
- An average of 96% of households are serviced with electricity.

The table below gives the total number of households with access to each service for each municipality and the number of indigent households in each municipality in the province. It must be noted that there is a huge information gap in the table below. Some reasons are that municipalities submitted annual reports in different formats or information was not submitted. This poses a challenge because not all annual reports contained information required by the table below. Certain municipalities did not submit the annual reports of the financial year under review.

Table 20: Provision of basic services

| Municipality | Type of service | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) |
|-------------------|--|-----------------|------------|---|------------------------|
| City of Cape Town | Total nr. of households (Municipal data) | 1 103 182 | 1 103 182 | 1 103 182 | 1 103 182 |
| | Total nr. of households serviced | 1 091 726 | 1 014 464 | 1 103 182 | 1 103 182 |
| | % | 98.96 | 91.96 | 100 | 100 |
| Matzikama | Total nr. of households (Municipal data) | 14 705 | 14 705 | 14 705 | 14 705 |
| | Total nr. of households serviced | 8947 | 8947 | 9097 | 9098 |
| | % | 61 | 61 | 62 | 62 |
| Cederberg | Total nr. of households (Municipal data) | 6397 | 4979 | 4911 | 6782 |
| | Total nr. of households serviced | 6397 | 4979 | 4911 | 6782 |
| | % | 100 | 100 | 100 | 100 |
| Bergrivier | Total nr. of households (Municipal data) | 8472 | 5813 | 7912 | 8384 |
| | Total nr. of households serviced | 8472 | 5813 | 7912 | 8384 |
| | % | 100 | 100 | 100 | 100 |

Table 20: Provision of basic services

| Municipality | Type of service | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) |
|---------------|---|-----------------|------------|---|------------------------|
| Saldanha Bay | Total nr. of households (Municipal data) | 23736 | 23376 | 23736 | 22368 |
| | Total nr. of households serviced | 23736 | 23376 | 23736 | 21060 |
| | % | 100 | 100 | 100 | 94.2 |
| Swarthland | Total nr. of households (Municipal data) | 18230 | 18230 | 18230 | 18230 |
| | Total nr. of households serviced | 18230 | 18230 | 18230 | 18230 |
| | % | 100 | 100 | 100 | 100 |
| West Coast DM | Total nr. of households (Municipal data) | 920 | 920 | 920 | 920 |
| | Total nr. of households serviced | 920 | 920 | 920 | 920 |
| | % | 100 | 100 | 100 | 100 |
| Witzenberg | Total nr. of households (Municipal data) | 23892 | 23892 | 23892 | 23892 |
| | Total nr. of households serviced | 23892 | 23892 | 23892 | 23892 |
| | % | 100 | 100 | 100 | 100 |
| Drakenstein | Total nr. of households (Municipal data) | 41 107 | 41 107 | 51 286 | 326 |
| | Total nr. of households serviced | 40 213 | 40 213 | 51 286 | 326 |
| | % | 97.8 | 97.8 | 100 | 100 |
| Stellenbosch | Total nr. of households (Municipal data) | 38 191 | 38 191 | 23 000 | - |
| | Total nr. of households serviced | 28 343 | 28 343 | 23 000 | - |
| | % | 74 | 74 | 100 | - |

Table 20: Provision of basic services

| Municipality | Type of service | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) |
|--------------------------|---|-----------------|------------|---|------------------------|
| Breede Valley | Total nr. of households (Municipal data) | 25791 | 25791 | 25791 | 25791 |
| | Total nr. of households serviced | 25791 | 25791 | 25791 | 25791 |
| | % | 100.00 | 100.00 | 100.00 | 100.00 |
| Langeberg | Total nr. of households (Municipal data) | 21 856 | 21 856 | 21 856 | 21 856 |
| | Total nr. of households serviced | 14307 | - | 14541 | 15243 |
| | % | 65.5 | - | 66.79 | 69.21 |
| Cape Winelands DM | | | | | |
| Theewaterskloof | Total nr. of households (Municipal data) | 24972 | 30295 | 21324 | 5260 |
| | Total nr. of households serviced | 37385 | 29818 | 21324 | 5260 |
| | % | 100 | 98.4 | 100 | 100 |
| Overstrand | Total nr. of households (Municipal data) | 31 357 | 31 357 | 31 357 | 31 357 |
| | Total nr. of households serviced | 31 357 | 31 357 | 31 357 | 31 357 |
| | % | 100 | 100 | 100 | 100 |
| Cape Agulhas | Total nr. of households (Municipal data) | 7441 | 7441 | 7441 | 7441 |
| | Total nr. of households serviced | 7441 | 7441 | 7441 | 7441 |
| | % | 100 | 100 | 100 | 100 |
| Swellendam | Total nr. of households (Municipal data) | 5515 | 5515 | 5515 | 5515 |
| | Total nr. of households serviced | 6163 | 6163 | 6163 | 6163 |

Table 20: Provision of basic services

| Municipality | Type of service | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) |
|--------------------|---|-----------------|------------|---|------------------------|
| Overberg DM | | | | | |
| Kannaland | Total nr. of households (Municipal data) | | | | |
| | Total nr. of households serviced | | | | |
| | % | | | | |
| Hessequa | Total nr. of households (Municipal data) | 14928 | 15723 | 15097 | 14207 |
| | Total nr. of households serviced | 14928 | 15723 | 15097 | 14207 |
| | % | 100 | 100 | 100 | 100 |
| Mossel Bay | Total nr. of households (Municipal data) | 25528 | | | 32360 |
| | Total nr. of households serviced | 25528 | | | 32360 |
| | % | 100 | | | 100 |
| George | Total nr. of households (Municipal data) | 45544 | 0 | 46044 | 45544 |
| | Total nr. of households serviced | 40580 | 0 | 43500 | 36872 |
| | % | 89.10 | 0 | 94.47 | 80.96 |
| Oudtshoorn | Total nr. of households (Municipal data) | | | | |
| | Total nr. of households serviced | | | | |
| | % | | | | |
| Bitou | Total nr. of households (Municipal data) | 13967 | 13941 | 15112 | 9729 |
| | Total nr. of households serviced | 13967 | 13941 | 15087 | 9399 |
| | % | 100 | 100 | 99.85 | 96.6 |

Table 20: Provision of basic services

| Municipality | Type of service | Water (on site) | Sanitation | Refuse removal (at least once a week at site) | Electricity (in house) |
|------------------|---|-----------------|------------|---|------------------------|
| Knysna | Total nr. of households (Municipal data) | 21348 | 21348 | 21348 | 21348 |
| | Total nr. of households serviced | 21348 | 21348 | 21348 | 21348 |
| | % | 100 | 100 | 100 | 100 |
| Eden DM | Total nr. of households (Municipal data) | - | - | - | - |
| | Total nr. of households serviced | - | -- | - | - |
| | % | - | - | - | - |
| Laingsburg | Total nr. of households (Municipal data) | 1959 | 1959 | 1959 | 1959 |
| | Total nr. of households serviced | 1959 | 1959 | 1959 | 1959 |
| | % | 100 | 100 | 100 | 100 |
| Prince Albert | Total nr. of households (Municipal data) | | | | |
| | Total nr. of households serviced | | | | |
| | % | | | | |
| Beaufort West | Total nr. of households (Municipal data) | 10 043 | 10 043 | 10 043 | 10 043 |
| | Total nr. of households serviced | 10 043 | 10 043 | 10 043 | 10 043 |
| | % | 100 | 100 | 100 | 100 |
| Central Karoo DM | Total nr. of households (Municipal data) | 1452 | 1452 | 1452 | 1452 |
| | Total nr. of households serviced | 1452 | 1452 | 1452 | 1452 |
| | % | 100 | 100 | 100 | 100 |

Source: Municipal Annual Report 2010/11 & Questionnaires 2012

4.3 CAPITAL BUDGET SPENT FOR 2010/11

Municipalities are expected to spend 100% of their capital budgets. Municipalities in the Province spent an average of 71.3% of their adjusted capital budgets in the 2010/11 financial year. This translates to an average under spending of 28.7%.

Twenty two municipalities in the Province have under spent more than 15% of its capital budgets, with only West Coast District, Drakenstein, Breede Valley, Cape Winelands District, Overstrand, Cape Agulhas, Mossel Bay and Knysna municipalities with less than 15% under spending. The Overberg District Municipality spent only 3.5% of its capital budget which is highest of all municipalities that under spent with an excess of 96.5%, followed by Prince Albert with 63.6%, Kannaland 59.3%, Oudtshoorn 46.8% and Laingsburg by 54.6%. This table indicates the percentage of capital budget spent by municipalities as at June 2011.

Table 21: Capital expenditure as at June 2011

| Municipality | Adjusted capital budget | Expenditure | % spent | (over)under |
|-----------------|-------------------------|----------------|-------------|-------------|
| Cape Town | 3 995 477 | 2 857 695 | 71.5 | 28.5 |
| Matzikama | 57 772 | 38 149 | 66.0 | 34.0 |
| Cederberg | 69 748 | 49 812 | 71.4 | 28.6 |
| Bergrivier | 42 646 | 33 870 | 79.4 | 20.6 |
| Saldanha bay | 170 723 | 103 144 | 60.4 | 39.6 |
| Swartland | 90 226 | 71 152 | 78.9 | 21.1 |
| West Coast | 61 935 | 55 985 | 90.4 | 9.6 |
| Witzenberg | 76 663 | 61 218 | 79.9 | 20.1 |
| Drakenstein | 254 887 | 234 410 | 92.0 | 8.0 |
| Stellenbosch | 144 689 | 109 882 | 75.9 | 24.1 |
| Breede Valley | 147 122 | 136 142 | 92.5 | 7.5 |
| Langeberg | 78 256 | 58 187 | 74.4 | 25.6 |
| Cape Winelands | 11 811 | 10 273 | 87.0 | 13.0 |
| Theewaterskloof | 82 043 | 64 993 | 79.2 | 20.8 |
| Overstrand | 166 705 | 142 683 | 85.6 | 14.4 |
| Cape Agulhas | 31 410 | 29 440 | 93.7 | 6.3 |
| Swellendam | 86 171 | 49 388 | 57.3 | 42.7 |
| Overberg | 13 662 | 485 | 3.5 | 96.5 |
| Kannala nd | 21 488 | 8 736 | 40.7 | 59.3 |
| Hessequa | 56 501 | 31 682 | 56.1 | 43.9 |
| Mossel bay | 260 538 | 251 341 | 96.5 | 3.5 |
| George | 150 517 | 123 753 | 82.2 | 17.8 |
| Oudtshoorn | 81 893 | 43 597 | 53.2 | 46.8 |
| Bitou | 108 672 | 92 304 | 84.9 | 15.1 |
| Knysna | 57 733 | 49 214 | 85.2 | 14.8 |
| Eden | 28 805 | 20 685 | 71.8 | 28.2 |
| Laingsburg | 13 616 | 7 401 | 54.4 | 45.6 |
| Prince Albert | 13 346 | 4 857 | 36.4 | 63.6 |
| Beaufort West | 55 786 | 45 417 | 81.4 | 18.6 |
| Central Karoo | 9 628 | 5 678 | 59.0 | 41.0 |
| Average | 214 682 | 159 690 | 71.3 | 28.7 |

Source: National Treasury database

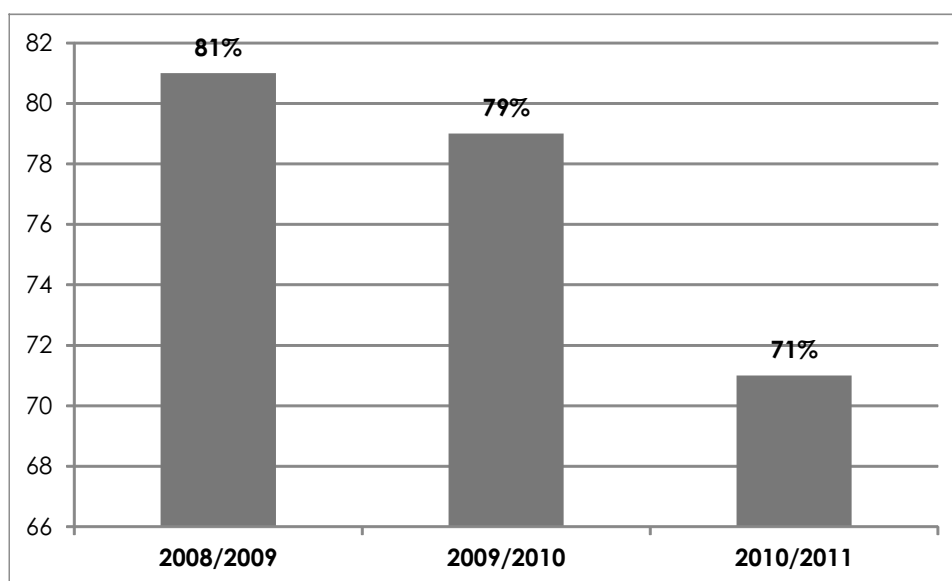
4.4 PERCENTAGE OF CAPITAL BUDGET SPENT FOR 2010/11

Table 22: 3 year trend on capital expenditure

| Municipality | Capital Expenditure | | |
|-------------------------------|---------------------|-----------|-----------|
| | 2008/09 | 2009/10 | 2010/11 |
| City of Cape Town | 96.2 | 83 | 71.5 |
| Matzikama | 70 | 90 | 66 |
| Cederberg | 60.67 | 100 | 71.4 |
| Bergrivier | 58 | 58 | 79.4 |
| Saldanha Bay | 64.8 | 55.21 | 60.4 |
| Swartland | 81.66 | 78 | 78.9 |
| West Coast DM | 99.66 | 100 | 90.4 |
| Witzenberg | 79.45 | 88 | 79.9 |
| Drakenstein | 95.61 | 92.69 | 92 |
| Stellenbosch | 85 | 66.25 | 75.9 |
| Breede Valley | 82.49 | 92.48 | 92.5 |
| Langeberg | 77.5 | 76.18 | 74.4 |
| Cape Winelands DM | 78 | 100 | 87 |
| Theewaterskloof | 100 | 70.56 | 79.2 |
| Overstrand | 97 | 94 | 85.6 |
| Cape Agulhas | 55.3 | 98.8 | 90.9 |
| Swellendam | 45.7 | 55.81 | 57.3 |
| Overberg DM | 99 | 27 | 3.5 |
| Kannaland | 177.63 | 48 | 40.7 |
| Hessequa | 88.66 | 83.5 | 56.1 |
| Mossel Bay | 83.2 | 93.54 | 96.5 |
| George | 98.9 | 99.35 | 82.2 |
| Oudtshoorn | 52.9 | 73.5 | 53.2 |
| Bitou | 76.46 | 90.31 | 84.9 |
| Knysna | 68.3 | 89.98 | 85.2 |
| Eden DM | 95.7 | 66.1 | 71.8 |
| Laingsburg | 54.67 | 90.04 | 54.4 |
| Prince Albert | 58.78 | 73 | 36.4 |
| Beaufort West | 81.2 | 64 | 81.4 |
| Central Karoo DM | 45 | 44.88 | 59 |
| Average % for Province | 81 | 79 | 71 |

Source: Municipal Financial Statements 2008/09, 2009/10 & 2010/11 & National Treasury Database

The following graph illustrates the Provincial performance on Capital Budget expenditure for the past three years, as indicated in table 19.



Graph 4: Percentage (%) of capital budget spent

The average percentage of total expenditure on the 2008/2009 capital budgets was 80.7%. During 2009/2010, this percentage decreased to 78.7%, which decreased further to 71.3% in 2010/2011.

This decline in capital expenditure was caused by a number of circumstances. Some of the reasons provided by municipalities relate to the delays of approval of projects and managing of environmental impact assessments (EIA). Another common factor which undermined processes were delays with regards to the transfer of funding from relevant Departments in other spheres of government. Funds were sometimes transferred at a very late stage during the financial year, impeding the ability of municipalities to spend within the set timeframe.

4.5 IMPLEMENTATION OF INDIGENT POLICY AND PROVISION OF FREE BASIC SERVICES

Western Cape municipalities continued to provide nationally mandated free basic services to registered indigent households within their areas during the 2010/2011 financial year. During 2009/10, 336 720 households received free basic electricity in the Province. During the 2010/2011 financial year, the total number of indigent households receiving free basic electricity in the Province increased to 395 855. According to the available data, there is generally an increase of households receiving free basic services in the Western Cape Province and amongst other things unemployment, seasonal employment and poverty are contributing factors to this trend in this Province. Indigent households receiving free basic water increased from 284 418 in 2009/10 to 448 421 in the 2010/11 financial year. However, the data for these totals is not entirely comprehensive, as certain municipalities did not provide the information. There is an increase in the number of indigent households receiving free sanitation services in the Western Cape Province. The figure increases from 282 909 indigent households in 2009/10 to 346 374 indigent households in 2010/11. The following table indicates the status with regard to the provision of free basic services by individual Western Cape municipalities.

Table 23: Free Basic Services

| Municipality | Electricity | | Water | | Sanitation | | Refuse removal | | Total number of Indigent Households |
|-------------------|---|---------------------------|---|--------------------------|---|---------------------------------|---|---------------------------------|-------------------------------------|
| | No. of indigent households receiving free service | Units per household (kwh) | No. of indigent households receiving free service | Units per household (kl) | No. of indigent households receiving free service | Units/ R value pm per household | No. of indigent households receiving free service | Units/ R value pm per household | |
| City of Cape Town | 282 260 | 50 | 324 153 | 6 | 246 891 | 4.2kl | 416 830 | 41.67 | 416 830 |
| Matzikama | 1 862 | 50 | 1 862 | 12 | 1 862 | 3011 | 1 862 | 1 unit/ week | 1 862 |
| Cederberg | 902 | 50 | 785 | 6 | 913 | 89158.87 | 939 | 52358.74 | 953 |
| Bergrivier | 1 578 | 50 | 1 578 | 6 | 1 387 | 81.99 | 1 578 | 103.07 | 1 578 |
| Saldanha Bay | 5 877 | 50/25 | 5 877 | 6 | 5 877 | 44.51 | 5 877 | 1 | 5 877 |
| Swartland | 4 251 | 50 | 4 606 | 10 | 4 421 | ? | 4 609 | 1 | 4 619 |
| West Coast DM | 75 | 50 | 75 | 6 | 75 | ? | 75 | ? | 75 |
| Witzenberg | 3 817 | 50 | 5 379 | 6 | 5 383 | 143.3 | 5 384 | 8240 | 5 450 |
| Drakenstein | 10 854 | 100 | 10 854 | 10 | 10 854 | 87.5 | 10 854 | 1314 | 10 854 |
| Stellenbosch | 11 798 | - | 12 690 | - | 12 690 | - | 12 690 | - | 12 690 |
| Breede Valley | 6 560 | 50 | 6 560 | 10 | 6 560 | 145 | 6 560 | 1 | 6 560 |
| Langeberg | 6 779 | 50 | 6 633 | 6 | 6 713 | 89 | 6 722 | 68 | 6 779 |
| Theewaterskloof | 2 380 | 50 | 5 636 | 6 | 5 483 | 76.9 | 5 636 | 76.45 | 5 636 |
| Overstrand | 5 241 | 50 | 5 241 | 6 | 5 241 | 648 | 5 241 | 1 | 5 241 |
| Cape Agulhas | 2 857 | 50 | 2 857 | 6 | 2 857 | 57.74 | 2 857 | 1698 | 2 857 |
| Swellendam | 1 826 | 50 | 1 826 | 6 | 1 826 | 155.04 | 1 826 | 80 | 1 826 |
| Kannaland | 721 | 50 | 721 | 6 | 721 | 123500 | 721 | 104 | 721 |
| Hessequa | 4 396 | 600 | 4 396 | 6 | 4 396 | 80.08 | 4 396 | 61.25 | 4 396 |
| Mossel Bay | 6 929 | 50 | 6 929 | 6 | 5 874 | 145.62 | 6 868 | 77.59 | 6 929 |
| George | 14 500 | 70 | 14 500 | 18 | 14 500 | 113.67 | 14 500 | 89.21 | 14 500 |
| Oudtshoorn | 4 976 | | 4 976 | | 4 976 | | 4 976 | | 4 988 |
| Bitou | 1 685 | 50 | 1 685 | 6 | 1 685 | 70.16 | 1 685 | 1 | 1 685 |
| Knysna | 8 000 | 50 | 17 416 | 6 | 8 725 | 51.92 | 8 725 | 53.75 | 8 725 |
| Eden DM | 485 | | 485 | 6 | 387 | ? | 469 | ? | 485 |
| Laingsburg | 663 | 50 | 663 | 6 | 663 | 67 | 663 | 339 | 663 |
| Prince Albert | 644 | 50 | 889 | 6 | 889 | 699562 | 889 | 424462 | 889 |
| Beaufort West | 4 351 | 50 | 4 351 | 6 | 4 351 | 500.87 | 4 351 | 1 unit/ week | 4 351 |

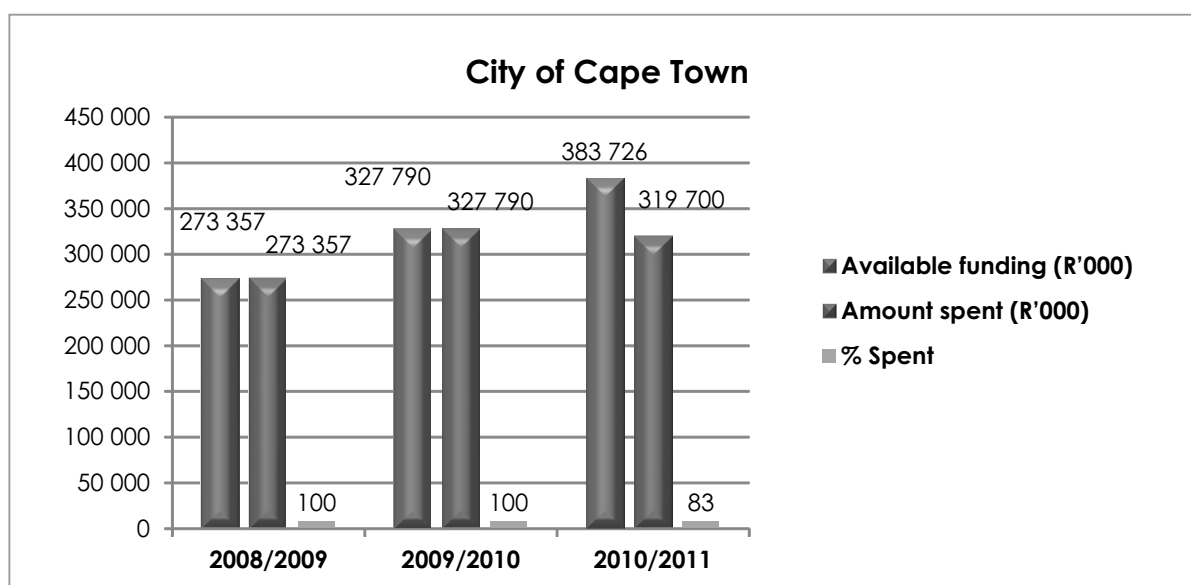
Source: Annual Report 2010/11 & Questionnaires, June 2011

4.6 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

The municipalities in the province spent 99.8% of their allocated Municipal Infrastructure Grant during 2010/11. Comparing with the previous financial year, there was a decline in MIG expenditure because Kannaland Municipality could not spend 100 % of its allocated Municipal Infrastructure Grant. Nevertheless, this is a significant achievement compared to the trend of the previous financial years. This table indicates the performance of municipalities on the MIG grant during the past 3 years.

Table 24: MIG Expenditure over 3 years

| Municipality | Description | 2008/09 | 2009/10 | 2010/11 |
|--------------------------|---------------------------|---------|---------|---------|
| City of Cape Town | Available funding (R'000) | 273 357 | 327 790 | 383 726 |
| | Amount spent (R'000) | 73 357 | 327 790 | 319 700 |
| | % Spent | 100 | 100 | 83 |



Graph 5: COCT Total performance on MIG expenditure for the past three years

| Municipality | Description | 2008/09 | 2009/10 | 2010/11 |
|-------------------|---------------------------|---------|---------|---------|
| Matzikama | Available funding (R'000) | 6 381 | 9 404 | 10 809 |
| | Amount spent (R'000) | 6 381 | 9 404 | 10 809 |
| | % Spent | 100 | 100 | 100 |
| Cederberg | Available funding (R'000) | 4 889 | 7 625 | 8 725 |
| | Amount spent (R'000) | 4 889 | 7 625 | 8 725 |
| | % Spent | 100 | 100 | 100 |
| Bergrivier | Available funding (R'000) | 4 432 | 7 080 | 8 087 |
| | Amount spent (R'000) | 4 432 | 7 080 | 8 087 |
| | % Spent | 100 | 100 | 100 |

Table 24: MIG Expenditure over 3 years

| Municipality | Description | 2008/09 | 2009/10 | 2010/11 |
|-------------------|---------------------------|---------|---------|---------|
| Saldanha Bay | Available funding (R'000) | 6 287 | 9 292 | 10 678 |
| | Amount spent (R'000) | 6 287 | 9 292 | 10 678 |
| | % Spent | 100 | 100 | 100 |
| Swartland | Available funding (R'000) | 5 770 | 8 675 | 9 955 |
| | Amount spent (R'000) | 5 770 | 8 675 | 9 955 |
| | % Spent | 100 | 100 | 100 |
| West Coast DM | Available funding (R'000) | 6 786 | 5 117 | 5 788 |
| | Amount spent (R'000) | 6 786 | 5 117 | 5 788 |
| | % Spent | 100 | 100 | 100 |
| Witzenberg | Available funding (R'000) | 7 491 | 10 728 | 12 360 |
| | Amount spent (R'000) | 7 491 | 10 728 | 12 360 |
| | % Spent | 100 | 100 | 100 |
| Drakenstein | Available funding (R'000) | 15 857 | 20 704 | 24 045 |
| | Amount spent (R'000) | 15 857 | 20 704 | 24 045 |
| | % Spent | 100 | 100 | 100 |
| Stellenbosch | Available funding (R'000) | 11 116 | 15 051 | 17 423 |
| | Amount spent (R'000) | 8 634 | 15 051 | 17 423 |
| | % Spent | 78 | 100 | 100 |
| Breede Valley | Available funding (R'000) | 11 809 | 15 877 | 18 390 |
| | Amount spent (R'000) | 11 809 | 15 877 | 18 390 |
| | % Spent | 100 | 100 | 100 |
| Langeberg | Available funding (R'000) | 7 660 | 10 929 | 12 595 |
| | Amount spent (R'000) | 7 660 | 10 929 | 12 595 |
| | % Spent | 100 | 100 | 100 |
| Cape Winelands DM | Available funding (R'000) | 2 647 | 4 951 | 5 593 |
| | Amount spent (R'000) | 2 647 | 4 951 | 5 593 |
| | % Spent | 100 | 100 | 100 |
| Theewaterskloof | Available funding (R'000) | 11 486 | 15 492 | 17 940 |
| | Amount spent (R'000) | 11 486 | 15 492 | 17 940 |
| | % Spent | 100 | 100 | 100 |
| Overstrand | Available funding (R'000) | 6 958 | 10 093 | 11 616 |
| | Amount spent (R'000) | 6 958 | 10 093 | 11 616 |
| | % Spent | 100 | 100 | 100 |
| Cape Agulhas | Available funding (R'000) | 3 689 | 6 077 | 5 918 |
| | Amount spent (R'000) | 3 689 | 4 877 | 6 747 |
| | % Spent | 100 | 80.25 | 114 |

Table 24: MIG Expenditure over 3 years

| Municipality | Description | 2008/09 | 2009/10 | 2010/11 |
|--------------|---------------------------|---------|---------|---------|
| Swellendam | Available funding (R'000) | 4 099 | 6 683 | 7 625 |
| | Amount spent (R'000) | 4 099 | 6 683 | 7 625 |
| | % Spent | 100 | 100 | 100 |
| Overberg DM | Available funding (R'000) | 3 | - | 0 |
| | Amount spent (R'000) | 3 | - | 0 |
| | % Spent | 100 | - | 0 |
| Kannaland | Available funding (R'000) | 4 294 | 6 915 | 7 894 |
| | Amount spent (R'000) | 4 294 | 6 915 | 6 420 |
| | % Spent | 100 | 100 | 82 |
| Hessequa | Available funding (R'000) | 4 923 | 8 487 | 8 773 |
| | Amount spent (R'000) | 1 160 | 8 487 | 8 773 |
| | % Spent | 24 | 100 | 100 |
| Mossel Bay | Available funding (R'000) | 7 061 | 10 215 | 11 759 |
| | Amount spent (R'000) | 7 061 | 10 215 | 11 759 |
| | % Spent | 100 | 100 | 100 |
| George | Available funding (R'000) | 15 356 | 20 107 | 23 345 |
| | Amount spent (R'000) | 15 356 | 20 107 | 23 345 |
| | % Spent | 100 | 100 | 100 |
| Oudtshoorn | Available funding (R'000) | 7 232 | 10 419 | 11 998 |
| | Amount spent (R'000) | 7 232 | 10 419 | 11 998 |
| | % Spent | 100 | 100 | 100 |
| Bitou | Available funding (R'000) | 5 834 | 8 715 | 10 045 |
| | Amount spent (R'000) | 5 834 | 8 715 | 10 045 |
| | % Spent | 100 | 100 | 100 |
| Knysna | Available funding (R'000) | 10 508 | 14 325 | 16 573 |
| | Amount spent (R'000) | 10 508 | 14 325 | 16 573 |
| | % Spent | 100 | 100 | 100 |
| Eden DM | Available funding (R'000) | 3 542 | 6 018 | 6 844 |
| | Amount spent (R'000) | 3 542 | 6 018 | 6 844 |
| | % Spent | 100 | 100 | 100 |
| Laingsburg | Available funding (R'000) | 2 664 | 4 971 | 5 617 |
| | Amount spent (R'000) | 2 664 | 4 971 | 5 617 |
| | % Spent | 100 | 100 | 100 |

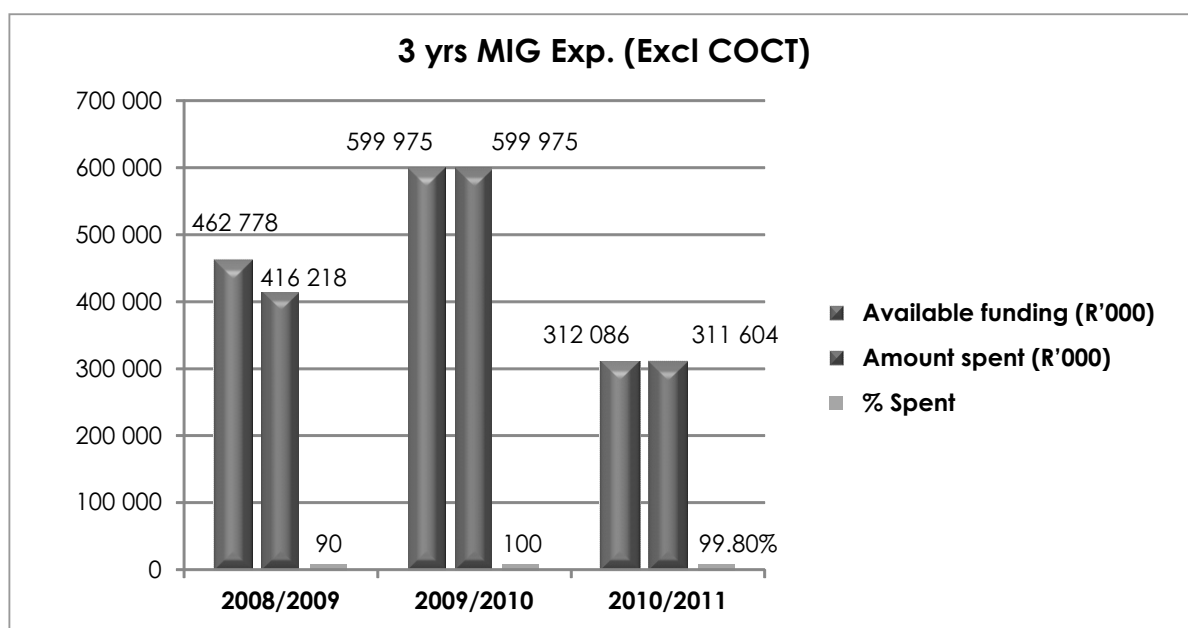
Table 24: MIG Expenditure over 3 years

| Municipality | Description | 2008/09 | 2009/10 | 2010/11 |
|------------------|---------------------------|---------|---------|---------|
| Prince Albert | Available funding (R'000) | 2 842 | 5 184 | 5 866 |
| | Amount spent (R'000) | 2 842 | 5 184 | 5 866 |
| | % Spent | 100 | 100 | 100 |
| Beaufort West | Available funding (R'000) | 3 821 | 6 351 | 7 233 |
| | Amount spent (R'000) | 3 821 | 6 351 | 7 233 |
| | % Spent | 100 | 100 | 100 |
| Central Karoo DM | Available funding (R'000) | 3 984 | 6 545 | 7 461 |
| | Amount spent (R'000) | 3 984 | 6 545 | 7 461 |
| | % Spent | 100 | 100 | 100 |

Source: Department of Local Government Database

*All figures accurate as of March 2011 and excludes finds still to be transferred

The following graph illustrates the Provincial performance on MIG expenditure for the past three years, as indicated in table 20.



Graph 6: Total performance on MIG expenditure for the past three years

4.7 MUNICIPAL BLUE DROP STATUS

This table presents Municipal Performance based on Blue Drop scores for water supply systems the Water Services Authority is responsible for. This performance is listed to present the Provincial Blue Drop Log to allow for comparison in municipal performance.

Table 25: Blue drop scores

| Water Services Authority | Blue Drop Log Position | | | |
|--------------------------|------------------------|----------------|----------------|----------------|
| | | Blue Drop 2012 | Blue Drop 2011 | Blue Drop 2010 |
| City of Cape Town | 1 | 98.14 | 97.61 | 98.2 |
| Bitou | 2 | 97.74 | 96.12 | 97.7 |
| Witzenberg | 3 | 97.63 | 97.56 | 93.3 |
| George | 4 | 97.41 | 96.32 | 96.9 |
| Overstrand | 5 | 96.82 | 90.56 | 71.6 |
| Drakenstein | 6 | 96.29 | 95.72 | 91.7 |
| Mossel Bay | 7 | 95.68 | 95.27 | 84.5 |
| Stellenbosch | 8 | 95.56 | 95.74 | 94.9 |
| Saldanha Bay | 9 | 95.4 | 87.69 | 80.8 |
| Swartland | 10 | 95.24 | 92.89 | 68.6 |
| Beaufort West | 11 | 94.91 | 92.01 | 83.8 |
| Bergvliet | 12 | 92.15 | 85.2 | 62.7 |
| Knysna | 13 | 92 | 89.76 | 75.2 |
| Breede Valley | 14 | 89.02 | 85.93 | 74 |
| Cape Agulhas | 15 | 86.64 | 73.01 | 78.6 |
| Swellendam | 16 | 85.16 | 80.5 | 67.3 |
| Cederberg | 17 | 80.39 | 51.05 | 60 |
| Theewaterskloof | 18 | 71.5 | 75.41 | 49 |
| Laingsburg | 19 | 71.16 | 80.54 | 63.9 |
| Matzikama | 20 | 70.29 | 32.98 | 30.1 |
| Prins Albert | 21 | 70.09 | 70.72 | 55 |
| Oudtshoorn | 22 | 64.58 | 36.88 | 44.8 |
| Langeberg | 23 | 51.62 | 32.39 | 0 |
| Hessequa | 24 | 35.59 | 14.1 | 46.2 |
| Kannaland | 25 | 28.47 | 55.05 | 19.4 |

Source: Blue Drop Provincial Performance Log – Western Cape

Top 3 performers

The City of Cape Town is a worthy first place since this water services authority also doubles up as a bulk water services provider to two other municipalities who both fill Top 10 positions on this provincial log. The small municipality of Bitou continues to impress with an impressive second place. This municipality together with third place Witzenberg remain national leaders in the class of smaller municipalities and could be used as case studies to inspire others to reach the same heights in terms of Blue Drop performance.

Most Improved

Matzikama Municipality is acknowledged for consistent improvement in performance over the past 3 years. The municipal score for this water service authority increased from 30.10% in 2010, to 32.98% in 2011 and an impressive 70.29% in 2012. The Langeberg Municipality also responded to the Blue Drop challenge. The significant improvement serves as promise for even better performances in the future.

Lowest Performer(s)

According to the records Kannaland Municipality is noted to be the worst performer in the Western Cape Province. Serious turnaround is required for this municipality serving the communities of the Klein Karoo area. The picturesque nature of the area attracts tourists as well, leaving not only the community but also the visitors to this area at risk.

4.8 HOUSING GRANT EXPENDITURE

The average percentage of housing allocations spent remained steady during the 2010/11 financial year. The trend continued with the Western Cape achieving a figure of 97% during the period under review. There was an increase in the total number of houses built during the financial year, with the Provincial total for 2010/11 amounting to 11219. In contrast, there was a decrease in the number of sites serviced to a total of 10500 compared to the figure of 14522 of the previous financial year. In total, 38057 sites were serviced and 35233 houses were built during the past three financial years. This table indicates the performance of municipalities on the housing fund during the past 3 years.

Table 26: Housing grant expenditure

| Municipality | Description | 2008-2009 | 2009-2010 | 2010-2011 |
|-------------------|-----------------------|-----------|-----------|-----------|
| City of Cape Town | Allocation (R'000) | 553 085 | 663 496 | 724 449 |
| | Amount spent (R'000) | 509 828 | 685 839 | 813 988 |
| | % Spent | 93 | 103 | 113 |
| | No. of houses built | 9 161 | 9 538 | 4 485 |
| | No. of sites serviced | 6 922 | 4 964 | 4 584 |
| Matzikama | Allocation (R'000) | 20 178 | 6 478 | 13702 |
| | Amount spent (R'000) | 24 637 | 6 227 | 13702 |
| | % Spent | 122 | 96 | 100 |
| | No. of houses built | 545 | 0 | 0 |
| | No. of sites serviced | 143 | 155 | 192 |
| Cederberg | Allocation (R'000) | 4 382 | 5 482 | 34018 |
| | Amount spent (R'000) | 0 | 10 191 | 34018 |
| | % Spent | 0 | 186 | 100 |
| | No. of houses built | 0 | 60 | 334 |
| | No. of sites serviced | 0 | 394 | 668 |

Table 26: Housing grant expenditure

| Municipality | Description | 2008-2009 | 2009-2010 | 2010-2011 |
|---------------|-----------------------|-----------|-----------|-----------|
| Bergrivier | Allocation (R'000) | 1 601 | 8 002 | 15380 |
| | Amount spent (R'000) | 283 | 10 060 | 14966 |
| | % Spent | 18 | 126 | 97 |
| | No. of houses built | 0 | 150 | 0 |
| | No. of sites serviced | 105 | 0 | 246 |
| Saldanha Bay | Allocation (R'000) | 17 112 | 21 408 | 25453 |
| | Amount spent (R'000) | 19 965 | 10 086 | 25425 |
| | % Spent | 117 | 47 | 99.9 |
| | No. of houses built | 373 | 646 | 196 |
| | No. of sites serviced | 0 | 0 | 330 |
| Swartland | Allocation (R'000) | 15 707 | 19 650 | 37363 |
| | Amount spent (R'000) | 13 884 | 32 684 | 37363 |
| | % Spent | 88 | 166 | 100 |
| | No. of houses built | 0 | 540 | 113 |
| | No. of sites serviced | 420 | 0 | 381 |
| West Coast DM | Allocation (R'000) | 0 | 0 | 0 |
| | Amount spent (R'000) | 0 | 0 | 0 |
| | % Spent | 0 | 0 | 0 |
| | No. of houses built | 0 | 0 | 0 |
| | No. of sites serviced | 0 | 0 | 0 |
| Witzenberg | Allocation (R'000) | 20 841 | 24 562 | 21824 |
| | Amount spent (R'000) | 25 726 | 36 585 | 21824 |
| | % Spent | 123 | 149 | 99.9 |
| | No. of houses built | 465 | 392 | 280 |
| | No. of sites serviced | 315 | 0 | 0 |
| Drakenstein | Allocation (R'000) | 38 244 | 62 844 | 63885 |
| | Amount spent (R'000) | 17 984 | 61 350 | 61404 |
| | % Spent | 47 | 98 | 96 |
| | No. of houses built | 347 | 920 | 273 |
| | No. of sites serviced | 0 | 1 617 | 0 |

Table 26: Housing grant expenditure

| Municipality | Description | 2008-2009 | 2009-2010 | 2010-2011 |
|-------------------|-----------------------|-----------|-----------|-----------|
| Stellenbosch | Allocation (R'000) | 22 293 | 27 889 | 33159 |
| | Amount spent (R'000) | 11 299 | 12 708 | 33159 |
| | % Spent | 51 | 46 | 100 |
| | No. of houses built | 392 | 10 | 344 |
| | No. of sites serviced | 0 | 80 | 20 |
| Breede Valley | Allocation (R'000) | 41 786 | 27 255 | 72405 |
| | Amount spent (R'000) | 36 974 | 32 200 | 72405 |
| | % Spent | 88 | 118 | 100 |
| | No. of houses built | 255 | 88 | 178 |
| | No. of sites serviced | 1 551 | 767 | 963 |
| Langeberg | Allocation (R'000) | 14 908 | 18 651 | 22175 |
| | Amount spent (R'000) | 9 359 | 16 668 | 22175 |
| | % Spent | 63 | 89 | 100 |
| | No. of houses built | 48 | 112 | 534 |
| | No. of sites serviced | 42 | 343 | 0 |
| Cape Winelands DM | Allocation (R'000) | 0 | 0 | 2000 |
| | Amount spent (R'000) | 627 | 0 | 2000 |
| | % Spent | 0 | 0 | 100 |
| | No. of houses built | 0 | 0 | 0 |
| | No. of sites serviced | 0 | 0 | 0 |
| Theewaterskloof | Allocation (R'000) | 19 718 | 24 668 | 29329 |
| | Amount spent (R'000) | 18 568 | 24 324 | 29329 |
| | % Spent | 94 | 99 | 100 |
| | No. of houses built | 126 | 140 | 309 |
| | No. of sites serviced | 0 | 523 | 24 |
| Overstrand | Allocation (R'000) | 1 052 | 26 337 | 31314 |
| | Amount spent (R'000) | 58 | 14 680 | 31314 |
| | % Spent | 6 | 56 | 100 |
| | No. of houses built | 0 | 88 | 232 |
| | No. of sites serviced | 0 | 188 | 202 |

Table 26: Housing grant expenditure

| Municipality | Description | 2008-2009 | 2009-2010 | 2010-2011 |
|--------------|-----------------------|-----------|-----------|-----------|
| Cape Agulhas | Allocation (R'000) | 5 065 | 20 452 | 6 988 |
| | Amount spent (R'000) | 5 065 | 18 690 | 8 850 |
| | % Spent | 100 | 91 | 127 |
| | No. of houses built | 0 | 250 | 0 |
| | No. of sites serviced | 250 | 0 | 251 |
| Swellendam | Allocation (R'000) | 3 518 | 4 401 | 6433 |
| | Amount spent (R'000) | 0 | 2 902 | 5351 |
| | % Spent | 0 | 66 | 83 |
| | No. of houses built | 0 | 20 | 51 |
| | No. of sites serviced | 0 | 71 | 0 |
| Overberg DM | Allocation (R'000) | 0 | 0 | 0 |
| | Amount spent (R'000) | 0 | 0 | 0 |
| | % Spent | 0 | 0 | 0 |
| | No. of houses built | 0 | 0 | 0 |
| | No. of sites serviced | 0 | 0 | 0 |
| Kannaland | Allocation (R'000) | 3 059 | 3 827 | 0 |
| | Amount spent (R'000) | 0 | 3 855 | 0 |
| | % Spent | 0 | 101 | 0 |
| | No. of houses built | 64 | 0 | 0 |
| | No. of sites serviced | 0 | 0 | 0 |
| Hessequa | Allocation (R'000) | 15 263 | 37 839 | 49460 |
| | Amount spent (R'000) | 16 157 | 37 862 | 49460 |
| | % Spent | 106 | 100 | 100 |
| | No. of houses built | 0 | 809 | 235 |
| | No. of sites serviced | 809 | 0 | 235 |
| Mossel Bay | Allocation (R'000) | 12 577 | 24 734 | 30907 |
| | Amount spent (R'000) | 12 408 | 16 320 | 30907 |
| | % Spent | 99 | 66 | 100 |
| | No. of houses built | 28 | 241 | 337 |
| | No. of sites serviced | 28 | 0 | 100 |

Table 26: Housing grant expenditure

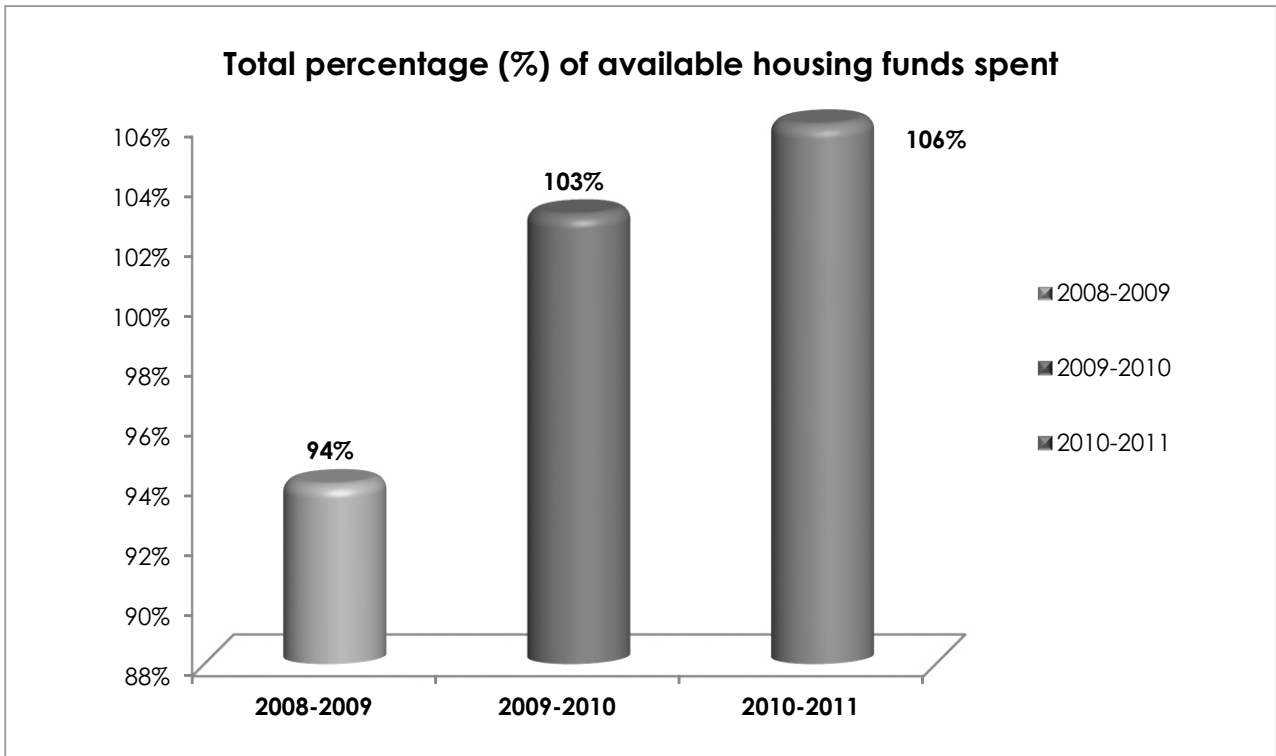
| Municipality | Description | 2008-2009 | 2009-2010 | 2010-2011 |
|--------------|-----------------------|-----------|-----------|-----------|
| George | Allocation (R'000) | 27 194 | 34 020 | 50448 |
| | Amount spent (R'000) | 24 717 | 12 675 | 50087 |
| | % Spent | 91 | 37 | 99 |
| | No. of houses built | 90 | 33 | 286 |
| | No. of sites serviced | 1 335 | 0 | 183 |
| Oudtshoorn | Allocation (R'000) | 12 243 | 11 563 | 13748 |
| | Amount spent (R'000) | 24 368 | 9 724 | 13047 |
| | % Spent | 199 | 84 | 95 |
| | No. of houses built | 519 | 35 | 228 |
| | No. of sites serviced | 0 | 0 | 0 |
| Bitou | Allocation (R'000) | 9 475 | 51 854 | 56091 |
| | Amount spent (R'000) | 5 606 | 64 099 | 56038 |
| | % Spent | 59 | 124 | 99.9 |
| | No. of houses built | 99 | 210 | 144 |
| | No. of sites serviced | 0 | 1 161 | 248 |
| Knysna | Allocation (R'000) | 25 577 | 31 997 | 46043 |
| | Amount spent (R'000) | 38 109 | 37 158 | 46043 |
| | % Spent | 149 | 116 | 100 |
| | No. of houses built | 374 | 613 | 439 |
| | No. of sites serviced | 975 | 942 | 0 |
| Eden DM | Allocation (R'000) | 0 | 17 943 | 4653 |
| | Amount spent (R'000) | 0 | 20 553 | 2516 |
| | % Spent | 0 | 115 | 54 |
| | No. of houses built | 0 | 0 | 0 |
| | No. of sites serviced | 0 | 0 | 0 |
| Laingsburg | Allocation (R'000) | 447 | 559 | 0 |
| | Amount spent (R'000) | 0 | 0 | 0 |
| | % Spent | 0 | 0 | 0 |
| | No. of houses built | 0 | 0 | 0 |
| | No. of sites serviced | 0 | 0 | 0 |

Table 26: Housing grant expenditure

| Municipality | Description | 2008-2009 | 2009-2010 | 2010-2011 |
|-------------------------|------------------------------|----------------|------------------|------------------|
| Prince Albert | Allocation (R'000) | 1 870 | 2 338 | 0 |
| | Amount spent (R'000) | 0 | 61 | 0 |
| | % Spent | 0 | 3 | 0 |
| | No. of houses built | 0 | 0 | 0 |
| | No. of sites serviced | 0 | 0 | 0 |
| Beaufort West | Allocation (R'000) | 18 552 | 15 443 | 5283 |
| | Amount spent (R'000) | 31 305 | 23 712 | 4419 |
| | % Spent | 169 | 154 | 84 |
| | No. of houses built | 569 | 225 | 81 |
| | No. of sites serviced | 140 | 306 | 10 |
| Central Karoo DM | Allocation (R'000) | 0 | 0 | 0 |
| | Amount spent (R'000) | 0 | 0 | 0 |
| | % Spent | 0 | 0 | 0 |
| | No. of houses built | 0 | 0 | 0 |
| | No. of sites serviced | 0 | 0 | 0 |
| Total | Allocation (R'000) | 905 747 | 1 193 692 | 1 396 510 |
| | Amount spent (R'000) | 846 927 | 1 201 213 | 1 479 790 |
| | % Spent | 94 | 103 | 106 |
| | No. of houses built | 13 445 | 10 569 | 11219 |
| | No. of sites serviced | 13 035 | 14 522 | 10500 |

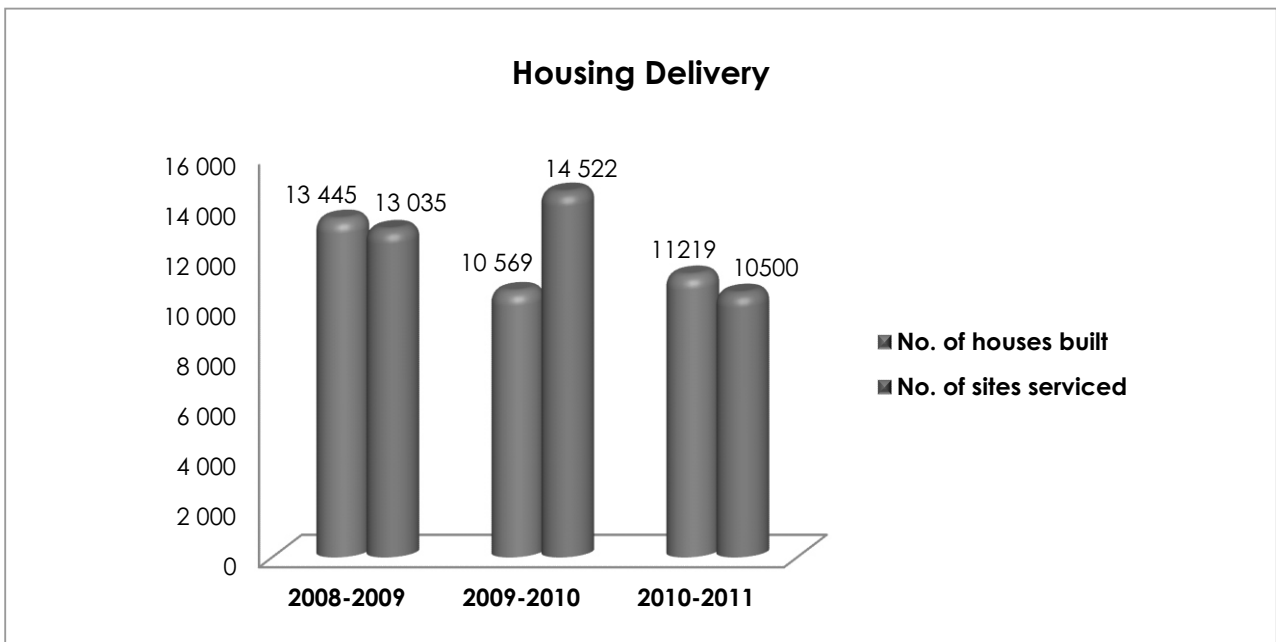
Source: Department of Human Settlements Database

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



Graph 7: Total percentage (%) of available housing funds spent

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



Graph 8: No of houses built and sites serviced

4.9 DISASTER MANAGEMENT AND FIRE BRIGADE SERVICES

The Constitution of the Republic of South Africa that provides for disaster management includes 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.

The Western Cape is prone to various natural and man-made disasters throughout the year, including widespread flooding during winter and massive wildfires and droughts during summer. The Department increased its aerial fire-fighting capacity by appointing six provincial Working on Fire Ground Teams and mobilising 24 aircraft. As a result of the improved capacity and a rapid-response strategy, the impact of fires during the fire season was drastically reduced.

To ensure effective coordination and responsive disaster management, there were 16 effective disaster management plans developed. The Provincial Disaster Management Centre also conducted a post-analysis study on the drought which occurred in Eden and Central Karoo from 2009 to 2011.

All District Disaster Management Centres were assisted by reviewing their risk assessments to highlight the gaps that need to be addressed. As part of this process, the Department also developed a best practice risk assessment methodology that has been accepted by all Heads of Centres (City of Cape Town and district municipalities), which were used to update the district risk assessments.

The City of Cape Town and National Disaster Management Centre held a public awareness campaign, which was a three-day event which took place in October 2011. In addition to showcasing community and disaster resilience, the City of Cape Town held an educational workshop with primary school pupils on risk reduction and three legacy programmes namely:

- Climate Change & Smart Living Plays in 7 primary schools outside the metro;
- YES Drama Festival (high schools within metro); and
- Basic Education Toolkit and Teacher Training (3 kits purchased).

In the Eden District Municipal area, George, Hessequa, Mossel Bay, and Kannaland municipalities were declared as disaster areas owing to flooding. The following disaster incidents were monitored and supported by the Department of Local Government:

- Previous floods (2006 to 2008)
- Drought projects in Eden and Central Karoo Districts;
- June 2011 floods in Eden; and
- Avian influenza outbreak in Eden.

CHAPTER 5: FINANCIAL PERFORMANCE

Financial viability is crucial in determining a municipality's ability to ensure effective service delivery to its community. 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, amongst other purposes. The aim is to resolve financial problems of municipalities and to maximise their revenue potential. In following these guidelines municipalities will become more accountable, financially sustainable and will ultimately drive the agenda of effective service delivery.

5.1 APPROVAL OF BUDGETS

In terms of Section 24 of the MFMA, a Municipal Council must approve an annual budget at least 30 days before the start of that financial year. In order to comply with this requirement the mayor of the municipality must table the annual budget in council at least 90 days before the start of the budget year. It is encouraging that all of the Western Cape municipalities have consistently tabled their budgets within the required timeframe (with the exception of Stellenbosch Municipality).

Table 27: Approval of budgets

| Municipality | Tabling of Municipal budgets | |
|-------------------|------------------------------|---|
| | 2009/10 | 2010/11 |
| City of Cape Town | 30-Mar-09 | 31-Mar-10 |
| Matzikama | 31-Mar-09 | 31-Mar-10 |
| Cederberg | 01-Apr-09 | 30-Mar-10 |
| Bergrivier | 31-Mar-09 | 30-Mar-10 |
| Saldanha Bay | 24-Mar-09 | 31-Mar-10 |
| Swartland | 26-Mar-09 | 25-Mar-10 |
| West Coast DM | 25-Feb-09 | 24-Feb-10 |
| Witzenberg | 31-Mar-09 | 30-Mar-10 |
| Drakenstein | 31-Mar-09 | 25-Mar-10 |
| Stellenbosch | 26-Mar-09 | 06-May-10 |
| Breede Valley | 30-Apr-09 | 31-Mar-10 |
| Langeberg | 24-Mar-09 | 23-Mar-10 |
| Cape Winelands DM | 09-Mar-09 | 25-Mar-10 |
| Theewaterskloof | 26-Mar-09 | 25-Mar-10 |
| Overstrand | 30-Mar-09 | 31-Mar-10 |
| Cape Agulhas | 29-Mar-09 | 29-Mar-10 |
| Swellendam | 28-May-09 | 25-Mar-10 |
| Overberg DM | 30-Mar-09 | Was not approved by 30 June 2010 (Council place under administration) |
| Kannaland | 31-Mar-09 | 25-Mar-10 |
| Hessequa | 30-Mar-09 | 30-Mar-10 |
| Mossel Bay | 31-Mar-09 | 30-Mar-10 |

Table 27: Approval of budgets

| Municipality | Tabling of Municipal budgets | |
|------------------|------------------------------|-----------|
| | 2009/10 | 2010/11 |
| George | 23-Apr-09 | 31-Mar-10 |
| Oudtshoorn | 30-Mar-09 | 31-Mar-10 |
| Bitou | 25-Mar-09 | 31-Mar-10 |
| Knysna | 26-Mar-09 | 31-Mar-10 |
| Eden DM | 30-Apr-09 | 30-Mar-10 |
| Laingsburg | 30-Mar-09 | 30-Mar-10 |
| Prince Albert | 31-Mar-09 | 31-Mar-10 |
| Beaufort West | 31-Mar-09 | 30-Mar-10 |
| Central Karoo DM | 19-Mar-09 | 26-Mar-10 |

Source: Provincial Treasury Database

This has been a result of the continuous monitoring of municipalities by Provincial Treasury through their Local Government Financial Management Improvement Programme (LGFMP) and other planned initiatives to assist municipalities to improve their financial management and governance with the aim of achieving clean audits.

5.2 PERFORMANCE AGAINST BUDGETS

For the 2010/11 municipal financial year, municipalities received an amount of R27.97 billion or 98.2 per cent of the budgeted Operating Revenue amount of R28.48 billion. A year on year comparison shows that the planned collection of revenue has risen by 3.8 percent from 2008/09 to 2009/10 and again significantly by 13.7 percent from the 2009/10 to 2010/11 financial years.

Actual operating expenditure amounted to R26.36 billion or 96.4 percent of the budgeted amount of R27.34 billion for the 2010/11 municipal financial year. There has been a year on year increase of 7.5 percent on actual expenditure from the 2009/10 to 2010/11 financial years.

The operating expenditure budget was underspent by R981.61 million in the 2010/11 financial year notwithstanding the increase in the budget year on year. The table below indicates the performance against budgets for the past three years.

Table 28: Performance against budget

| Municipality | Financial Year | Operating Revenue (R'000) | | | Operating expenditure (R'000) | | |
|-------------------|----------------|---------------------------|------------|------------|-------------------------------|------------|------------|
| | | Budget | Actual | Difference | Budget | Actual | Difference |
| | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| City of Cape Town | 08/09 | 17 035 737 | 17 007 440 | -28 297 | 14 348 760 | 13 871 253 | -477 507 |
| | 09/10 | 16 746 940 | 16 660 190 | -86 750 | 16 599 833 | 16 156 041 | -443 792 |
| | 10/11 | 19 594 907 | 19 289 475 | -305 432 | 19 112 491 | 18 300 106 | -812 385 |
| Matzikama | 08/09 | 115 793 | 160 427 | 44 634 | 121 559 | 126 224 | 4 665 |
| | 09/10 | 126 156 | 150 277 | 24 121 | 133 879 | 133 953 | 74 |
| | 10/11 | 184 383 | 169 110 | -15 273 | 150 056 | 157 809 | 7 753 |
| Cederberg | 08/09 | 110 903 | 108 690 | -2 213 | 110 617 | 105 954 | -4 663 |
| | 09/10 | 113 631 | 139 240 | 25 609 | 113 331 | 134 515 | 21 184 |
| | 10/11 | 120 737 | 267 303 | 146 566 | 114 865 | 157 605 | 42 740 |
| Bergriver | 08/09 | 113 655 | 123 298 | 9 643 | 115 913 | 115 330 | -583 |
| | 09/10 | 124 452 | 149 523 | 25 071 | 126 452 | 147 929 | 21 477 |
| | 10/11 | Information not available | | | | | |

Table 28: Performance against budget

| Municipality | Financial Year | Operating Revenue (R'000) | | | Operating expenditure (R'000) | | |
|-------------------|----------------|---------------------------|-----------|------------|-------------------------------|-----------|------------|
| | | Budget | Actual | Difference | Budget | Actual | Difference |
| | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Saldanha Bay | 08/09 | 395 992 | 417 006 | 21 014 | 395 992 | 340 072 | -55 920 |
| | 09/10 | 468 717 | 476 798 | 8 081 | 468 717 | 431 146 | -37 571 |
| | 10/11 | 563 333 | 553 177 | -10 156 | 571 012 | 510 510 | -60 502 |
| Swarthland | 08/09 | 227 244 | 277 666 | 50 422 | 247 658 | 232 285 | -15 373 |
| | 09/10 | 333 297 | 325 967 | -7 330 | 320 948 | 360 258 | 39 310 |
| | 10/11 | 370 429 | 358 675 | -11 754 | 373 748 | 348 005 | -25 743 |
| West Coast DM | 08/09 | 206 249 | 228 540 | 22 291 | 206 249 | 206 894 | 645 |
| | 09/10 | 248 851 | 215 901 | -32 950 | 248 851 | 197 211 | -51 640 |
| | 10/11 | -241 385 | -249 326 | -7 941 | 237 882 | 249 899 | 12 017 |
| Witzenberg | 08/09 | 199 701 | 187 376 | -12 325 | 198 571 | 188 474 | -10 097 |
| | 09/10 | 324 533 | 263 649 | -60 884 | 256 906 | 252 421 | -4 485 |
| | 10/11 | 316 432 | 307 932 | -8 500 | 262 221 | 266 029 | 3 808 |
| Drakenstein | 08/09 | 786 352 | 824 788 | 38 436 | 786 352 | 777 306 | -9 046 |
| | 09/10 | 979 199 | 942 883 | -36 316 | 1 011 344 | 950 236 | -62 835 |
| | 10/11 | 1 086 063 | 1 025 493 | -60 570 | 1 101 886 | 1 052 744 | -49 142 |
| Stellenbosch | 08/09 | 543 423 | 589 038 | 45 615 | 543 423 | 540 904 | -2 519 |
| | 09/10 | 626 841 | 734 641 | 107 800 | 703 645 | 687 995 | -15 650 |
| | 10/11 | 722 207 | 812 663 | 90 456 | 747 507 | 730 203 | -17 304 |
| Breede Valley | 08/09 | 468 641 | 462 440 | -6 201 | 459 551 | 422 258 | -37 293 |
| | 09/10 | 472 863 | 468 724 | -4 139 | 488 693 | 474 170 | -14 523 |
| | 10/11 | 587 856 | 565 578 | -22 278 | 585 564 | 564 531 | -21 033 |
| Langeberg | 08/09 | 249 004 | 268 332 | 19 328 | 264 576 | 252 548 | -12 028 |
| | 09/10 | 331 204 | 334 470 | 3 266 | 306 147 | 307 009 | 862 |
| | 10/11 | 389 563 | 349 113 | -40 450 | 357 144 | 328 044 | -29 100 |
| Cape Winelands DM | 08/09 | 317 254 | 327 564 | 10 310 | 317 254 | 309 930 | -7 324 |
| | 09/10 | 349 290 | 342 072 | -7 218 | 349 290 | 317 738 | -31 552 |
| | 10/11 | 385 416 | 321 690 | -63 726 | -383 717 | -334 183 | 49 534 |
| Theewaters-kloof | 08/09 | 235 916 | 218 778 | -17 138 | 230 374 | 208 656 | -21 718 |
| | 09/10 | 259 388 | 251 228 | -8 160 | 269 222 | 244 528 | -24 694 |
| | 10/11 | 322 595 | 288 416 | -34 179 | 282 064 | 274 147 | -7 917 |
| Overstrand | 08/09 | 435 510 | 423 407 | -12 103 | 412 733 | 399 963 | -12 770 |
| | 09/10 | 527 619 | 521 284 | -6 335 | 587 595 | 558 169 | -29 426 |
| | 10/11 | 584 660 | 663 526 | 78 866 | 682 262 | 703 080 | 20 818 |
| Cape Agulhas | 08/09 | 102 350 | 122 432 | 20 082 | 102 354 | 107 909 | 5 555 |
| | 09/10 | 124 982 | 146 536 | 21 554 | 119 817 | 139 193 | 19 376 |
| | 10/11 | 157 961 | 156 321 | -1 640 | 166 836 | 159 624 | -7 212 |
| Swellendam | 08/09 | 81 390 | 98 677 | 17 287 | 80 866 | 92 742 | 11 876 |
| | 09/10 | No information | | | | | |
| | 10/11 | No information | | | | | |

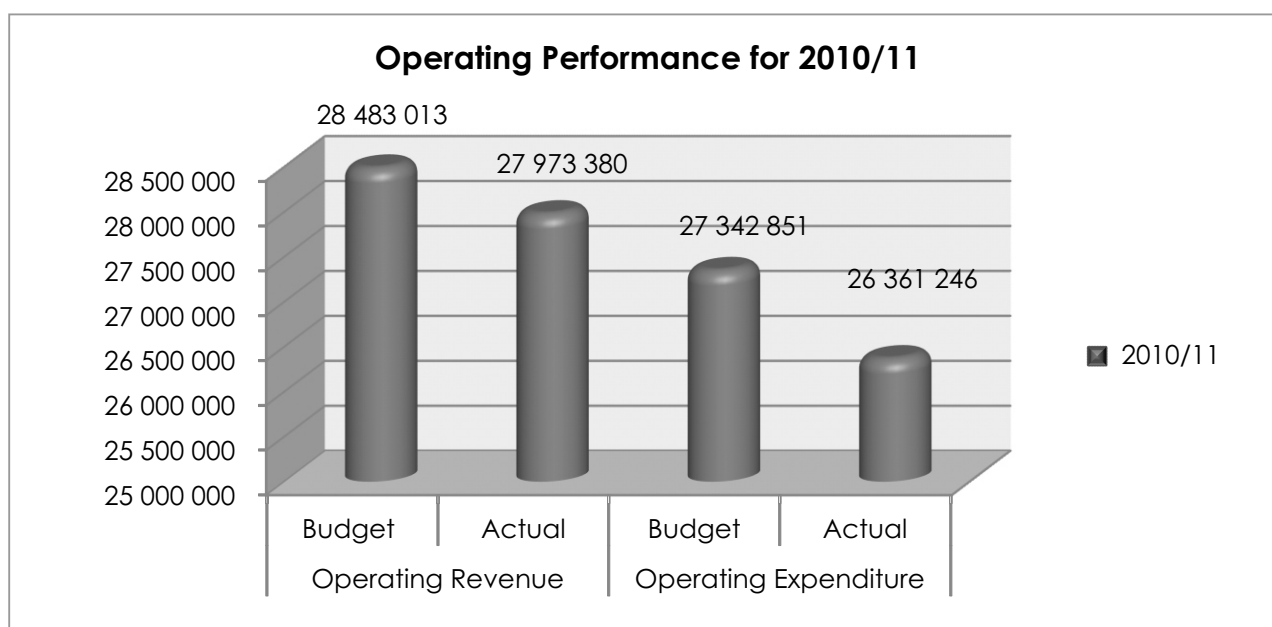
Table 28: Performance against budget

| Municipality | Financial Year | Operating Revenue (R'000) | | | Operating expenditure (R'000) | | |
|---------------|----------------|---------------------------|---------|------------|-------------------------------|---------|------------|
| | | Budget | Actual | Difference | Budget | Actual | Difference |
| | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Overberg DM | 08/09 | 97 042 | 91 909 | -5 133 | 96 959 | 93 114 | -3 845 |
| | 09/10 | 103 398 | 89 910 | -13 488 | 103 273 | 101 080 | -2 193 |
| | 10/11 | 120 386 | 102 218 | -18 168 | 128 375 | 119 622 | -8 753 |
| Kannaland | 08/09 | 67 748 | 66 800 | -948 | 62 796 | 55 044 | -7 752 |
| | 09/10 | 61 557 | 73 892 | 12 335 | 53 409 | 75 776 | 22 367 |
| | 10/11 | 82 764 | 82 176 | -588 | 66 842 | 81 690 | 14 848 |
| Hessequa | 08/09 | 225 126 | 217 388 | -7 738 | 182 095 | 166 320 | -15 775 |
| | 09/10 | 314 331 | 288 650 | -25 681 | 268 438 | 252 421 | -16 017 |
| | 10/11 | 266 836 | 247 458 | -19 378 | 248 730 | 238 927 | -9 803 |
| Mossel Bay | 08/09 | 472 321 | 449 577 | -22 744 | 471 106 | 405 020 | -66 086 |
| | 09/10 | 579 437 | 619 145 | 39 708 | 521 527 | 634 389 | 112 862 |
| | 10/11 | 774 935 | 723 686 | -51 249 | 628 730 | 581 961 | -46 769 |
| George | 08/09 | 654 206 | 642 421 | -11 785 | 670 404 | 670 005 | -399 |
| | 09/10 | 791 742 | 765 150 | -26 592 | 791 649 | 756 062 | -35 587 |
| | 10/11 | 944 389 | 841 528 | -102 861 | 908 485 | 851 845 | -56 640 |
| Oudtshoorn | 08/09 | No information | | | | | |
| | 09/10 | No information | | | | | |
| | 10/11 | No information | | | | | |
| Bitou | 08/09 | 241 934 | 231 364 | -10 570 | 226 577 | 225 887 | -690 |
| | 09/10 | 320 116 | 291 390 | -28 726 | 259 629 | 266 006 | 6 377 |
| | 10/11 | 375 732 | 328 731 | -47 001 | 282 355 | 305 488 | 23 133 |
| Knysna | 08/09 | 344 234 | 352 110 | 7 876 | 334 409 | 327 114 | -7 295 |
| | 09/10 | 433 216 | 455 430 | 22 214 | 363 056 | 376 055 | 12 999 |
| | 10/11 | 448 841 | 466 159 | 17 318 | 427 347 | 404 348 | -22 999 |
| Eden DM | 08/09 | 190 883 | 278 822 | 87 939 | 169 382 | 257 350 | 87 968 |
| | 09/10 | - | 318 171 | 318 171 | - | 316 274 | 316 274 |
| | 10/11 | No information | | | | | |
| Laingsburg | 08/09 | 14 451 | 21 072 | 6 621 | 18 147 | 22 887 | 4 740 |
| | 09/10 | 25 336 | 33 921 | 8 585 | 30 462 | 32 888 | 2 426 |
| | 10/11 | 23 756 | 25 926 | 2 170 | 32 528 | 34 316 | 1 788 |
| Prince Albert | 08/09 | 19 232 | 27 625 | 8 393 | 18 604 | 23 305 | 4 701 |
| | 09/10 | 19 232 | 27 315 | 8 083 | 18 604 | 22 620 | 4 016 |
| | 10/11 | 37 666 | 35 326 | -2 340 | 35 611 | 38 374 | 2 763 |
| Beaufort West | 08/09 | 116 717 | 150 322 | 33 605 | 98 386 | 140 431 | 42 045 |
| | 09/10 | 191 669 | 164 960 | -26 709 | 173 792 | 139 470 | -34 322 |
| | 10/11 | 191 312 | 177 855 | -13 457 | 155 925 | 173 827 | 17 902 |

Table 28: Performance against budget

| Municipality | Financial Year | Operating Revenue (R'000) | | | Operating expenditure (R'000) | | |
|------------------|----------------|---------------------------|-------------------|----------------|-------------------------------|-------------------|-----------------|
| | | Budget | Actual | Difference | Budget | Actual | Difference |
| | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Central Karoo DM | 08/09 | 66 442 | 56 251 | -10 191 | 61 566 | 51 408 | -10 158 |
| | 09/10 | 63 790 | 61 111 | -2 679 | 55 200 | 53 988 | -1 212 |
| | 10/11 | 71 239 | 63 171 | -8 068 | 66 102 | 62 695 | -3 407 |
| Total | 08/09 | 24 135 450 | 24 431 560 | 296 110 | 21 353 233 | 20 736 587 | -616 646 |
| | 09/10 | 25 061 787 | 25 312 428 | 250 641 | 23 732 365 | 24 519 541 | -225 895 |
| | 10/11 | 28 483 013 | 27 973 380 | 509 633 | 27 342 851 | 26 361 246 | 981 605 |

Source: Municipal Financial Statements 2008/2009, 2009/2010 & 2010/2011



Graph 9: Total performance against budgets

The graph above illustrates the combined Provincial results on performance against budgets for 2010/2011 financial year.

5.3 LIQUIDITY RATIO

The liquidity ratio is an indication of whether the municipalities are financially liquid and if their current assets are sufficient to finance their current liabilities. The following table shows the liquidity ratios of municipalities in the Western Cape.

Table 29: Liquidity ratio

| Municipality | 2008/09 | 2009/10 | 2010/11 | | |
|-------------------|--------------|----------------|-----------------------------|----------------------------------|--------------|
| | Ratio | Ratio | Net current assets R'000 | Net current liabilities R'000 | Ratio |
| City of Cape Town | 1.4:1 | 1.5:1 | 9 455 320 | 5 893 533 | 1.6:1 |
| Matzikama | 1.4:1 | 1.4:1 | 37 696 | 42 237 | 0.9:1 |
| Cederberg | 2.3:1 | 1.5:1 | 66 661 | 45 457 | 1.5:1 |
| Bergrivier | 2.0:1 | 2:1 | 61 300 | 32 195 | 1.9:1 |
| Saldanha Bay | 43.5:1 | 49.4:1 | 553 634 | 107 231 | 5.2:1 |
| Swartland | 4.1:1 | 3.5:1 | 210 992 | 54 305 | 3.89:1 |
| West Coast DM | 3.8:1 | 4.1:1 | 166 420 | 42 332 | 3.9:1 |
| Witzenberg | 1.3:1 | 1:1 | 70 209 | 64 660 | 1.08:1 |
| Drakenstein | 1.4:1 | 11.5:1 | 166 235 | 306 635 | 0.5:1 |
| Stellenbosch | 2.8:1 | 2.2:1 | 440,166 | 177,792 | 2.5:1 |
| Breede Valley | 2.4:1 | 1.4:1 | 195 523 | 128 579 | 1.52:1 |
| Langeberg | 2.4:1 | 6.4:1 | 126,838 | 72,759 | 1.7:1 |
| Cape Winelands DM | 10.9:1 | 8.4:1 | 389,488 | 59,917 | 6.5:1 |
| Theewaterskloof | 1.1:1 | 0.7:1 | 53 070 | 51 782 | 1.02:1 |
| Overstrand | 0.7:1 | 1.1:1 | 164 695 | 126 049 | 1.3:1 |
| Cape Agulhas | 4.1:1 | 2.8:1 | 46 961 | 17 754 | 2.6:1 |
| Swellendam | 1.6:1 | No information | | | |
| Overberg DM | 1.3:1 | 0.6:1 | 4 652 | 18 221 | 0.21:1 |
| Kannaland | 0.7:1 | 0.4:1 | 6,600 | 22,353 | 0.3:1 |
| Hessequa | 1.6:1 | 1.9:1 | 101 528 | 60 607 | 1.7:1 |
| Mossel Bay | 3.4:1 | 2.3:1 | 279 582 | 170 994 | 1.6:1 |
| George | 4.1:1 | 3.6:1 | 642 349 | 220 737 | 2.9:1 |
| Oudtshoorn | | | | | |
| Bitou | 1.3:1 | 0.8:1 | 59 861 | 120 049 | 0.50:1 |
| Knysna | 1.2:1 | 1.3:1 | 129 475 | 88 941 | 1.46:1 |
| Eden DM | 1.1:1 | 1:1 | 46,875 | 56,872 | 0.82:1 |
| Laingsburg | 2.9:1 | 1.9:1 | 93 455 | 4 096 | 22.82:1 |
| Prince Albert | 2.3:1 | 2.6:1 | 40 818 | 3 223 | 12.7:1 |
| Beaufort West | 1.3:1 | 1.5:1 | 38 881 | 38 413 | 1.01:1 |
| Central Karoo DM | 0.7:1 | 0.7:1 | 3 684 | 10 825 | 0.3:1 |
| Total | 1.7:1 | 2.1:1 | 18 966 885 | 16 067 742 | 1.2:1 |

Source: Municipal Financial Statements 2008/2009, 2009/2010 & 2010/2011

Municipalities with the highest liquidity risks are Matzikama, Drakenstein, Overberg, Kannaland, Eden District, Bitou and Central Karoo District municipalities as their current liabilities exceeds their current assets. The total average of the Provincial liquidity ratio continued to increase from 1.7:1 in 2008/09 to 2.1:1 in 2009/10 and then decreased to 1.2:1 in 2010/11.

5.4 LEVEL OF RELIANCE ON GRANTS

Table 30: Reliance on grants

| Municipality | | | 2010/11 | | |
|-------------------|---------|------------------|-------------------------------------|-------------------------|------------|
| | 2008/09 | 2009/10 | Total grants and subsidies received | Total Operating Revenue | Percentage |
| | % | % | R'000 | R'000 | % |
| City of Cape Town | 30 | 17 | 2 558 851 | 20 380 686 | 12.5 |
| Matzikama | 48 | 38 | 68 182 | 169 110 | 40.3 |
| Cederberg | 20 | 40 | 42 107 | 169 267 | 24.9 |
| Bergrivier | 9 | 23 | 42 393 | 121 832 | 34.8 |
| Saldanha Bay | 13 | 8 | 62 086 | 553 177 | 11.2 |
| Swartland | 9 | 16 | 50 776 | 358 890 | 14.1 |
| West Coast DM | 36 | 9 | 81 517 | 249 327 | 32.7 |
| Witzenberg | 38 | 30 | 100 379 | 307 932 | 32.6 |
| Drakenstein | 15 | 16 | 128 014 | 1 025 587 | 12.5 |
| Stellenbosch | 9 | 13 | 96 788 | 812 663 | 11.9 |
| Breede Valley | 26 | 24 | 141 283 | 565 578 | 25.0 |
| Langeberg | 16 | 24 | 83 311 | 239 171 | 34.8 |
| Cape Winelands DM | 76 | 77 | 285 165 | 321 690 | 88.6 |
| Theewaterskloof | 28 | 37 | 102 255 | 288 416 | 35.5 |
| Overstrand | 3 | 11 | 83 616 | 627 929 | 13.3 |
| Cape Agulhas | 18 | 29 | 42 790 | 156 321 | 27.4 |
| Swellendam | 23 | No Annual Report | | | |
| Overberg DM | 74 | 78 | 81 998 | 102 218 | 80.2 |
| Kannaland | 42 | 44 | No Annual Report | | |
| Hessequa | 33 | 45 | 56 323 | 247 458 | 22.8 |
| Mossel Bay | 16 | 15 | 194 333 | 723 685 | 26.9 |
| George | 13 | 21 | 209 307 | 841 528 | 24.9 |
| Oudtshoorn | - | No Annual Report | | | |
| Bitou | 24 | 30 | 119 576 | 328 382 | 36.4 |
| Knysna | 24 | 29 | 100 840 | 503 156 | 20.0 |
| Eden DM | 50 | 52 | 122 968 | 263 498 | 46.7 |
| Laingsburg | 44 | 52 | 12 388 | 25 926 | 47.8 |
| Prince Albert | 46 | 46 | 10 379 | 35 326 | 29.4 |
| Beaufort West | 46 | 50 | 89 599 | 177 855 | 50.4 |
| Central Karoo DM | 92 | 91 | 56 270 | 63 171 | 89.1 |
| Total | 19 | 26 | 5 023 494 | 29 803 703 | 16.9 |

Source: Municipal Financial Statements 2008/09, 2009/10 & 2010/11

Municipalities in the Western Cape are reliant on National and Provincial for grant funding to finance part of their operating and capital expenditure. The table above provides an indication on the level of reliance on grants. The total average grant dependency increased year-on-year from 19 percent in 2008/09 to 26 percent in 2009/10. It then decreased significantly to 16.9 percent in 2010/11. The most significant decrease in grant reliance is identified in City of Cape Town, Cederberg, Hessequa and Prince Albert municipalities.

The District municipalities are however still highly reliant on grant funding to finance their operations. Since the abolishment of Regional Services Council (RSC) levies as a revenue source for district municipalities, they have been increasingly dependent on government grants to fund their operations. They are also unable to generate revenue from the sale of basic services as District Municipalities in the Western Cape are no longer servicing households.

5.5 CASH FLOW, BORROWING AND INVESTMENT

The following analysis focuses on the cash management position of municipalities in the Province and summarises the associated risks. The financial information in Table 27 below is not a true reflection of the current cash flow status in the Districts. This is as a result of Laingsburg and Prince Albert Municipalities having not submitted cash flow budgets and an incorrect cash flow budget submitted by Kannaland and Swellendam Municipalities.

Table 31: Municipal Cash flow balances and for the period ending June 2011

| | Total Cash Receipts | | | | | Total Cash Expenditure | | | | | Net increase (decrease) in cash held | YTD Net increase (decrease) in cash held | Cash/ cash equivalents at the month/year begin | Cash/ cash equivalents at the month/year end | Cash Coverage |
|-----------------------------|--------------------------------|-------------------------|-------------------------|-------------------------|-------|------------------------------------|-------------------------|-------------------------|-------------------------|-------|--------------------------------------|--|--|--|---------------|
| | Monthly Actuals | Actuals YTD (12 months) | Original Budget 2010/11 | Adjusted Budget 2010/11 | % YTD | Monthly Actuals | Actuals YTD (12 months) | Original Budget 2010/11 | Adjusted Budget 2010/11 | % YTD | | | | | |
| City of Cape Town | 1 646 153 | 21 672 809 | 20 962 477 | 19 490 159 | 111% | 2 241 081 | 20 922 500 | 20 616 145 | 19 571 489 | 107% | -594 928 | 750 309 | 5 808 052 | 5 213 124 | 0.73 |
| West Coast | 387 007 | 2 635 432 | 1 161 171 | 1 177 920 | 224% | 340 269 | 2 778 098 | 1 138 633 | 1 150 893 | 241% | 46 738 | -142 666 | 38 628 | 85 362 | 1.14 |
| Cape Winelands | 486 924 | 4 271 005 | 3 683 895 | 3 637 273 | 117% | 504 173 | 4 236 472 | 3 719 296 | 3 738 225 | 113% | -17 249 | 34 533 | 121 163 | 103 912 | 0.97 |
| Overberg | 181 776 | 1 572 377 | 1 270 375 | 1 281 073 | 123% | 215 964 | 1 553 071 | 1 369 598 | 1 398 160 | 111% | -34 188 | 19 306 | 130 316 | 96 125 | 0.84 |
| Eden | 356 054 | 4 198 426 | 3 652 856 | 3 669 500 | 114% | 395 169 | 4 086 467 | 3 800 892 | 3 809 672 | 107% | -39 115 | 111 959 | 447 306 | 408 193 | 0.90 |
| Central Karoo | 30 692 | 336 539 | 248 261 | 248 261 | 136% | 29 797 | 340 191 | 252 539 | 252 539 | 135% | 895 | -3 652 | 1 360 | 2 254 | 1.03 |
| District Grand total | 1 442 453 | 13 013 779 | 10 016 558 | 10 014 027 | 130% | 1 485 372 | 12 994 299 | 10 280 958 | 10 349 489 | 126% | -42 919 | 19 480 | 738 773 | 695 846 | 0.97 |
| | Total Operating Revenue | | | | | Total Operating Expenditure | | | | | Variance Cash vs Revenue % | Variance Cash vs Expenditure % | Income vs Expenditure | Cash Coverage | |
| City of Cape Town | 2 340 006 | 27 452 534 | 28 642 699 | 28 750 145 | 95% | 2 395 030 | 24 696 172 | 26 976 064 | 26 966 888 | 92% | 78.95% | 84.72% | 0.98 | | 1.04 |
| West Coast | 100 706 | 1 512 694 | 1 667 716 | 1 756 026 | 86% | 137 929 | 1 248 016 | 1 521 484 | 1 567 021 | 80% | 174.22% | 222.60% | 0.73 | | 0.95 |
| Cape Winelands | 279 034 | 3 171 839 | 3 444 599 | 3 632 669 | 87% | 413 547 | 2 960 949 | 3 416 530 | 3 583 617 | 83% | 134.65% | 143.08% | 0.67 | | 1.01 |
| Overberg | 88 114 | 1 259 385 | 1 292 691 | 1 308 329 | 96% | 134 398 | 1 164 758 | 1 314 388 | 1 329 575 | 88% | 124.85% | 133.34% | 0.66 | | 1.01 |
| Eden | 176 965 | 3 197 097 | 3 388 673 | 3 663 044 | 87% | 356 742 | 2 762 252 | 3 190 521 | 3 333 145 | 83% | 131.32% | 147.94% | 0.50 | | 1.03 |
| Central Karoo | 17 925 | 253 923 | 335 863 | 348 575 | 73% | 38 823 | 232 355 | 280 930 | 293 315 | 79% | 132.54% | 146.41% | 0.46 | | 0.99 |
| District Grand total | 662 744 | 9 394 938 | 10 129 542 | 10 708 643 | 88% | 1 081 439 | 8 368 330 | 9 723 853 | 10 106 673 | 83% | 138.52% | 155.28% | 0.61 | | 1.00 |

Source: Consolidated Municipal Budget Statement Western Cape Province for the period ending 30 June 2011: PT

City of Cape Town

For the financial year ended June 2011 the City of Cape Town shows actual cash receipts performance of 111 percent of the adjusted budgeted amount of R19.49 billion. From the table above it is clear that the billed revenue of R27.45 billion has been under-performed by 21.05 percent when compared to actual revenue received of R21.67 billion.

Actual Cash outflows amounted to R20.92 million or 107 percent of the adjusted budgeted cash expenditure of R19.57 billion.

It should be noted that the net decrease in cash held amounting to R594.93 million is attributed to the net movement in investments made less investments matured plus capitalised interest on bank investments (bank deposits and funds under management) for the month of June 2011.

District Cash Flow balances for the period ending 30 June 2011

For the financial year ended, the actual cash inflows amounted to R13.01 billion or 130 per cent of the adjusted budgeted cash inflow of R10.02 billion. There is a clear over-collection in revenue when comparing the district cash inflow of R13.01 billion with the district billed revenue of R9.39 billion.

The actual cash outflows amounted to R12.99 billion or 126 percent of the adjusted budgeted amount of R10.35 billion. When comparing the actual cash revenue received with the actual cash expenditure a saving of R19.48 million is identified.

Table 32: Consolidated Investment portfolio balances for the period ending 30 June 2011

| Jun-11 CONSOLIDATED INVESTMENTS | Opening Balance | Investments Matured | Investments Made | Interest Capitalised | Cost and Fees | Interest Earned for the month | Interest Earned Year to date | Closing Balance | Budgeted Interest | Budget Interest YTD % |
|---------------------------------------|--------------------|------------------------|---------------------|-------------------------|------------------|-------------------------------------|------------------------------------|--------------------|----------------------|-----------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| DISTRICTS | | | | | | | | | | |
| City of Cape Town | R 5 808 055 | R 1 820 879 | R 1 197 778 | R 18 575 | R 389 | R 0 | R 28 289 | R 5 203 140 | R 213 936 | 141% |
| West Coast | R 724 280 | R 275 487 | R 119 500 | R 1 712 | R 0 | R 6 171 | R 22 121 | R 570 005 | R 49 267 | 45% |
| Cape Winelands | R 819 097 | R 393 505 | R 572 843 | R 0 | R 0 | R 4 602 | R 57 979 | R 998 435 | R 76 555 | 76% |
| Overberg | R 166 377 | R 38 373 | R 0 | R 0 | R 0 | R 0 | R 4 040 | R 128 004 | R 15 355 | 26% |
| Eden | R 419 512 | R 101 928 | R 10 000 | R 119 | R 0 | R 1 313 | R 38 480 | R 327 703 | R 49 485 | 78% |
| Central Karoo | R 32 865 | R 13 380 | R 2 576 | R 0 | R 0 | R 0 | R 539 | R 22 061 | R 2 115 | 25% |
| GRAND TOTAL | R 7 970 186 | R 2 643 552 | R 1 902 697 | R 20 406 | R 389 | R 12 086 | R 425 431 | R 7 249 348 | R 406 713 | 105% |

Source: Consolidated Municipal Budget Statement Western Cape Province for the period ending 30 June 2011: PT

For the 2010/11 financial year twenty-eight (28) municipalities have reported on the movement of its investment portfolios. Total investments made for the financial year amounted to R1.9 billion while the investments matured amounted to R2.64 billion.

Municipalities earned an amount of R425.43 million and capitalised R20.41 million for the financial year. The closing balance for investments in the Western Cape amounted to R7.25 billion.

Table 33: Consolidated External borrowings balances for the period ending 30 June 2011

| CONSOLIDATED EXTERNAL BORROWINGS | Opening Balance R'000 | Interest Capitalised R'000 | Repayments R'000 | Loans Received R'000 | Closing Balance R'000 | Sinking funds |
|-------------------------------------|-----------------------------|----------------------------------|---------------------|----------------------------|-----------------------------|------------------|
| Jun-11 | | | | | | |
| City of Cape Town | 5 708 032 | - | 156 514 | - | 5 551 518 | 476 999 |
| West Coast District | 306 538 | 80 | 11 177 | - | 295 441 | |
| Cape Winelands District | 681 295 | - | 1 982 | 72 956 | 752 269 | |
| Overberg District | 373 381 | 27 725 | 2 090 | 11 209 | 410 225 | |
| Eden District | 873 798 | 237 | 11 004 | 46 428 | 909 459 | |
| Central Karoo District | 17 225 | - | 236 | - | 16 989 | |
| GRAND TOTAL | 7 960 269 | 28 042 | 183 003 | 130 593 | 7 935 901 | 476 999 |

Source: Consolidated Municipal Budget Statement Western Cape Province for the period ending 30 June 2011: PT

External Borrowing is an additional means for municipalities to fund their capital projects. For the 2010/11 financial year the total borrowings amounted to R7.94 billion.

The table above shows the external borrowing performance of municipalities for the month of June 2011. The interest capitalised at the end of June 2011 amounted to R28.04 million. Total repayments for the month amounted to R183 million. The City of Cape Town Municipality is the only municipality making provision for sinking fund investments for capital redemption.

5.6 DEBT MANAGEMENT

The table below reflects the total outstanding debtors of the City of Cape Town and the five (5) municipal districts as at 30 June 2011.

Table 34: Age analysis of debtors

| R'000 | 2010/11 | | | | | | 2009/10 | | | | | | % incr/ decr |
|-------------------|-----------|-------------|----------------|------------|-----------|-----------|-----------|-------------|----------------|------------|---------|-----------|-----------------|
| | Water | Electricity | Property Rates | RSC Levies | Other | Total | Water | Electricity | Property Rates | RSC Levies | Other | Total | |
| Beaufort West | 7 536 | 3 590 | 8 707 | | 14 756 | 34 588 | 8 782 | 3 096 | 6 492 | | 9 985 | 28 355 | 22.0 |
| Bergrivier | 9 142 | 7 293 | 13 092 | | 13 629 | 43 156 | 7 965 | 7 597 | 9 633 | | 13 313 | 38 508 | 12.1 |
| Bitou | 19 313 | 9 279 | 14 264 | | 9 727 | 52 582 | 8 062 | 7 391 | 10 836 | | 12 398 | 38 686 | 35.9 |
| Breede Valley | 28 093 | 20 023 | 14 928 | | 30 089 | 93 133 | 22 842 | 16 479 | 12 601 | | 32 436 | 84 357 | 10.4 |
| Cape Agulhas | 2 926 | 5 556 | 2 226 | | 2 594 | 13 303 | 1 584 | 1 650 | 1 065 | | 1 950 | 6 249 | 112.9 |
| Cape Town | 2 888 797 | 699 409 | 1 566 226 | | 606 915 | 5 761 346 | 2 474 126 | 589 646 | 1 395 101 | | 585 257 | 5 044 130 | 14.2 |
| Cape Winelands DM | | | 708 | | 811 | 1 518 | | | 703 | | 884 | 1 587 | -4.3 |
| Cederberg | 10 609 | 7 780 | 12 807 | | 2 473 | 33 669 | 11 175 | 8 160 | 11 255 | | 3 298 | 33 888 | -0.6 |
| Central Karoo | 242 | 234 | 614 | | 745 | 1 833 | 1 891 | 490 | 838 | | 1 646 | 4 865 | -62.3 |
| Drakenstein | 75 323 | 41 405 | 30 363 | | 57 706 | 204 797 | 83 404 | 30 710 | 31 347 | | 87 886 | 233 347 | -12.2 |
| Eden | 8 034 | 1 487 | 2 626 | | 7 038 | 19 185 | 6 848 | 1 010 | 2 588 | | 3 534 | 13 980 | 37.2 |
| George | 30 037 | 20 820 | 20 681 | | 21 222 | 92 760 | 28 627 | 19 076 | 15 455 | | 20 608 | 83 766 | 10.7 |
| Hessequa | 6 074 | 7 224 | 9 647 | | 3 888 | 26 834 | 4 801 | 6 294 | 10 708 | | 3 119 | 24 921 | 7.7 |
| Kannaland | 18 167 | 2 185 | 8 194 | | 15 567 | 44 112 | 15 940 | 257 | 7 678 | | 14 144 | 38 019 | 16.0 |
| Knysna | 29 426 | 17 650 | 27 681 | | 16 246 | 91 004 | 23 466 | 15 481 | 24 534 | | 14 965 | 78 447 | 16.0 |
| Laingsburg | 659 | 426 | 1 733 | | 430 | 3 248 | 205 | 144 | 90 | | 273 | 711 | 356.8 |
| Langeberg | 6 650 | 12 616 | 3 709 | | 6 959 | 29 934 | 6 842 | 10 716 | 3 721 | | 5 426 | 26 705 | 12.1 |
| Matzikama | | | | | 31 374 | 31 374 | | | | | 27 841 | 27 841 | 12.7 |
| Mossel Bay | 29 750 | 14 346 | 10 560 | | 7 203 | 61 859 | 20 091 | 8 412 | 8 490 | | 19 358 | 56 351 | 9.8 |
| Oudtshoorn | 27 213 | 16 898 | 18 172 | | 15 575 | 77 859 | 20 138 | 9 262 | 13 227 | | 12 303 | 54 930 | 41.7 |
| Overberg | 14 | 28 | | | 2 190 | 2 233 | 10 | 18 | | | 2 458 | 2 485 | -10.1 |
| Overstrand | 20 981 | 16 952 | 13 291 | | 9 452 | 60 676 | 19 636 | 13 948 | 14 836 | | 6 279 | 54 699 | 10.9 |
| Prince Albert | 2 933 | 1 069 | 851 | | 816 | 5 669 | 1 889 | 777 | 708 | | 632 | 4 005 | 41.5 |
| Saldanha Bay | 42 273 | 12 021 | 24 951 | | 32 871 | 112 117 | 31 609 | 9 347 | 23 132 | | 26 068 | 90 155 | 24.4 |
| Stellenbosch | 35 144 | 14 649 | 32 911 | | 33 607 | 116 311 | 26 857 | 12 551 | 35 103 | | 31 036 | 105 547 | 10.2 |
| Swartland | 6 801 | 9 271 | 7 493 | | 5 324 | 28 889 | 6 584 | 8 130 | 7 607 | | 4 124 | 26 445 | 9.2 |
| Swellendam | 14 553 | 7 703 | 13 584 | | 10 718 | 46 558 | 13 331 | 6 021 | 11 145 | | 9 065 | 39 562 | 17.7 |
| Theewaterskloof | 50 479 | 5 889 | 20 814 | | 31 522 | 108 704 | 5 995 | 3 240 | 1 833 | | 3 549 | 14 617 | 643.7 |
| West Coast | 6 233 | 31 | | | 188 | 6 453 | 2 533 | 4 | | | 91 | 2 628 | 145.5 |
| Witzenberg | 27 473 | 12 265 | 9 022 | | 21 666 | 70 426 | 31 763 | 9 867 | 7 644 | | 26 105 | 75 379 | -6.6 |
| Total | 3 404 875 | 968 099 | 1 889 855 | | 1 013 301 | 7 276 130 | 2 886 996 | 799 774 | 1 668 370 | | 980 031 | 6 335 165 | 14.9 |

Source: Consolidated Municipal Budget Statement Western Cape Province for the period ending 30 June 2011: PT

For the 2010/11 financial year total outstanding debtors amounted to R7.28 billion compared to R6.34 billion recorded for the previous financial year. There has thus been a year on year increase in debtors of 14.9 percent.

From the table above it is clear that the bulk of the debt in the province is held by City of Cape Town Municipality whose debtors balance for the 2010/11 financial year amounted to R5.76 billion or 79 percent of the total debt amount for that year.

The increase of 14.9 percent is mostly contributed by Theewaterskloof, Laingsburg, West Coast District and Cape Agulhas whose debt amounts increased by over 100 percent year on year. There were however municipalities that managed to decrease their outstanding debtors like Central Karoo District, Drakenstein, Overberg District and Witzenberg municipalities.

The most significant income categories contributing to the combined debtors are water services comprising of 46.8 percent and property rates at 26 percent.

CHAPTER 6: REPORT OF THE AUDITOR GENERAL 2010/2011

6.1 MUNICIPAL AUDIT OPINION

This table indicates on which date financial statements were submitted and the types of Audit opinions received by municipalities for the past three financial years.

Table 35: Audit Opinion 2010/11

| MUNICIPALITY | Period | Unqualified with no findings | Unqualified opinion with findings | Qualified opinion | Disclaimer of opinion | Adverse Opinion |
|-------------------------|--------|------------------------------|-----------------------------------|-------------------|-----------------------|-----------------|
| City of Cape Town | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| West Coast District | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Matzikama | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Cederberg | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Bergrivier | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Saldanha Bay | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Swartland | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Cape Winelands District | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Witzenberg | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |

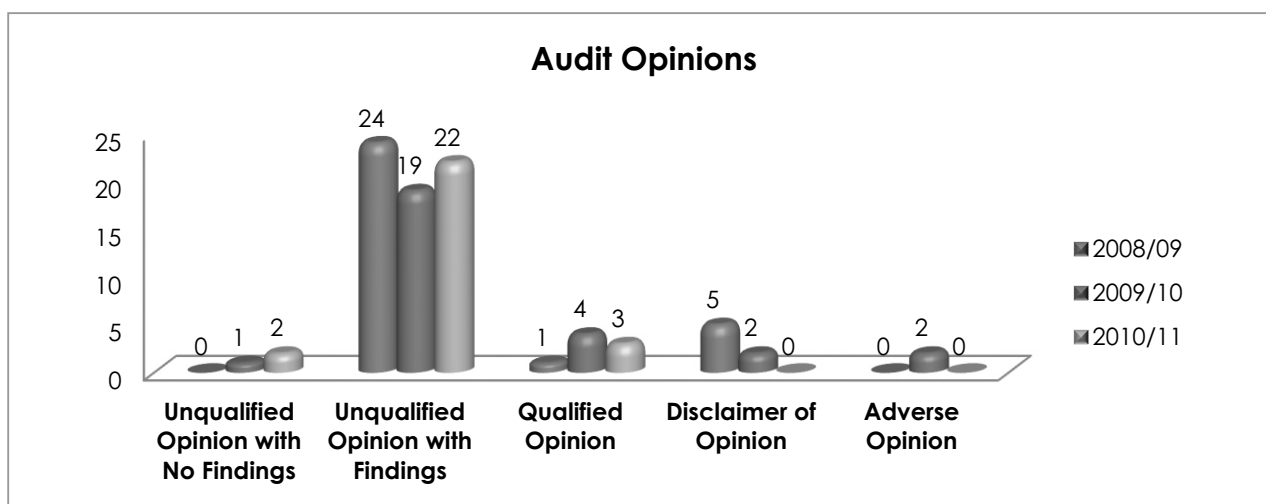
Table 35: Audit Opinion 2010/11

| MUNICIPALITY | Period | Unqualified with no findings | Unqualified opinion with findings | Qualified opinion | Disclaimer of opinion | Adverse Opinion |
|-------------------|--------|--|-----------------------------------|-------------------|-----------------------|-----------------|
| Drakenstein | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Stellenbosch | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Breede Valley | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Langeberg | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Overberg District | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Theewaterskloof | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Overstrand | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Cape Agulhas | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Swellendam | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | Audit not yet finalised due to late submission of financial statements | | | | |
| Eden District | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Kannaland | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | Audit not yet finalised due to late submission of financial statements | | | | |
| Hessequa | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |

Table 35: Audit Opinion 2010/11

| MUNICIPALITY | Period | Unqualified with no findings | Unqualified opinion with findings | Qualified opinion | Disclaimer of opinion | Adverse Opinion |
|------------------------|--------|--|-----------------------------------|-------------------|-----------------------|-----------------|
| Mossel Bay | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| George | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Oudtshoorn | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | Audit not yet finalised due to late submission of financial statements | | | | |
| Bitou | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Knysna | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Central Karoo District | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Laingsburg | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Prince Albert | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |
| Beaufort West | 08/09 | | | | | |
| | 09/10 | | | | | |
| | 10/11 | | | | | |

Source: General Report on the Audit Outcomes of the Western Cape Local Government 2010/11



Graph 10: Comparison with previous years: Auditor-General report outcomes

The audit outcomes have remained relatively unchanged with the majority of municipalities receiving financially unqualified opinions with findings coupled with six improvements and three regressions.

The metro moved from a clean audit to financially unqualified with findings for non-compliance with SCM regulations. The leadership only fully implemented SCM regulations in respect of all transactions towards the end of the 2010/2011 financial year. The Cape Town International Convention Centre also moved from a clean to financially unqualified with findings audit opinion due to non-compliance with SCM regulations.

Two municipalities improved from financially unqualified with findings to clean audits, namely West Coast District and Swartland. The improvement in the audit outcomes of these municipalities resulted from the sustained efforts of the municipal leadership to effectively monitor the implementation of a credible action plan to address past audit findings. There was strict monitoring of compliance with laws and regulations, especially SCM regulations, through the effective use of compliance checklists and the assistance of the internal audit unit that regularly reviewed the internal controls around SCM to ensure compliance.

Improvements at George (adverse to financially unqualified opinion with findings), Prince Albert (disclaimer of opinion to a qualified opinion) and Saldanha Bay and Cederberg municipalities (qualified to financially unqualified with findings) were due to the municipal leadership's effective monitoring of credible action plans to address the past audit qualifications, which included the daily processing of transactions, proper records management systems and regular reconciliation of control accounts. They also effectively used and monitored the consultants appointed to prepare the financial statements, with the consultants also assisting with the timely correction of material mis-statements identified during the audit.

Overberg District: The shift in audit outcomes from a financially unqualified opinion with findings to a qualified opinion was mainly due to leadership instability both at administrative and political levels, which negatively impacted on oversight and the timely implementation and monitoring of a credible action plan to address the past audit findings.

Laingsburg: The Municipality had repeat and new qualification findings, which were largely attributable to finance staff not applying the GRAP reporting framework appropriately. Accordingly, the finance staff did not maintain the required information to enable the appointed consultants to prepare and complete accurate asset registers. Despite the improvements, it is of concern that the majority of municipalities' audit outcomes remained unchanged mainly due to inadequate internal controls over compliance with laws and regulations and predetermined objectives, which compromised the achievement of clean audits. In addition, the extent of material misstatements increased from 65% to 79%.

6.2 KEY FINDINGS IN THE REPORTS OF THE AUDITOR-GENERAL

Findings arising from the audit of compliance with laws and regulations

Laws and regulations set out the activities which the public sector must perform in serving the citizens and stipulate any limits or restrictions on such activities, the overall objectives to be achieved and how due process rights of individual citizens are to be protected. Local government auditees are subject to legislation such as the MFMA and the MSA whose objectives are proper financial management and performance management, transparency, accountability, stewardship and good governance.

The procedures performed to obtain evidence that auditees complied with applicable laws and regulations were limited to the following focus areas:

- annual financial statements, performance report and annual report
- asset management
- audit committees
- budgets
- expenditure management
- internal audit
- revenue management
- strategic planning and performance management
- transfer of funds and conditional grants
- procurement and contract management
- human resource management and compensation

Although compliance in most of the specified areas was audited in previous years, the scope and extent of coverage increased for the year under review. As a result, more areas and instances of non-compliance were revealed by the audits for the year under review.

Overall trends in the level of material non-compliance reported

As depicted below, findings on material non-compliance with laws and regulations were raised in the auditor's reports of 27 auditees (93%) [2009-10: 27 auditees (82%)]. This represents an overall increase of 13% compared to the 2009-10 financial year. The remaining two auditees, namely West Coast District and Swartland, improved their audit outcomes from the prior year by implementing action plans and compliance checklists monitored by the municipal leadership. The following table analyses the movements in the number of auditees with non-compliance findings in the Province.

Table 36: Overall movement in the number of auditees with reported material non-compliance

| Number of auditees with compliance findings | High-capacity municipalities (including metros) | Medium capacity municipalities | Low capacity municipalities | Municipal entities | Total auditees reported on | % |
|---|---|--------------------------------|-----------------------------|--------------------|----------------------------|-----|
| Remained with no compliance findings | 0 | 0 | 0 | 0 | 0 | 0% |
| All compliance findings addressed | 0 | 2 | 0 | 0 | 2 | 7% |
| Auditees with no compliance findings | 0% | 13% | 0% | 0% | 7% | 7% |
| Retained compliance findings | 3 | 6 | 2 | 1 | 12 | 40% |

Table 36: Overall movement in the number of auditees with reported material non-compliance

| Number of auditees with compliance findings | High-capacity municipalities (including metros) | Medium capacity municipalities | Low capacity municipalities | Municipal entities | Total auditees reported on | % |
|---|---|--------------------------------|-----------------------------|--------------------|----------------------------|------|
| Regressed to have compliance findings | 5 | 7 | 1 | 2 | 15 | 52% |
| Auditees with compliance findings | 100% | 80% | 100% | 100% | 93% | 93% |
| Total number of auditees reported on | 8 | 15 | 3 | 3 | 29 | 100% |

Transversal reported areas of material non-compliance

| | |
|--|-----|
| <i>Procurement and contract management</i> | 79% |
| <i>Expenditure management</i> | 72% |
| <i>Annual financial statements and annual report</i> | 72% |
| <i>Internal audit</i> | 34% |
| <i>Strategic planning and performance management</i> | 34% |
| <i>Audit committees</i> | 31% |
| <i>Budgets</i> | 28% |

Transversal non-compliance findings relating to the AGSA's compliance focus areas are analysed below, except for the following:

- The findings on strategic planning and performance management and other PDO-related non-compliance.
- Procurement and contract management (SCM) findings.

Expenditure management

Findings were identified at 21 (72%) auditees, the most significant of which are depicted in the following table.

Table 37: Expenditure management findings

| Focus area | Summary of common findings | Percentage of auditees reported on |
|------------------------|---|------------------------------------|
| Expenditure Management | The accounting officer did not prevent irregular expenditure | 66% |
| | The accounting officer did not prevent un-authorised expenditure | 34% |
| | The accounting officer did not prevent fruitless and wasteful expenditure | 21% |

Accounting officers are responsible for ensuring that irregular, un-authorised as well as fruitless and wasteful expenditure is prevented.

Irregular expenditure refers to expenditure incurred in contravention of legislation. The high incidence of non-compliance with SCM-related legislation, as identified by the AGSA, inevitably led to an increase in irregular

expenditure. Unauthorised expenditure is defined as an overspending of a budget vote or expenditure from a budget vote unrelated to the functional area of that vote. Fruitless expenditure is defined as expenditure made in vain or that could have been avoided had reasonable care been taken.

Annual financial statements and annual report

Findings were identified at 21 (72%) auditees, the most significant of which are depicted in the following table.

Table 38: Annual financial statements and annual report findings

| Focus area | Summary of common findings | Percentage of auditees reported on |
|---|--|------------------------------------|
| Annual financial statements and annual report | The submitted AFS was not prepared in accordance with the prescribed accounting framework | 48% |
| | The AFS was not submitted for auditing within two months after the end of the financial year | 28% |
| | Consolidated performance report not prepared in accordance with MSA requirements | 21% |

The most prevalent finding in this area relates to material mis-statements and inadequate supporting records for financial statements submitted for auditing, which were, in some cases, subsequently corrected. Mis-statements would generally result in a non-compliance finding in the audit report if it resulted in a modified audit opinion or if a financially unqualified opinion was obtained as a result of correcting misstatements which were not isolated instances and where there is a history of material mis-statements.

Twelve municipalities did not submit their financial statements within the required two months after the year-end, as per the legislated deadlines. Late submission of financial statements related primarily to the municipalities' inability to meet the GRAP reporting requirements relating to property, plant and equipment due to the late engagement of consultants to assist with the reporting requirements as well as leadership instability. Six municipalities did not report on the comparative information of the performance of the municipality and/or each external service provider as required by section 46 of the MSA in their performance report.

Internal audit

Findings were identified at 10 (34%) auditees, the most significant of which are depicted in the following table.

Table 39: Internal Audit findings

| Focus area | Summary of common findings | Percentage of auditees reported on |
|----------------|--|------------------------------------|
| Internal Audit | No or inadequate internal auditing of performance measurements | 24% |

The internal audit processes and procedures did not include assessments of the functionality of the municipality's performance management system and whether the system complied with the requirements of the MSA, and did not include assessments of the extent to which the municipality's performance measurements were reliable in measuring the actual performance.

Audit committees

Findings were identified at nine (31%) auditees, the most significant of which are depicted in the following table.

Table 40: Audit Committee findings

| Focus area | Summary of common findings | Percentage of auditees reported on |
|------------------|--|------------------------------------|
| Audit Committees | Audit committees were not in place or not functioning adequately | 17% |

At five municipalities the audit committees were not established or functioning properly. The lack of governance led to inadequate risk assessment and non-compliance with laws and regulations. The performance of internal audit is influenced by the absence of audit committees. This can be addressed by encouraging professionals to participate in their communities.

Budgets

Findings were identified at eight (28%) auditees, the most significant of which are depicted in the following table.

Table 41: Budgets finding

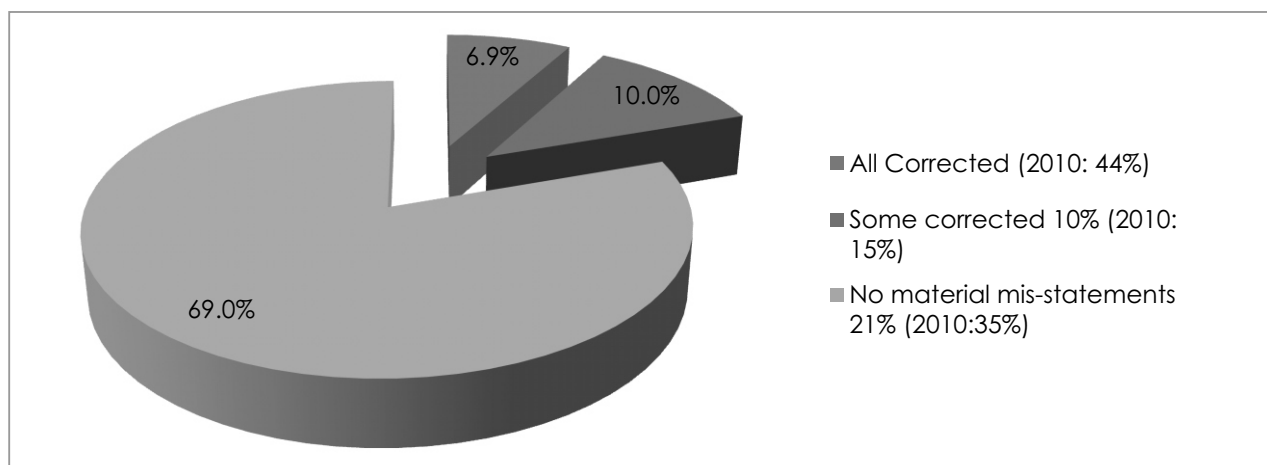
| Focus area | Summary of common findings | Percentage of auditees reported on |
|------------|--|------------------------------------|
| Budget | Budget Expenditure was not incurred in accordance with the approved budget | 28% |

Unauthorised expenditure represents expenditure that was not incurred in accordance with the MFMA principles of sound and sustainable management of financial affairs of municipalities. An assessment of the related weaknesses indicated a general lack of adequate monitoring and review by the leadership of the expenditure against the approved budget.

Analysis of the quality of financial statements submitted for audit

As in prior years, most auditees submitted financial statements for audit that contained material mis-statements in one or more areas.

Twenty (69%) auditees were only able to achieve financially unqualified audit opinions, because they were given the opportunity during the audit to correct the material mis-statements identified by the auditors. The extent of material mis-statements was significant enough to report non-compliance in the audit report in 48% (2009-10: 18%) of auditees, which is included in the area of "some corrected" (10%) and "all corrected" (remaining 38%) portions of the chart below. Reliance on the auditors to identify corrections to be made to the financial statements is not a sustainable practice and the unqualified audit opinions might not be maintained in the future. Some auditees were not willing and/or able to correct all of the mis-statements and, therefore, could not avoid attracting qualifications. The extent of material mis-statements in financial statements submitted for audit for the year under review is depicted in the following figure.



Material corrections mainly related to capital assets (2009-10: 21%), liabilities (2009-10: 33%), expenditure (2009-10: 36%) and other disclosure items (2009-10: 42%), such as compulsory MFMA disclosures around material losses, accounting policies, changes in estimates and errors, financial instruments and related parties. This primarily indicates that the preparers (municipal officials) of the financial statements did not understand and apply the GRAP reporting framework and MFMA disclosure requirements properly. In instances where consultants were utilised management did not implement processes to confirm the completeness and accuracy of information provided to consultants to prepare the disclosure notes. In turn, consultants did not verify the information received to supporting documentation. Management, including internal audit units and the audit committees, also did not review the financial statements prior to auditing, at some municipalities. Insufficient planning in relation to the preparation of the financial statements resulted in undue time pressures for finalisation thereof and as a consequence insufficient time was allowed for proper management, internal audit unit and audit committee review of the financial statements.

The areas (capital assets, current assets, liabilities, other disclosures and revenue) resulted in qualified opinions of three municipalities (Laingsburg, Overberg District and Prince Albert) because they were unable to correct all of the identified material mis-statements in their financial statements due to the poor record keeping and the particular late start in the case of Overberg District to prepare a GRAP compliant asset register. The following table depicts the progress, or lack thereof, made by auditees in addressing their prior year qualification findings.

Table 42: Auditees' history of financial statement qualification areas

| Auditee | Audit Opinion 2010/2011 | Movement in addressing 2009-10 qualification areas | | | | | | | Audit opinion 2009-10 |
|----------------------|---------------------------------------|--|----------------|-------------|------------------------|-----------|-------------|--------------|---------------------------------------|
| | | Non-current assets | Current assets | Liabilities | Other disclosure items | Revenue | Expenditure | U, I and F&W | |
| Laingsburg | Qualified | New | New | | Repeat | | | | Qualified |
| Overberg | Qualified | New | | | | | | | Financially unqualified with findings |
| Prince Albert | Qualified | Addressed | Repeat | | Addressed | Repeat | Addressed | | Disclaimer |
| George | Financially unqualified with findings | Addressed | | Addressed | Addressed | Addressed | | Addressed | Adverse |
| Cederberg | Financially unqualified with findings | Addressed | Addressed | Addressed | Addressed | Addressed | Addressed | | Qualified |
| Saldanha Bay | Financially unqualified with findings | Addressed | | | | Addressed | | | Qualified |

Supply Chain Management (SCM)

The audits included an assessment of procurement processes, contract management and the related controls in place. To ensure a fair, equitable, transparent, competitive and cost-effective SCM system, the processes and controls need to comply with legislation and minimise the likelihood of fraud, corruption, favouritism as well as unfair and irregular practices. The assessments were performed at 29 (100%) auditees in total.

Contracts awarded and price quotations accepted (referred to as "awards" in the rest of the report) to the value of R547 million were tested. Awards to the value of R1,4 million that were selected for audit could not be audited due to the required information or documentation not being made available by auditees.

Findings arising from the audit were reported in the management reports of 24 (83%) auditees, while in 23 (79%) of these cases the findings were significant enough to warrant reporting thereof in the auditor's report.

A summary of findings arising from the audit is provided in the following figure.

Table 43: Summary of findings arising from SCM audit

| | 2010/11 | 2009/10 |
|--|---------|---------|
| Uncompetitive or unfair procurement processes | 59% | 48% |
| Awards to employees and councillors or other state officials | 48% | 52% |
| Awards to close family members of employees and councillors (tested at 7 auditees 2010-11) | 43% | 44% |
| Inadequate contract management | 14% | 24% |
| Limitation on planned scope of audit of awards | 7% | 21% |
| Inadequate controls | 17% | 48% |

The most prevalent material non-compliance matters reported in the audit reports are depicted in the following table.

Fruitless, wasteful, irregular and unauthorised expenditure

The MFMA requires accounting officers to ensure that unauthorised, irregular as well as fruitless and wasteful expenditure is prevented. The MFMA also makes it compulsory for auditees to disclose such expenditure in their financial statements.

Extent of unauthorised, irregular as well as fruitless and wasteful expenditure incurred

The figure below depicts the extent of such expenditure incurred in the year under review and the portion thereof that was identified during the audit and not detected or reported by the auditees.

Table 44: Unauthorised, irregular as well as fruitless and wasteful expenditure incurred by auditees

| | Unauthorised Expenditure | | Irregular expenditure | | Fruitless and Wasteful Expenditure | |
|-------------------------|--------------------------|--|-----------------------|--------------------|------------------------------------|--------------------|
| | Municipalities | | Municipalities | Municipal entities | Municipalities | Municipal Entities |
| Identified during audit | 19 million | | 185.3 million | | 0.2 million | |
| Identified by auditees | 261 million | | 24.7 million | 0.7 million | 5.6 million | |

Unauthorised expenditure

Fourteen municipalities incurred unauthorised expenditure amounting to R280 million. An amount of R277,8 million related to overspending and R2,2 million related to non-permissible grant spending. Unauthorised expenditure was incurred due to improper budgeting, incorrect allocations between capital and operating budgets and inadequate monthly budgetary controls.

Irregular expenditure

Nineteen municipalities and one entity incurred irregular expenditure totaling R210,7 million. In addition to the amount reflected above, R1,4 million could not be audited as no supporting documentation could be presented for audit (also refer to section 3.2 for more information) and the actual irregular expenditure could be higher than the amounts identified by auditees and during the audit process.

Supply chain management

Non-compliance that gave rise to irregular expenditure included SCM policy on declarations of interest for quotations under R30 000 not fully adhered to in respect of suppliers found to be in the employ of the state, SCM policy on declarations of interest for quotations under R200 000 not fully adhered to and contracts not advertised for the full 30-day period as required.

Overall, irregular expenditure decreased due to improved SCM systems and monitoring as well as improved document management. George accounted for R265 million of the overall improvement, as a result of providing

SCM supporting documentation which could not be furnished in the prior year. The improvement was as a result of implementation and monitoring of an action plan to address prior year audit findings. Prior year irregular expenditure of audits not yet finalised in 2010-11 amounted to R11 million. At the one entity that incurred irregular expenditure (Cape Town International Convention Centre), a project was extended by appointing the same consultant without going through a competitive bidding process.

Compensation of employees

Overberg District and Prince Albert incurred irregular expenditure amounting to R875 000 related to councillors' remuneration that was not in accordance with the limits as gazetted.

Irregular expenditure – other

The Cape Town International Convention Centre incurred irregular expenditure related to theft and fraudulent supplier payments amounting to R731 000.

Fruitless and wasteful expenditure

Six municipalities incurred fruitless and wasteful expenditure totalling R5,8 million relating mostly to interest on late payments and water and electricity losses above the norms, as determined by the municipalities.

Table 45: Nature of and movements in unauthorised, irregular as well as fruitless and wasteful expenditure

| Nature of movements | Municipalities | | |
|---|--------------------|-----------------------|----------------|
| | Number of Auditees | Movement from 2009-10 | Amount |
| Overspending of votes/main division within votes | 14 | ↓ | R277.8 million |
| Spending not in accordance with purpose/condition | 0 | | R0 |
| Expenditure unrelated to functional area/Nonpermissible Grant | 1 | | R2.2 million |
| Supply chain management | 20 | ↓ | R209.1 million |
| Compensation of employees | 2 | ↓ | R0.9 million |
| Other non-compliance | 1 | ↓ | R0.7 million |
| Supply chain management | 1 | ↔ | R0.08 million |
| Other non-compliance | 6 | ↑ | R5.72 million |

Note: 'Unchanged' denotes an increase/reduction of 5% or less in the level of findings compared to the previous financial year. A three-year analysis of unauthorised, irregular as well as fruitless and wasteful expenditure incurred is presented in the following table.

Table 46: Three-year trend in unauthorised expenditure

| Unauthorised Expenditure | 2010/11 | 2009/10 | 2009/08 |
|--------------------------|---------------|---------------|---------------|
| Identified during audit | 18.9 million | 77.7 million | 7.9 million |
| Identified by auditees | 260.6 million | 234.9 million | 158 million |
| Total | 279.5 million | 312.6 million | 165.9 million |

It is encouraging to note a marked decrease from 2009-10 to 2010-11 in both the rand amount and the number of auditees incurring irregular expenditure as a result of improved SCM systems. The sharp increase from 2008-09 to 2009-10 was as a result of non-compliance with SCM requirements, specifically, incomplete disclosure of deviations from procurement processes, accounting for R269 million. The increase from 2008-09 to 2009-10 and reduction from 2009-10 to 2010-11 related mainly to George that accounted for R265 million of the overall regression and improvement, as a result of providing SCM supporting documentation which could not be furnished in 2009-10.

Table 47: Three-year trend in fruitless and wasteful expenditure

| Number of Auditees | 2010/11 | 2009/10 | 2008/09 |
|---|---------|---------|---------|
| All or part of unauthorised expenditure identified during audit | 2 | 6 | 4 |
| All of the unauthorised expenditure identified by auditees | 12 | 13 | 5 |

It is encouraging to note a marked decrease from 2009-10 to 2010-11 in the number of auditees incurring fruitless and wasteful expenditure although the rand value has increased. Efforts around timely creditor payments and monitoring of excessive electricity and water losses need to be further intensified to reduce the amount.

CHAPTER 7: LOCAL ECONOMIC DEVELOPMENT

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

An LED strategy forms part of the IDP for each municipality. In many respects, it is the most crucial aspect of an IDP and plays a determining role in the effectiveness of the overall IDP approach. As such, an LED strategy needs to ensure the following:

- assimilation of socio-economic conditions and needs;
- establishment of the economic profile of the region;
- selection of priorities;
- development of policy thrusts;
- formulation of strategic interventions;
- formation of implementation plans;
- programme and project development that addresses strategic objectives;
- key performance areas for projects and programmes, including timeframes, targets and reporting mechanisms; and
- indication of budget prioritization and allocation to deliver on economic priorities

LED development is also not a once-off process. Municipal LEDs need to be continually revised, with comprehensive reviews taking place at least once every five years. In order for this oversight role to be effective, LED Forums need to be established. The 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. This will then lead to interactions within local communities, 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 will, in essence, provide 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.

A District LED Forum needs to meet at least on a quarterly basis, or when required, on a more regular basis. The District Municipality plays an important role in the co-ordination of these meetings and in ensuring proper communication between the various stakeholders. These meetings need to be coordinated according to a set agenda, which will guide the LED Forum meeting. Issues raised and decisions made at the various meetings need to be recorded in order to keep a record of all decisions made regarding economic development in the region. It is also important that implementation of the decisions made in these meetings by the various parties need to be actioned. This implies that an action plan becomes the essential output of an LED forum meeting.

Ultimately, an effective LED strategy has the potential to improve the quality of life of local communities. However, this is dependent on the genuine prioritization of the LED by all stakeholders and the active pursuit of its effective implementation. This requires significant levels of coordination between all stakeholders, as well as effective oversight.

7.1 DEVELOPMENT AND IMPLEMENTATION OF LED STRATEGIES AND PLANS

Table 48: LED Strategies

| Names of municipalities | LED strategy reviewed/developed and implemented | | |
|-------------------------|---|--------------------------|---|
| | 2008/09 | 2009/10 | 2010/11 |
| City of Cape Town | Yes | Yes | Reviewed – Yes Implemented – No Although a draft has been finalised, the EDS is yet to obtain approval from the relevant delegated authorities and thus cannot be fully implemented as yet. |
| West Coast DM | Yes | Yes | No information |
| Matzikama | Yes | Yes | The strategy was updated but the new council wanted to have input into it after the elections on 18 May 2011. |
| Cederberg | Yes | Yes | Yes |
| Berg River | Yes | Yes | No |
| Saldanha Bay | Yes, but document not yet adopted by Council | Yes, approved by Council | In process |
| Swartland | Yes | Yes | No Information |
| Cape Winelands DM | Yes | In process | Yes |
| Witzenberg | Yes | Yes | Yes |
| Drakenstein | Yes | Yes | Yes |
| Stellenbosch | Yes, but not adopted by council | No | No information |
| Breede Valley | No Information | Yes | Yes |
| Langeberg | In process | Yes | Yes |
| Overberg DM | Yes | No Information | Yes |
| Theewaterskloof | Yes | Yes | Yes |
| Overstrand | Yes | Yes | Yes |
| Cape Agulhas | Yes | No Information | Yes |
| Swellendam | Yes | No Information | No information |
| Eden DM | No Information | Yes | No Information |
| Kannaland | Yes | No Information | Yes |
| Hessequa | Yes | No Information | Yes |
| Mossel Bay | Yes | Yes, under review | No Information |
| George | Yes | Under review | Under review |
| Oudtshoorn | Yes | Under review | |
| Bitou | Yes | Currently being revised | Yes |
| Knysna | Yes | Yes | Yes |
| Central Karoo DM | yes | Yes | Yes |
| Laingsburg | Yes | Yes | Yes |
| Prince Albert | Yes | No Information | No |
| Beaufort West | In progress | Yes | Reviewed, but not approved. |

CHAPTER 8: MUNICIPAL CHALLENGES, PROVINCIAL SUPPORT AND CAPACITY BUILDING

8.1 KEY CHALLENGES AS IDENTIFIED BY MUNICIPALITIES

Table 49: Challenges as identified by municipalities

| Municipality | Challenges identified by municipalities |
|--------------------------|--|
| City of Cape Town | Major issues such as poverty, urbanisation, housing, mobility, climate change, global warming, crime, and substance abuse continue to present challenges, not only to local government but to all spheres of government. The creation of job opportunities continue to top the list of urgent needs for our country, cities and communities. The global financial slowdown and more acute problems in Eurozone and US economies continue to affect South Africa and Cape Town. |
| Matzikama | Transportation, Environment, Social and Community development, Employment and job creation, Lack of traffic services in DMA, Community Participation, Lack of SMME development and support, High unemployment rate, Capacity gaps of staff, Lack of permitted waste landfill sites, Informal settlement management, Infrastructure provision and bulk services, Large housing backlog, Law enforcement, Communication, Interaction between municipalities and provincial departments, LED, |
| Cederberg | No info |
| Bergrivier | There is no dedicated permanent official responsible for LED which makes it difficult to focus on LED initiatives. Major backlogs in infrastructure development and maintenance. It remains difficult to source females and black employees in all categories of employment, as well as coloured and black senior managers. Not all ward councillors were committed to the Ward Committee process. There is no dedicated permanent official responsible for public participation which makes it difficult to adequately on this area. |
| Saldanha Bay | Employment and job creation, Tourism development, Aquaculture, SMME development, Ageing infrastructure and provision of bulk services, Sustainable water supply, Lack of adequate skilled staff. |
| Swartland | <ol style="list-style-type: none"> 1. A financially sustainable municipality with well-maintained assets 2. Satisfied, involved and well informed clients 3. An effective, efficient, motivated and appropriately skilled work force 4. Access to affordable and reliable municipal infrastructure 5. Sustainable development of the municipal area 6. A lean, integrated, stable and corruption free organisation 7. Increased community safety through traffic policing, by-law enforcement and disaster management |
| West Coast DM | Funding sources related to bulk infrastructure and the expansion of new assets. The implementation of GRAP. DMA's transferred to adjacent B-Municipalities. |
| Witzenberg | Annual DORA allocation limited to address the total housing backlog; Maintenance of Infrastructure; Lack of Funding |
| Drakenstein | Increasing number of illegal activities by inhabitation of Drakenstein leading to degradation of the environment. Lack of coordination between directorates and departments in Drakenstein in ensuring the protection of the environment. Limited capacity for environmental education and awareness raising. Infrastructure and Backlogs, Housing, Safety and Security, Social and Community Development. |

Table 49: Challenges as identified by municipalities

| Municipality | Challenges identified by municipalities |
|--------------------------|---|
| Stellenbosch | No info |
| Breede Valley | Local Economic Development and as a result broadening of the Tax base, High economic pressures during the 2010/ 2011 financial year that had a negative impact on service delivery, Low morale and unacceptable conduct of staff that sometimes culminates in unprofessional and disloyal behaviour. Greater focus on Local Economic Development. Broadening the Tax base of the municipality. Create a greater sense of responsibility in the broader Breede Valley community. Squatter Control and control on informal settlements. Proper prioritization of limited resources. Seek for innovative ways to provide/ render services. Constant and continuous improvement of debt recovery; Restructuring and alignment of the organizational structure. To ensure the successful implementation of the Vision, Mission and objectives of the new political regime, etc. Expenditure Management. |
| Langeberg | Political Instability; Low Capex spending; Poor planning for Capex projects. |
| Cape Winelands DM | Funding sustainability (3% increases on RSC replacement levy). The municipality has very little own revenue sources and is almost completely dependent on grants from National and Provincial Government. Clashing powers and functions between B's and C i.t.o Disaster Management and Fire Brigade Service, lots of duplication. |
| Theewaterskloof | Poverty, Job creation and crime; Inability in resolving Infrastructure and Bulk Services over short term; Not Municipal core function lack of institutional capacity lack strategies and funding. |
| Overstrand | Water scarcity in the Greater Hermanus Area (which continued for a second consecutive year during 2011/12): The De Bos dam filled up only to the 56 percent level during the 2010 rainy season. A Water Management Committee of councilors and officials was established during October 2010 and the problem was attacked from various sides, i.e. awareness campaign, enforced usage restrictions, intensified measure to prevention water losses, fast tracking the development of well fields and alternative sources, etc. With these measures in place the municipality managed to see the year through without emptying the dam (it dropped to 18 percent at the lowest). Maintaining the municipality's infrastructure development programme: The municipality's backlog in infrastructure is estimated at R2,5 billion and Council decided it must be addressed over a 25 year period, with an annual investment of more or less R100 million per year. Land sales are one of the major financing sources of this programme, but several envisaged transactions failed because of the weak economy. Despite this, the municipality managed to stay on track with the focus mainly on water infrastructure in Greater Hermanus. Low cost and GAP housing: With a fast growing population due to immigration of unskilled or low-skilled workers into the area and the lack of suitable land for housing projects, the provisioning of houses is remaining a major challenge. An eight year housing plan was developed for the municipality and accepted by Council as part of the 2012/13 IDP. Another highlight was the successful delivery of 411 environmentally friendly and energy efficient houses in Kleinmond. |

Table 49: Challenges as identified by municipalities

| Municipality | Challenges identified by municipalities |
|---------------------|---|
| Cape Agulhas | Obtaining a clean audit report; Increase revenue; Management of Executive expenditure; Supporting emerging contractors and suppliers within the supply chain policy; Upgrading of the ICT system to comply with legislative and operational requirements; Job creation; Provision of GAP housing; Establishment of a functional internal audit unit; Establishment of bio-energy renewal programme; Sufficient office accommodation for staff; Completion of TASK job descriptions and implementation thereof; Lack of funding for critical infrastructure; Establishment of an optional functioning LED Agency; Youth development; Maintenance of assets; Effective use of assets; Institutional development; Improvement of water quality at coastal towns; Reducing the carbon footprint; establishing a functional risk management section. |
| Swellendam | Political instability; Lack of Funding; Management Capacity |
| Overberg DM | <ul style="list-style-type: none"> • Revision of Communication strategy • Inadequate micro structure • Lack of following all IDP processes. Alignment of IDP with national outputs. • Performance Audit committee was dissolved • Spatial development framework outdated • No meetings took place to establish effective IGR in the district • No citizen satisfaction survey • Non-functioning of auditing, modelling and shared services • SDBIP not updated • Outdated policies • LED strategies updated in 2009 • Insufficient spending of capital project according to budget |
| Kannaland | <ul style="list-style-type: none"> • Limited bulk water storage capacity in the municipal area • Utilizing opportunities posed by Local Economic Development and tourism development • High levels of unemployment as a result of majority of population being dependant on seasonal income • Service delivery backlogs around electricity and bulk water infrastructure • HIV/AIDS and TB and its impact on communities • Securing government grants to attend to mandate of effective service delivery. Despite the notable progress made during the 2010/2011 financial year, the Municipality is acutely aware of the many challenges that await, as listed below • Managing the declining water resources • Lagging infrastructural backlogs around roads, water and housing • Reduce the outstanding accounts and create culture of payment. (R50 million) • Create a culture of providing quality services to residents • Drought and pursuing drought relief assistance from national government • Maximising the legacy of 2010 FIFA World Cup through a sustained marketing campaign • Prioritising housing reducing the housing backlog through the provision of quality sustainable human settlements • Developing ward-based profiles which include social infrastructure backlogs in order to improve the quality of information available • Focusing on combating and preventing TB, HIV and AIDS • Communicating more, and more effectively, with the residents of the Kannaland Municipality • Develop a shared long term vision plan for the Kannaland Municipality • Focus on building the tourism potential of the area, both its people and its infrastructure |

Table 49: Challenges as identified by municipalities

| Municipality | Challenges identified by municipalities |
|-------------------------|--|
| Hessequa | Large geographical area: Challenging to communicate with all residents of the hessequa region. Economic situation. Limited income base that serves 11 settlement and 6 towns each with its own infrastructure and municipal service points. Lack of risk management and SDF. |
| Mossel Bay | No information |
| George | The provision of bulk infrastructure for which grant funding is not provided for specific projects. MIG funding is utilised to provide the social component for the entire George area. With the enormous housing backlog, funding remains totally inadequate; funding to provide housing for all families in need of housing opportunities; Decrease outstanding debtors. |
| Oudtshoorn | No information |
| Bitou | Land for housing, Housing, Unemployment and job creation, Water augmentation, Revenue enhancement, Debt collection and Debt control, Waste removal, Spatial Development Framework |
| Knysna | Ward Committee functionality, Land acquisition, Housing, Electricity Bulk Infrastructure, Water Augmentation, Road maintenance, Sustainable infrastructure investment, On-going Local Economic Downturn, Focused development of the previously disadvantaged, Integrated Human Settlement, Challenge of promoting Local Economic Development, Challenge of ensuring municipal financial viability, Challenge of municipal transformation and institutional development, Public Participation |
| Eden DM | No information |
| Laingsburg | Funding and capacity |
| Prince Albert | No information |
| Beaufort West | Funding; unemployment; water. |
| Central Karoo DM | Capital Constraints, Appointment of MM, Funding-Revision of Equitable Share Formula, Personnel Capacity in Financial Department and Internal Audit. |

Source: Questionnaires, June 2012 & Annual Report 2010/11

8.2 PROVINCIAL SUPPORT AND CAPACITY BUILDING INITIATIVES

Throughout the 2010/11 financial year, a concerted effort was made by the Provincial Government of the Western Cape to support the 30 municipalities of the Province in ensuring effective service delivery, infrastructure development and good governance practices. Several Provincial Departments were involved in this on-going process, including the Department of Local Government, the Provincial Treasury, the Department of Economic Affairs and Tourism, the Department of Cooperative Governance and Traditional Affairs, the Department of Water Affairs and Forestry and the Department of Agriculture.

Table 50: Provincial support and capacity building initiatives

| Municipality | Responsible Provincial Departments | Type of support provided |
|---|---|--|
| West Coast District Municipality | Department of Local Government | <ul style="list-style-type: none"> Support the Establishment of a Shared Services model for the West Coast District Area |
| Matzikama | Department of Local Government, Provincial Treasury | <ul style="list-style-type: none"> Support the municipality with the review of policies and by-laws Support the municipality with the review of Delegations Support the municipality with the establishment of a risk management system Support the municipality to improve the functionality of its ward committees |
| Cederberg | Department of Local Government, Provincial Treasury, Department of Economic Affairs and Tourism, Department of Cooperative Governance and Traditional Affairs | <ul style="list-style-type: none"> Support the skills development of existing employees in the municipality Support the municipality to lobby for additional funding for the upgrade of the water treatment works in Citrusdal Support the municipality with the functioning of ward committees |
| Bergrivier | Department of Local Government, National Treasury, Provincial Treasury, Department of Economic Affairs and Tourism | <ul style="list-style-type: none"> Support the on-going skills development of existing employees in the municipality Support the municipality to lobby additional funding for the compilation of a Fixed Asset Register Support the municipality to improve the functionality of its ward committees |
| Saldanha Bay | Department of Local Government, Provincial Treasury | <ul style="list-style-type: none"> Support the municipality to secure MFMA Training/workshops on GRAP Standards Support the municipality with the Skills Development of existing employees Support the municipality to establish a PMU |
| Swartland | Department of Local Government, Department of Cooperative Governance | <ul style="list-style-type: none"> Support the municipality to lobby for additional funding to address the overall service backlogs in Greater Chatsworth |

Table 50: Provincial support and capacity building initiatives

| Municipality | Responsible Provincial Departments | Type of support provided |
|---|---|--|
| Cape Winelands District Municipality | Department of Local Government, Provincial Treasury, Department of Water Affairs and Forestry, Department of Agriculture | <ul style="list-style-type: none"> • Support the Municipality's River Water Quality Improvement • Supporting Political Management and Oversight • Supporting the management of Debtors to the Municipality • Building Municipal Management Capacity • Support the critical skills gap within the Municipality |
| Witzenberg | Department of Local Government, Provincial Treasury, Department of Water Affairs and Forestry, Department of Economic Development and Tourism | <ul style="list-style-type: none"> • Support the Municipality's Water Demand Management Initiative • Support the Municipality in finalising all outstanding EIA's • Support the Maintenance & development of GIS within the Municipality • Support Public Participation within the municipal area • Provide LED Support to the Municipality • Support the establishment of Risk and Fraud Committees |
| Drakenstein | Department of Local Government, Provincial Treasury, Department of Economic Development and Tourism | <ul style="list-style-type: none"> • Support Public Participation within the municipal area • Support the Municipality with their Enterprise Risk Management • Provide LED Support to the Municipality • Support the critical skills gap within the Municipality |
| Stellenbosch | Department of Local Government, Department of Economic Development and Tourism | <ul style="list-style-type: none"> • Support the development of a PMS • Support Public Participation within the municipal area • Support the critical skills gap within the Municipality • Study into the Organisational Structure • Provide LED Support to the Municipality |
| Breede Valley | Department of Local Government, Department of Water Affairs and Forestry, Development Bank of South Africa | <ul style="list-style-type: none"> • Support the development of Storm water Master Plans • Support the Municipality's Water Demand Management Initiative • Support Public Participation within the municipal area • Support the critical skills gap within the Municipality |
| Langeberg | Department of Local Government, Department of Economic Development and Tourism | <ul style="list-style-type: none"> • Support Public Participation within the municipal area • Support the development of an automated PMS • Provide LED Support to the Municipality |

Table 50: Provincial support and capacity building initiatives

| Municipality | Responsible Provincial Departments | Type of support provided |
|---------------------------------------|---|--|
| Overberg District Municipality | Department of Local Government, Provincial Treasury | <ul style="list-style-type: none"> • Support the Administrator to conduct a full assessment of the current status of the municipality • Support the implementation of the Turnaround Strategy/Recovery Plan |
| Theewaterskloof | Department of Local Government, Department of Human Settlements, Department of Environmental Affairs and Development Planning, Department of Local Economic Development and Tourism | <ul style="list-style-type: none"> • Support the formalisation of informal settlements in the municipality • Support the municipality to improve the functionality of ward committees • Support municipality to build capacity building of SMME's |
| Overstrand | Department of Local Government, Provincial Treasury | <ul style="list-style-type: none"> • Support the municipality to secure MFMA Training/workshops on GRAP Standards |
| Cape Agulhas | Department of Local Government, Department of Environmental Affairs and Development Planning, Department of Human Settlements | <ul style="list-style-type: none"> • Support the municipality to lobby additional funding to be able to address the growing housing backlog • Support the improvement of the functionality of the ward committee system • Support the review of delegations and by-laws in the municipality |
| Swellendam | Department of Local Government, Provincial Treasury | <ul style="list-style-type: none"> • Support the municipality with the development and implementation of the Turnaround Strategy in support of its recovery |
| Eden District Municipality | Department of Local Government, Provincial Treasury, | <ul style="list-style-type: none"> • Support the Implementation of a Performance Management System • Support the Establishment of a Shared Services model for the Eden District Area. • Support IGR forums within the District. • Support the municipality to secure MFMA Training/workshops on GRAP Standards |
| Kannaland | Department of Local Government, Provincial Treasury, Department of Water Affairs and Forestry | <ul style="list-style-type: none"> • To support the Municipality with the Development and implementation of a Revenue Enhancement Strategy • To support the municipality to lobby additional funding |

Table 50: Provincial support and capacity building initiatives

| Municipality | Responsible Provincial Departments | Type of support provided |
|--|---|---|
| Hassequa | Department of Local Government, Provincial Treasury, National Treasury | <ul style="list-style-type: none"> • Support the Implementation of a Performance Management System • Support the municipality to secure MFMA Training/workshops on GRAP Standards • Support the municipality to lobby additional funding for the compilation of an Asset Register • Support the municipality with the review of by-laws and policies |
| Mossel Bay | Department of Local Government | <ul style="list-style-type: none"> • Support the Implementation of a Performance Management System • Drought Relief Project |
| George | Department of Local Government, Provincial Treasury | <ul style="list-style-type: none"> • Support the municipality with the Implementation of the Turnaround Strategy in support of their recovery. • Support the municipality with the review of by-laws and policies |
| Oudtshoorn | Department of Local Government, Provincial Treasury | <ul style="list-style-type: none"> • Support the municipality with the Implementation of the Turnaround Strategy in support of their recovery. |
| Bitou | Department of Local Government, Provincial Treasury | <ul style="list-style-type: none"> • Support the Implementation of a Performance Management System • Support Skills Development of existing employees • To support the Municipality with the Development and implementation of a Revenue Enhancement Strategy |
| Knysna | Department of Local Government, Provincial Treasury | <ul style="list-style-type: none"> • Support the Implementation of a Performance Management System • Support Skills Development of existing employees • Support the municipality to secure MFMA Training/workshops on GRAP Standards |
| Central Karoo District Municipality | Department of Local Government, Provincial Treasury, Department of Economic Development and Tourism | <ul style="list-style-type: none"> • To support the municipality to review and implement of LED strategy • Support the Establishment of a Shared Service model for the Central Karoo District Area • Support Skills Development of existing employees • To facilitate support for the smooth transfer of the DMA (Murraysburg) to Beaufort West Municipality |
| Laingsburg | Department of Local Government, Provincial Treasury, Department of Land Affairs, Department of Economic | <ul style="list-style-type: none"> • Support the municipality in skills development of existing employees • To support the municipality with the implementation of the new financial system • Support the municipality to improve its Public Participation • Support the municipality in fast tracking the alternative land identification for housing projects |

Table 50: Provincial support and capacity building initiatives

| Municipality | Responsible Provincial Departments | Type of support provided |
|----------------------|---|--|
| Prince Albert | Department of Local Government, Provincial Treasury, Department of Economic Development and Tourism | <ul style="list-style-type: none"> • Support the municipality in skills development of existing employees • Support the municipality to improve its Public Participation |
| Beaufort West | Department of Local Government, Provincial Treasury, Department of Water Affairs and Forestry, Department of Economic Development and Tourism | <ul style="list-style-type: none"> • Support the municipality in skills development of existing employees • Support the review and updating of existing HR policies in the municipality • Support the municipality in Skills Development of Supply Chain Management employees • Support the municipality to improve its Public Participation • Support the municipality to undertake an assessment to determine the status of Bulk Infrastructure |

Source: Department of Local Government Database

LIST OF ABBREVIATIONS

| | |
|-------|--|
| ANC | African National Congress |
| ACDP | African Christian Democratic Party |
| AG | Auditor-General |
| AMP | African Muslim Party |
| BO | Breede Vallei Onafhanlike |
| CoGTA | Department of Cooperative Governance and Traditional Affairs |
| DA | Democratic Alliance |
| DBSA | Development Bank of Southern Africa |
| DEAT | Department of Economic Affairs and Tourism |
| DLG&H | Department of Local Government and Housing |
| DM | District Municipality |
| DPLG | Department of Provincial and Local Government |
| EE | Employment Equity |
| EPWP | Extended Public Works Programme |
| FCPSA | First Communal Party of South Africa |
| FF+ | Freedom Front Plus |
| GAMAP | Generally Accepted Municipal Accounting Practice |
| GRAP | Generally Recognised Accounting Practice |
| GDP | Gross Domestic Product |
| HR | Human Resources |
| ICOSA | Independent Civics of South Africa |
| ID | Independent Democrats |
| IDP | Integrated Development Plan |
| IFRS | International Financial Reporting Standards |
| IDEP. | Independent |
| KCF | Knysna Community Forum |
| 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 |
| MIG | Municipal Infrastructure Grant |
| MM | Municipal Manager |
| MSA | Municipal Systems Act No. 32 of 2000 |
| NSDP | National Spatial Development Perspective |
| NPP | National People's Party |
| NT | National Treasury |
| OCA | Oudtshoorn Civic Association |

LIST OF ABBREVIATIONS

| | |
|-------|---|
| PAC | Pan African Congress |
| PDM | People Democratic Movement |
| PMS | Performance Management System |
| PT | Provincial Treasury |
| SAFPA | South African Federal Political Alliance |
| SDBIP | Service Delivery and Budget Implementation Plan |
| SCM | Supply Chain Management |
| SDF | Spatial Development Framework |
| SDP | Social Democratic Party |
| TAS | Turn-Around Strategy |
| UDM | United Democratic Movement |
| UIF | United Independent Front |
| UP | United Party |
| WCC | Western Cape Community |

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