



**2008/2009**

# **Consolidated report on the performance of Northern Cape municipalities 2008/2009**

*in terms of Section 47 of the  
Local Government Municipal Systems Act, 2000*

**Department of Co-operative Governance,  
Human Settlements and Traditional Affairs  
Northern Cape  
(CoGHSTA)**



# Foreword

## *Submission of the annual report on performance of municipalities in the Northern Cape Province*

In accordance with the provisions of s47 of the Local Government Municipal System Act (Act No 32 of 2000) this consolidated report on the performance of Northern Cape municipalities in 2008/2009 has been prepared.

The report measures the progress made by local government in the Province in 2008/2009 and compares it to previous years. Furthermore, it highlights municipalities that are performing well in respect of a particular indicator. Challenges are reported, as are the interventions put in place to address the challenges and improve performance.

Whilst taking note that one of the major weaknesses in our municipalities is the lack of clean audit reports, there is a slight improvement made each year and we are proud to announce that of the four municipalities nationally that obtained a clean audit report, two are in the Northern Cape i.e. Frances Baard DM and Kareeberg LM. These municipalities can indeed set an example for others to follow.

Another concern is the capacity of municipalities to spend conditional grants; thus under-spending needs to be addressed urgently. To accelerate service delivery it is also imperative that senior positions such as that of municipal, technical, financial managers are filled by persons with suitable experience and qualifications. So too, is the implementation of performance management systems that have reliable, consistent and relevant information that can be used to monitor development.

Remedial actions put in place in 2008/2009 included strengthening hands-on support and focusing on programme and short-term support. The Local Government Turn Around Strategy has also been put in place and priorities have been set for the future. The implementation of the LGTAS presents an opportunity for the entire country and all communities to work together with their municipalities in improving and accelerating service delivery. The Local Government Turn-Around Strategy recognizes that "Local Government is Everyone's Business".

Cooperative governance needs to be strengthened as does accountability and accelerate sustainable quality service delivery and support the vulnerable. In conclusion, this department will not compromise quality but strive to ensure the community gets what it deserves. CoGHSTA has to be a catalyst in ensuring that challenges are defeated to ensure that the quality and quantity of municipalities' services are improved, democracy is deepened and that the institutional integrity of municipalities is restored.

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Mr. Mosimanegape Kenneth Mmoiemang, MEC for Co-operative Governance, Human Settlements and Traditional Affairs



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# Executive summary

*Consolidated report on the performance*

*of Northern Cape municipalities 2008/2009*

*in terms of Section 47 of Local Government Municipal Systems Act (MSA)*

Each year the MEC for Local Government must compile and submit to the provincial legislature and the Minister, a consolidated report on the performance of municipalities in the province. Section 43 of the Local Government Systems Act instructs that key performance indicators (KPIs) for municipalities are reviewed annually, and Regulation 5(1) indicates that seven of these KPIs are compulsory. This report, which is a consolidated report of the Northern Cape municipalities' 2008/2009 Financial Year performance, is based on data obtained from the municipalities' annual financial statements and annual reports; reports of the Auditor General; IDP hearings; and datasets from organisations such as DWA, Demarcation Board, as well as CoGHSTA's own records.

All municipalities, except Phokwane Municipality, have submitted an annual report for 2008/2009.

## Performance in 2008/2009

### Municipal transformation

Local municipalities perform on average 21 functions with some capacity. Capacity is measured on budget information available, staffing levels, equipment available and functional, and the level of use of external service providers.

During this financial year, on average 17% of positions at municipalities were vacant. In some cases, key positions, such as that of municipal manager, financial manager and technical service manager, are filled by a person who does not have a relevant qualification for the position. Not all key municipal positions in the province are filled by MSA Section 57 appointments, and six municipal managers, eleven financial managers, and two technical managers were in acting positions.

All 32 municipalities submitted workplace skills plans.

The MSIG budgeted R24,5 million for the Northern Cape, of which only 46% was spent in that year.

With regards to performance management the following is noted:

- Only three (3) municipalities have information systems that are appropriate to facilitate the preparation of a performance report that is accurate and complete.
- Only two (2) municipalities have adequate control processes and procedures designed and implemented to ensure accuracy and completeness of reported information.
- Two (2) municipalities had adequate control processes and procedures designed and implemented that ensure accuracy and completeness of reported information. Thirteen (13) municipalities prepared approved strategic plans for 2008/2009 for the purpose of monitoring the performance in relation to the budget, and delivery by the municipality against its mandate, predetermined objectives, and indicators and targets.

### Access to basic services

Basic services are a constitutional right and municipalities are addressing backlogs in order to reach the targets set by national government. The number of households increases annually, which results in increasing numbers of backlogs. These backlogs are addressed mainly through MIG and housing projects. Backlogs of basic services in Northern Cape municipalities are as follows:

- 6,287 households living in towns and villages do not have basic water supply within 200 meters of their homes. Households need to be supplied with basic water by 2014.
- 43,578 households (inclusive of buckets on informal stands) do not have basic sanitation and live in towns and villages that require basic sanitation by 2014. No bucket toilets remain on formal stands.
- Electricity is needed by 46,608 households

The percentage drinking water quality samples that fail maximum health limits is 5.4%.

### **Access to free basic services**

By 2012 there should be universal access and provision of free basic services. All municipalities have an Indigent Policy, although two (2) municipalities do not have indigent registers in place. Nonetheless, all municipalities, except Pixley ka Seme District Municipality that does not have any households living in settlements within its area of jurisdiction, provide free basic water. Free basic services (FBS) delivered to registered households (39% of households in Northern Cape), at end March 2009 are:

- Free basic water was delivered to 107,634 indigent households and another 81,550 households that are not indigent
- At two (2) municipalities there are indigent households that do not benefit from FBS
- All, except four (4) municipalities, indicated that they do not offer free basic sanitation to indigent households
- All municipalities offer free basic electricity to 92,673 indigent households
- Free refuse removal is provided at all, except one (1), local municipalities.

Two (2) municipalities deliver more than the basic amount of 6 kl of water per household per month, which sets unsustainable precedents, as does the provision of free basic services to non-indigent households by 12 municipalities. Free electricity amounts to 50 Kwh per month per household at all municipalities, except at one (1) which provides 54 Kwh per month per household.

### **MIG expenditure on capital projects**

By June 2009, 68% of the R209 million MIG allocation for 2008/2009 to Northern Cape municipalities had been spent; 79% if stopped funds of R28 million are excluded. Eight municipalities had spent their full allocation by 30 June 2009.

### **LED**

LED forums are established in all districts except for Siyanda, although all districts have LED strategies. A total of 14 municipalities have LED strategies and 20 have a list of LED projects.

### **Financial viability**

Twenty-nine (29) municipalities' 2008/2009 financial statements have been audited by the Auditor General. The three (3) audit reports that are still outstanding are Phokwane, Nama Khoi and Renosterberg. Audit outcomes have improved in the recent years. The following should be noted of the 2008/2009 outcomes:

- No municipality received an adverse audit opinion
- Nineteen (19) municipalities received disclaimers (although three (3) reports are still outstanding)
- Four (4) municipalities received qualified audit opinions compared to nine (9) in the previous year
- Four (4) municipalities received audits that are financial unqualified (with other matters) compared to only one (1) in the previous year
- Two (2) municipalities received audits that are financial unqualified (with no other matters – clean audit) compared to only one (1) in the previous year
- Only two (2) municipalities substantially addressed the prior year's audit findings.

Indicators based on the 32 annual financial statements as at end June 2009 reveal that:

- Twenty-two (22) municipalities ended 2008/2009 with a deficit; and 20 with an accumulated surplus
- There was R280 million cash on hand (less overdraft), with 13 municipalities in a deficit position
- Average cash on hand (less overdraft) accounts for 71% of current liabilities
- Total recoverable debtors amounted to R555 million
- The value of the recoverable debtors to total revenue is 24%. Average debtor days are 88. All, but one (1) municipality, made provision for bad debt amounting to a total of R625 million.
- Creditors amount to R311 million. Five (5) municipalities' creditors account for over 30% of operating expenditure. The average is 12% and 16 municipalities exceed this percentage.
- External loans outstanding balance R358 million, accounts for 12.4% of fixed assets
- Eighteen (18) municipalities spent 35% or less on salaries including councillor remuneration, whilst no municipality exceeded 50%
- Fifteen (15) municipalities rely on subsidies and grants for more than 40% of income and on average 36% of total revenue is raised from grants and subsidies

### **Good governance**

Twenty (20) municipalities have an internal audit committee of which 14 are shared committees. Twelve (12) municipalities had an audit committee in operation throughout the year although there are 14 audit committees operating in accordance with approved written TORs. Only two (2) audit committees substantially fulfilled its responsibilities for the year as set out in section 166(2) of the MFMA.

### **Community participation**

Twenty-seven (27) municipalities have functional ward committees in 2008/2009. A total of 322 community development workers (CDWs) were deployed to municipalities and at 28 municipalities a full CDW programme was implemented.

### **Cross cutting issues**

All, but Khâi-Ma, adopted a credible IDP. Frances Baard DM remains the best performer.

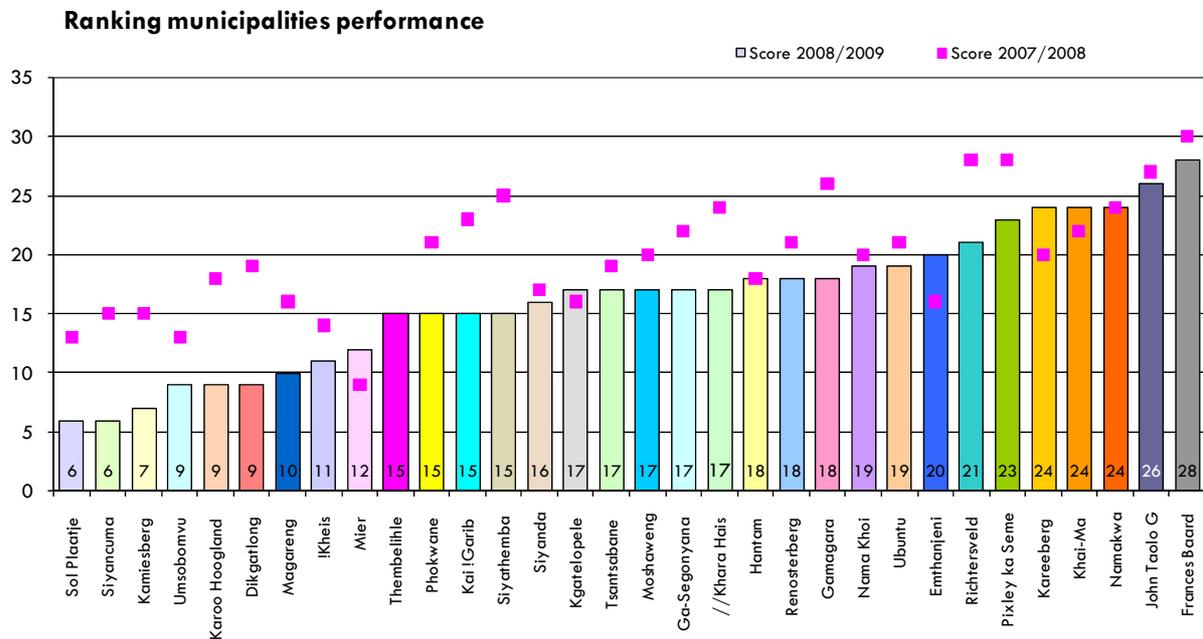
Disaster Management Centres are established in all districts. Disaster Management Plans have been prepared by Frances Baard DM and John Taolo Gaetsewe DM that includes the local municipalities in their jurisdiction.

## Ranking of municipalities

Six indicators are chosen to rank municipalities. These indicators are: addressing the sanitation backlog, free basic water policies that are sustainable, spending of MIG grant, Auditor General’s opinion on 2008/2009 financial statement, number of debtor days and the cost of employees and councillors as a percentage of total operating expenditure.

Frances Baard DM scored the highest, closely followed by John Taolo Gaetsewe, Kareeberg, Namakwa DM and Khâi-Ma. Municipalities that scored poorly, with a score of 12 or less, are Sol Plaatje, Siyancuma, Kamiesberg, Dikgatlong, Karoo Hoogland, Umsobomvu, Magareng, !Kheis and Mier.

Municipalities that significantly improved positions since the previous report of 2007/2008 are Thembelihle, Emthanjeni, Kareeberg and Mier. Municipalities whose ranking worsened significantly were Siyancuma, Karoo Hoogland, Dikgatlong and Siyathemba.



## Trends over the past three years

Trends over the past three years show that there have been improvements in certain areas, such as a decrease in backlogs and in other areas no improvement has been made, for example MIG spending. Based on the key performance indicators, improvements noted are:

- ✓ Buckets have been eradicated on all formal stands in towns and villages
- ✓ Water backlogs are being addressed
- ✓ Greater provision for bad debt is being made and provision for bad debt as a percentage of total outstanding debt is decreasing
- ✓ Average number of debtor days are decreasing
- ✓ More municipalities are containing salaries to less than 35% of gross operating expenditure
- ✓ The number of municipalities receiving an unqualified audit opinion from the Auditor General has increased and the number of municipalities receiving disclaimers on financial statements is reducing, however this still remains a great concern
- ✓ Progress is being made on LED
- ✓ Number of operational audit committees is increasing

Areas where no, or slow, improvement was made over the past three years assessed:

- ✗ Although sanitation backlogs are being addressed, the backlog is not decreasing
- ✗ More households are being registered as indigent households each year and two (2) municipalities still have to prepare indigent registers
- ✗ Every year more municipalities deliver FBW to all households, i.e. not only to indigent households
- ✗ Percentage MIG allocations spent by the end of a financial year is not improving
- ✗ More municipalities are relying on subsidies and grants for income and for an increasing percentage contribution to income
- ✗ Total consumer debt is rising
- ✗ Average percentage of creditors' accounts outstanding remains constant
- ✗ Fewer municipalities are implementing the recommendations of the external auditor

## Remedial actions and interventions of 2008/2009

Many interventions were implemented to address challenges of 2006/2007 and 2007/2008. These interventions are mostly on-going and demonstrate improved service delivery, good governance and capacity at municipalities. Remedial actions, which were identified in 2008/2009 and are expanded in 2009/2010, are:

- (a) Enhancing professionalism and leadership in local government
  - Establishment of a PMS forum to facilitate the implementation of PMS in municipalities.
  - Monitoring and evaluation and PMS courses for all PMS coordinators are being arranged.
  - DH&LG will embark on a process to determine the status of PMS in the province and then draw up an intervention programme to assist municipalities. The PMS statements of the Auditor General will guide the process and identify weak areas where attention is needed.
  
- (b) Strengthening hands-on support
  - Experts in various fields have been deployed to municipalities to assist with financial, technical and other issues at municipalities. This assistance is continuing.
  - Funding is set aside by LGSETA for bursaries and internships in engineering, property valuation and finance.
  - DH&LG, CoGHSTA and the Provincial Treasury requested that municipalities submit action plans to address issues raised in the 2007/2008 Auditor General reports, regional meetings are held to assist advise and monitor municipalities with priority given to implementation plans, compilation of assets register, improved annual financial statements, internal audit controls, etc. Six municipalities are identified for focussed support.
  - PMS task team is visiting municipalities to review the status quo and put action plans in place to address identified problems with PMS.
  - MIG Office is regularly meeting with regional offices, PMUs and municipalities to assist and advise with project registrations, draw downs and project implementation. Site visits will take place more frequently.
  
- (c) Programme-based and short term support
  - Operation and maintenance training for water and sanitation workers is taking place as part of the O&M programme in the province. Best practice manuals have been developed for the Northern Cape. Accreditation of the training is due.
  - The Target Implementation Support Programme Plan (TISPP) has been drafted to put actions and timeframes in place for the delivery of basic services. This plan outlines actions to be taken each quarter and reviews progress.
  - Special Intervention Programme is being implemented with Ga-Segonyana receiving direct support for free basic services implementation.
  - Comprehensive Infrastructure Plans (CIP) are being drafted by municipalities which sets out the total infrastructure needs of a municipality. Municipalities are prompted to prepare business plans for the total project/address the total backlog regardless of the MIG allocation.
  - Municipalities are encouraged to fully utilise programmes and projects such as Municipal Systems Improvement Grant (MSIG) which makes provision for the compilation of by-laws, compilation of GRAP compliant asset registers, etc.
  - Learning and applying lessons from programmes already implemented e.g. bucket eradication programme.
  
- (d) Strengthening municipalities to deliver
  - A Turn Around Strategy was drafted during August 2009. All municipalities were visited and assessments undertaken. Councillors, municipal managers, unions and ward committees are participating.
  - The CDWs should play a role in creating community awareness on numerous issues that affect the sustainability of local government e.g. free basic services, water conservation, payment for services

- Implementing the skills competency framework by 2011; for example by filling key vacancies with persons who qualify in terms of the competency framework and training staff adequately to meet at least the minimum requirements.
- (e) Strengthening capacity to coordinate and build capacity for municipalities
- Strengthening the Northern Cape Capacity Building Forum.
  - Continuing with programmes that have already been initiated; reinforcement by constant engagement.
  - Co-ordinating programmes with sector departments to ensure that an integrated approach is adopted.
  - Assessing the role of a shared services model.
  - Utilising the task team set up by DH&LG to initiate special projects that require hands-on support.
  - Coordination of funding between programmes to maximise infrastructural delivery. Municipalities must ensure that lack of infrastructure capacity does not curtail LED and other programmes such as housing development.

This report, prepared on an annual basis, serves as an important tool in monitoring the progress made towards creating sustainable and service delivery orientated municipalities.

## Future outlook<sup>1</sup>

The following ten priority points are the focus for CoGHSTA in the Northern Cape:

1. Improve the quantity and quality of municipal basic services to the people in the areas of access to water; sanitation; electricity; waste management; roads and disaster management.
2. Enhance the municipal contribution to job creation and sustainable livelihoods through Local Economic Development (LED).
3. Ensure the development & adoption of reliable and credible Integrated Development Plans (IDPs).
4. Deepen democracy through a refined Ward Committee model.
5. Build and strengthen the administrative, institutional and financial capabilities of municipalities.
6. Create a single window of coordination for the support, monitoring and intervention in municipalities.
7. Uproot fraud, corruption, nepotism and all forms of maladministration affecting local government.
8. Develop a coherent and cohesive system of governance and a more equitable intergovernmental fiscal system.
9. Develop and strengthen a politically and administratively stable system of municipalities.
10. Restore the institutional integrity of municipalities.

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<sup>1</sup> CoGHSTA. Annual Performance Plan 2010.Pp 9.

# Acronyms

ABET	Adult Basic Education and Training
AG	Auditor General
ASGI-SA	Accelerated and shared growth – South Africa
CDW	Community development worker
CFL	(ripple control electricity)
CFO	Chief financial officer
CIP	Comprehensive Infrastructure plan
DBSA	Development Bank of South Africa
DGDS	District growth & development plan
CoGHSTA NC	Department of Cooperative Governance, Human Settlements & Traditional Affairs
DM	District municipality
DME	Department of Minerals & Energy
COGTA	Department of Cooperative Governance, Human Settlements & Traditional Affairs of Republic of South Africa
DTI	Department of Trade and Industry
DWA	Department of Water Affairs
EIA	Environmental Impact Assessment
EPWP	Expanded Public Works Programme
FBE	Free Basic Energy
FBS	Free Basic Services
FBW	Free Basic Water
HH	Households
IDP	Integrated Development Plan
IGR	Intergovernmental forum
IMFO	Institute of municipal finance officers
Kl	Kilolitre
KPA	Key performance area
KPI	Key performance indicator
KwH	Kilowatt hours
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LM	Local municipality
MDB	Municipal Demarcation Board
MEC	Member of Executive Committee
MFMA	Municipal financial management act
MIG	Municipal Infrastructure Grant
MIIS	Municipal Infrastructure Investment Policy and Strategy
MSIG	Municipal Systems Improvement Grant
MTI	Municipal Training Institute
O&M	Operation and maintenance
RB PAC	Regional Business Plan Approval Committee
PDI	Previously disadvantaged person
PGDS	Provincial growth & development plan
PIG	Provincial Infrastructure Grant

PMITT	Provincial municipality infrastructure task team
PMS	Performance Management System
PMU	Project management unit
PSP	Professional Service Provider
PWSC	Provincial Water Sector Committee
SAACE	South African Association of Civil Engineers
SALGA	South Africa Local Government Association
SAMDI	Courses
SDBIP	Service delivery budget implementation plan
s47	Consolidated report on the performance of Northern Cape municipalities in terms of Section 47 of Local Government Municipal Systems Act (MSA)
SDL	Skills Development Levy
SMME	Small, micro & medium enterprise
SOE	State-owned enterprise
TISPP	Target implementation support programme plan
WSACDBP	Water Service Authority Capacity Development Business Plan
WSDP	Water Services Development Plan
WSP	Workplace Skills Plan



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# 1 INTRODUCTION

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Each year the MEC for Local Government must compile and submit to the provincial legislature and the Minister a consolidated report on the performance of municipalities in the province. This is in accordance with Section 47 of the Local Government Municipal Systems Act, 2000 (Act No. 32, 2000). This report on municipal key performance indicators (KPIs) is a report of the compulsory KPIs for the thirty-two (32) Northern Cape municipalities i.e. five (5) district municipalities and twenty-seven (27) local municipalities.

## Compulsory key performance indicators

Section 43 of the Systems Act authorises the Minister to prescribe general KPIs that every municipality must report on. Regulation 5(1) describes the following general KPIs:

- Percentage of households with access to all basic household services
- Percentage of households with imputed expenditure of less than R1 100 per month that have access to all free basic services
- Percentage of capital budget spent on projects identified in terms of the IDP
- Number of jobs created through local economic development initiatives supported by the municipality
- Percentage achievement of approved employment equity plan within the first three layers of management
- Percentage of skills levy received in rebate as a measure of the municipality's investment in human resource development
- Financial viability

A municipality cannot change these indicators when it amends its IDP (Reg. 6(2)). At the end of the financial year, all municipalities must report on these issues in terms of their performance management system. This must be done as part of the annual report. Each year, the national Minister must compile a report on the performance of municipalities on these general KPIs (Section 48). This report is published in the Government Gazette.

## Submission of Section 46 reports

Thirty-one (31) Northern Cape municipalities have submitted Section 46 reports for 2008/2009 to Northern Cape CoGHSTA by mid July 2010. In the previous year, only 18 annual reports were received. Phokwane is the only municipality that failed to prepare a report for both 2008/2009 and in the previous year.

Table 1. Submission of annual reports in terms of Section 46

	Municipality	Annual Report 2007/2008 submitted to DH&LG received end June 2009	Annual Report 2008/2009 submitted to CoGHSTA received mid July 2010
Frances Baard	Dikgatlong	Yes	Yes
	<i>Frances Baard</i>	Yes	Yes
	Magareng		Yes
	Phokwane		
	Sol Plaatje	Yes	Yes
JTG	Gamagara	Yes	Yes
	Ga-Segonyana	Yes	Yes
	<i>JTG</i>	Yes	Yes
	Moshaweng	Yes	Yes
Namakwa	Hantam	Yes	Yes
	Kamiesberg		Yes
	Karoo Hoogland	Yes	Yes
	Khâi-Ma		Yes
	Nama Khoi		Yes
	<i>Namakwa</i>	Yes	Yes
	Richtersveld	Yes	Yes
Pixley ka Seme	Emthanjeni	Yes	Yes
	Kareeberg	Yes	Yes
	<i>Pixley ka Seme</i>		Yes
	Renosterberg	Yes	Yes
	Siyancuma		Yes
	Siyathemba		Yes
	Thembelihle		Yes
	Ubuntu	Yes	Yes
Umsobomvu	Yes	Yes	
Siyanda	!Kheis		Yes
	//Khara Hais		Yes
	Kai !Garib		Yes
	Kgatelopele		Yes
	Mier		Yes
	<i>Siyanda</i>	Yes	Yes
	Tsantsabane	Yes	Yes
	<b>TOTAL</b>	<b>18 received</b>	<b>31 received</b>

It should be noted that the annual reports are of a varying standard. The information that the municipalities report on also varies between municipalities so that it is difficult to construct a table with data from all 31 municipalities that does not contain blank spaces.

It is recommended that the municipalities draft Section 46 reports along a uniform outline with at least a prescribed minimum set of data.

## Methodology

This report is compiled from the following information sources:

- DWA: Status of the water sector
- CoGHSTA NC: Free basic services reports and information, IDP assessments, PMS, APP, MIG Unit's data and reports
- Northern Cape municipalities: Annual Financial Statement (AFS) and Annual Report of 2008/2009 from each municipality
- Auditor General's Office: reports on the municipalities' financial statements and performance information for the year ended June 2009
- Demarcation Board: Assessment of capacity for 2008/2009

## Structure of the report

The report is structured according to the 'Proposed guidelines for the development of Section 46, 47 and 48 reports'<sup>2</sup> which details the key performance area (KPAs) that need to be addressed in the s47 report. These are:

- KPA 1: Municipal transformation and organisational development
- KPA 2: Basic service delivery
- KPA 3: Local economic development
- KPA 4: Municipal financial viability and management
- KPA 5: Good governance and public participation
- Cross-cutting interventions

For each KPA the following is detailed:

- Actual performance achieved in 2008/2009
- Challenges experienced
- Interventions during 2008/2009
- Future outlook 2009/2010 and onwards

Wherever possible, data is presented by municipality. Municipalities that are performing above average are marked in green and those that are performing poorly are marked in orange in the tables demonstrating the text. Please see the legend below for guidance.

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<sup>2</sup> DPLG. *Proposed guidelines for the development of section 46, 47 and 48 report.* Ref no. 2/16/2/8. August 2008.

Table 2. Legend

<b>Municipalities performing:</b>
Above average
Average
Below average

Whilst reading the report, note that the text usually precedes the data table being discussed.

In reading this report, please take note of the following important information:

- Financial viability data is based on the municipalities' 2008/2009 financial statements. Because municipal financial statements are not all in the same format, or based on the same accounting principles, there are instances where it is difficult to compare the same items across municipalities. In cases where ambiguity may exist, please refer to the individual municipality's financial statement.
- An attempt is made to ensure that the data tables in this report are for the status as at end June 2009, however it should be noted that in some instances such data is not available. In those cases the data closest to this date is sourced.
- Conclusions and observations have been made in good faith and role players should investigate the feasibility before implementing interventions.

## 2 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT: KPA1

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### Introduction

This chapter describes the Northern Cape municipalities' progress to improve their administrative functioning during the 2008/2009 financial year. It details the municipalities' capacity to perform basic municipality functions and how this is linked to the quality of the staff's experience and qualifications. The chapter further details the progress made towards equity and improving the staff's skills and competencies.

### Capacity to perform municipality functions

#### Actual performance achieved

In terms of Section 85(9), the MEC responsible for local government must regularly review the capacity of municipalities and re-allocate functions or powers to a municipality when that municipality acquires the capacity to perform its function or exercise its power. A re-allocation must be made with the concurrence of the receiving municipality or, in the absence of such concurrence, after the Municipal Demarcation Board (MDB) has been consulted.

Since 2002 the Municipal Demarcation Board (MDB) has been undertaking capacity assessments of all municipalities in South Africa.<sup>3</sup> The objective of the report is to provide baseline information and report possible capacity shifts in municipalities, and to make recommendations for consideration by the MEC for Local Government for the adjustments of powers and functions for municipalities for the period under review. It should be noted that no Northern Cape provincial representatives participated in the 2008/2009 assessment conducted by the Demarcation Board.

On average, local municipalities perform 21 functions with some capacity. Capacity is measured using information available on the municipality's budget, staffing, equipment, and the use of external service providers. While the number of functions municipalities are able to perform fluctuate from one year to year; the Northern Cape Municipalities that in recent years consistently performed more than the average number of functions are: Phokwane, Sol Plaatje, Gamagara, Ga-Segonyana, //Khara Hais, Kai !Garib, Kgatelopele, Tsantsabane, Hantam, Karoo Hoogland, Richtersveld, Emthanjeni, Siyathemba and Umsobomvu.

Fifteen municipalities were performing more functions in 2008 than the previous year. These municipalities are: Tsantsabane, Khâi-Ma, Ubuntu, Thembelihle, Sol Plaatje, Phokwane, Richtersveld, Hantam, Karoo Hoogland, //Khara Hais, Magareng, Ga-Segonyana, Moshaweng, Namakwa DM, and Kgatelopele. Tsantsabane was performing 14 more functions with capacity, Khâi-Ma 11 more functions, and Kgatelopele two more.

Mier was performing three less functions than the previous year, and Dikgatlong, Siyancuma, John Taolo Gaetsewe DM, Renosterberg and Umsobomvu were performing six less functions than the previous year.

By contrast, district municipalities perform on average 13 functions varying from only nine functions in Namakwa DM to 15 in John Taolo Gaetsewe DM.

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<sup>3</sup> Questionnaires were administered by the MDB every August of 2008, 2007, 2006, 2005 and 2004; and in October 2003 and 2002. No questionnaire was administered in the Northern Cape in 2009.

The Demarcation Board concludes that it appears that the following functions are either not performed, or are poorly performed: air pollution, child care facilities, municipal airport, amusements facilities, control of undertakings that sell liquor to the public, licensing and control of undertaking that sell food to the public, facilities of accommodation, care and burial of animals, licensing of dogs, fencing and fences, markets, municipal abattoirs, noise pollution, pounds and traffic and parking, street trading, billboards and the display of advertisements in public places.

Trends recorded in the performance of functions can be used by both Provincial and National Government as an early warning system. Such trends may, for instance, identify a municipality that has consistently demonstrated poor capacity for the rendering of a number of functions in five capacity assessment periods. Thereafter, should it be deemed warranted, Provincial Department of Local Government should intervene to identify possible causes and institute measures to correct identified adequacies.<sup>4</sup>

It is noted by the Demarcation Board that it is easy to misinterpret the recommendations made; for example: the reversal of the fire fighting function (Section 84(1)(j)) from the local municipality back to the district municipality, does not mean that the local aspect of the function is automatically adjusted to the district as well. The functions delivered by a District Municipality in its area of jurisdiction, i.e. not only the DMA, should be clarified. In such a case, it is important to highlight specific areas that require attention, e.g. fire fighting. It should be detailed whether the District Municipality is only responsible for veld fires outside the urban areas, or whether it is responsible for the entire area. Service level agreements should be drafted between District and Local Municipalities to clarify functions delivered by District Municipalities within Local Municipalities areas.

*Table 3. Number of functions performed by municipalities with some capacity, recommendations and additional functions reformed<sup>5</sup>*

	<b>Municipality</b>	<b>Number of functions</b>	<b>Recommendations</b>	<b>Additional functions performed</b>
Frances Baard	Dikgatlong	13	Remove 84(1)(e) Solid waste	
	Frances Baard	14	No Change	
	Magareng	21	Remove 84(1)(e) Solid waste	
	Phokwane	27	Remove 84(1)(e) Solid waste	Library services
	Sol Plaatje	28	Remove 84(1)(e) Solid waste, 84(1)(l) Cemeteries	Library services, low cost housing, HIV/AIDS guidance in workplace and community
JTG	Gamagara	25	Remove 84(1)(l) cemeteries, 84(1)(n) relating to above mentioned function	Drivers & vehicle licenses, vehicle registration & licensing
	Ga-Segonyana	25	No change	Vehicle licensing and registration, disaster management, workshop, driver and vehicle testing, nature reserve, LED
	JTG	15	Remove Schedule 4 part B storm water (Moshaweng), Schedule 5 Part B Cleansing (Moshaweng)	Mechanical workshop, disaster management, transversal programmes, LED
	Moshaweng	11	No change	Workshop, LED
	Hantam	24	No change	Libraries
Namakwa	Kamiesberg	14	No change	Economic & social development, vehicle registration, libraries
	Karoo Hoogland	24	No change	NATIS services, libraries, disaster management
	Khâi-Ma	23	Remove 84(1)(m) local tourism	Libraries, vehicle licensing

<sup>4</sup> Demarcation Board Capacity Assessments Report on Municipal Functions 2008/2009. Survey undertaken in August 2008.

<sup>5</sup> Demarcation Board Capacity Assessments Report on Municipal Functions 2008/2009. Survey undertaken in August 2008.

	Municipality	Number of functions	Recommendations	Additional functions performed
	Nama Khoi	19	Remove 84(1)(m) local tourism	Libraries, vehicle licensing, museums
	Namakwa	9	Remove Schedule 4 Part B Fire fighting (Richtersveld, Nama Khoi & Karoo Hoogland); Local tourism (Nama Khoi & Hantam)	Economic development
	Richtersveld	28	No change	Museums, libraries, vehicle licensing
Pixley ka Seme	Emthanjeni	23	Remove 84(1)(e) Solid waste, 84(1)(l) Cemeteries	
	Kareeberg	14	Remove 84(1)(e) Solid waste, 84(1)(l) Cemeteries, 84(1)(k) Markets & abattoirs	
	Pixley Seme ka	15	Remove Schedule 4 Part B: Building regulations (Renosterberg, Thembelihle), Local tourism (Thembelihle)	
	Renosterberg	16	Remove 84(1)(e) Solid waste, 84(1)(l) Cemeteries	
	Siyancoma	15	Remove 84(1)(e) Solid waste, 84(1)(l) Cemeteries	
	Siyathemba	28	Remove 84(1)(e) Solid waste, 84(1)(l) Cemeteries	Library
	Thembelihle	22	Remove 84(1)(e) Solid waste, 84(1)(l) Cemeteries	
	Ubuntu	22	Remove 84(1)(e) Solid waste, 84(1)(l) Cemeteries, 84(1)(k) Abattoirs	
	Umsobomvu	26	Remove 84(1)(e) Solid waste, 84(1)(l) Cemeteries	
Siyanda	!Kheis	14	Remove 84(1)(f) Municipal roads	
	//Khara Hais	25	Remove 84(1)(f) Municipal roads, 84(1)(i) Fire fighting services	
	Kai !Garib	24	Remove 84(1)(f) Municipal roads	
	Kgatelopele	23	Remove 84(1)(f) Municipal roads, 84(1)(i) Fire fighting services	
	Mier	8	No change	
	Siyanda	12	Remove Schedule 4 Part B: Building regulations (Kgatelopele), Schedule 5 Part B Local sports facilities (!Kheis)	
	Tsantsabane	36	Remove 84(1)(f) Municipal roads, 84(1)(i) Fire fighting services	

## Staffing and management profile

### Actual performance achieved

#### Staff employed

There were 6,324 municipal employees employed at the end of June 2009.<sup>6</sup> The average number of employees at a local municipality was 203 and at a district municipality was 167. The highest number of municipality employees was at Sol Plaatje (1,370), followed by //Khara Hais (734) and Emthanjeni (316).

On average 17% of positions were vacant, i.e. 1,779 positions were vacant with an average of 61 vacancies at local municipalities and 25 at district municipalities. At June 2009, municipalities with incumbents in more than 90% of the approved posts in their respective

<sup>6</sup> It should be noted that six (6) municipalities failed to provide data of the number of staff employed by the municipality, and another 16 municipalities failed to record the number of vacancies. Where data is lacking, data from the Demarcation Board report was used to fill in the gaps using the number of staff in the organogram of 2008/2009.

organisational structures were Magareng, Ga-Segonyana, John Taolo Gaetsewe DM, Nama Khoi, Karoo Hoogland, Richtersveld, Emthanjeni, Kareeberg, Pixley ka Seme DM, Kai !Garib, Kgatelopele, Mier and Siyanda DM. At that time, 13 out of 32 municipalities had fewer than 10% of the posts vacant. Municipalities with high vacancy rates of 30% or more are: Frances Baard DM, Sol Plaatje, Gamagara, Moshaweng, Renosterberg, Siyathemba, Ubuntu and Tsantsabane. The highest vacancy rate is recorded at Siyathemba. Please refer to the table below.

Table 4. Staffing levels at end July 2008<sup>7</sup> and at end June 2009<sup>8</sup>

	Municipality	At end July 2008 (Demarcation Board)				Data from annual reports 2008/2009 (Note: data highlighted is from the DB report)			
		Number of approved positions	Total number currently employed	Number vacant positions	% Vacant posts	Staff employed	Vacancies	Total staff in organogram	% vacant
Frances Baard	Dikgatlong	160	146	14	9%	131	28	159	18%
	Frances Baard	122	118	4	3%	127	55	182	30%
	Magareng	147	139	8	5%	144	3	147	2%
	Phokwane	302	227	100	33%	227	75	302	25%
	Sol Plaatje	2,264	1,801	463	20%	1,370	894	2,264	39%
JTG	Gamagara	345	242	103	30%	240	105	345	30%
	Ga-Segonyana	253	237	16	6%	222	21	243	9%
	Kgalagadi	132	99	33	25%	115	11	126	9%
	Moshaweng	80	40	40	50%	54	32	86	37%
Namakwa	Hantam	158	142	16	10%	135	23	158	15%
	Kamiesberg	89	71	18	20%	66	23	89	26%
	Karoo Hoogland	97	95	2	2%	97	2	99	2%
	Khâi-Ma	58	46	12	21%	50	15	65	15%
	Nama Khoi	303	289	14	5%	289	14	303	5%
	Namakwa	175	133	42	24%	126	49	175	28%
	Richtersveld	129	105	24	19%	122	7	129	5%
Pixley ka Seme	Emthanjeni	347	319	28	8%	316	3	319	1%
	Kareeberg	74	74	0	0%	73	0	73	0%
	Pixley ka Seme	215	139	76	35%	284	1	285	0%
	Renosterberg	117	87	30	26%	72	45	117	38%
	Siyancuma	182	139	43	24%	150	49	199	25%
	Siyathemba	152	140	12	8%	87	65	152	43%
	Thembelihle	85	71	14	16%	72	13	85	15%
	Ubuntu	165	127	38	23%	80	38	118	32%
	Umsobomvu	209	177	32	15%	209	0	209	0%
Siyanda	!Kheis	50	50	0	0%	64	13	77	17%
	//Khara Hais	832	656	176	21%	734	98	832	12%
	Kai !Garib	257	236	21	8%	236	21	257	8%
	Kgatelopele	81	76	5	6%	72	6	78	8%
	Mier	40	36	4	10%	47	0	47	0%
	Siyanda	191	173	18	9%	181	10	191	5%
Tsantsabane	247	168	79	32%	132	60	192	31%	
	TOTAL	8,058	6,598	1,485	16%	6,324	1,779	8,103	17%
	Average LM					203	61	265	17%
	<b>Average DM</b>					<b>167</b>	<b>25</b>	<b>192</b>	<b>15%</b>

<sup>7</sup> Demarcation Board Capacity Assessment Report on Municipal Functions 2008/2009.

<sup>8</sup> Relevant Municipality's 2008/2009 Annual Report

## Staff qualifications

As at end July 2008, only 18 municipal managers had tertiary qualifications related to the post, including qualifications in law, development studies, public management and administration. Other municipal managers had unrelated tertiary qualifications, for example in nursing, and education; while three municipalities had municipal managers that have only Grade 12 as qualification for the position.

At that time, all financial managers, except those employed in Karoo Hoogland, Kareeberg, Ubuntu, Tsantsabane and Kai !Garib, had tertiary qualifications in finance-related fields. Because of the nature and complexity of local government financial management, municipalities should be encouraged to appoint financial managers with a minimum of 5-7 years in municipal finance and with the necessary tertiary qualifications.<sup>9</sup>

While nineteen corporate service managers had a tertiary qualification, nineteen technical services managers held relevant tertiary qualifications. At seven municipalities: Namakwa DM, Richtersveld, Kareeberg, Renosterberg, Khâi-Ma, Tsantsabane, Umsobomvu and Kgatelopele there were no technical services managers employed.

Seventeen of the IDP managers had tertiary qualifications. Hantam, Emthanjeni, Ubuntu, Kareeberg, Gamagara and Dikgatlong reported that at the end of July 2008, they had at least two key positions filled with persons having only Grade 12.

Table 5. *Qualifications and {number of years} of local government experience as at end July 2008<sup>10</sup>*

	Municipality	Municipal manager	Financial manager	Corporate services manager	Technical service manager	IDP manager
Frances Baard	Dikgatlong	Diploma in public management {23}	B.Compt (Hons) {5}		Grade 11 {21}	Grade 12 {6}
	Frances Baard	B.Admin B.Admin(Hons) {17}	B.A.Personnel/Industrial Psychology Diploma in Finance {20}	BPA degree {5}	B.Sc.Ing M.Ing {16}	Dip in town and regional planning, M civil design {7}
	Magareng	Diploma in marketing, Higher Dip in business administration {14}	LIMTR {30}		Certificate in housing management, cert in water supply 08m {11}	Dip in municipal management {11}
	Phokwane	M.Development {6}	National Diploma municipal finance{29}	Bachelor of Social Science {6}	B Tech civil Engineering ND Tech Education {3}	B.Soc.Sc {6}
	Sol Plaatje	B.Proc {8}	CTA(NDP) Hons B Compt B Comm Acc {3}	TD III {2}	BA BED, MunLEAD certificate {8}	BA M(T&RP) {19}
JTG	Gamagara	Matric {4}	B.Com {5}	B.A. (communication) {6}	Nat Diploma in Civil Engineering {4}	Matric {7}
	Ga-Segonyana	Bachelor of Arts {7}	B.Comm {3}	B admin(Hons)Public Administration {11}	National Dip Civil engineering {5}	BA (hons) {18}
	JTG	B.Proc LLB {7}	B.Com {5}	M. Public Admin, M.Educ {1}	ND: Civil Engineering {12}	Bachelor of Town and Regional Planning {7}
	Moshaweng	Bachelor in Nursing Administration & Education {6}	B.Comm (Acc) {6}	B.Administration {4}	National diploma in civil Engineering {9}	B Social Science (Honours) in Development Planning {4}
Namakwa	Hantam	B.Com {21}	N5 Accounting + Computers {5}	Grade 12 {28}	N3 Electrician {11}	Grade 12 {13}
	Kamiesberg	BA {10}	N6 Diploma Finance Management {6}	B.Admin {24}	Grade 12 {14}	
	Karoo Hoogland	3yr degree {20}	Matric {17}	MED {1}	N4 {19}	Matric {5}

<sup>9</sup> Municipal Demarcation Board. *Capacity assessment report on municipal functions 2008/2009. Survey undertaken in August 2008.*

<sup>10</sup> Demarcation Board Capacity Assessment Report on Municipal Functions 2008/2009.

	Municipality	Municipal manager	Financial manager	Corporate services manager	Technical service manager	IDP manager
	Khâi-Ma	Higher education Diploma {26}	NQS 6 {15}	Matric {9}		
	Nama Khoi	Matric and short courses {12}	Matric NQF 6	Matric ISK Diploma {?}	NTC3 and NQF7 {9}	Matric {8}
	Namakwa	N Dip in health services {?}	B.Comm.Hons {8}	B.Tech public management {?}	VACANT	Responsibility of MM
	Richtersveld	Public management UOFS {19}	Unisa pub admin Tech Diploma matric {47}			Matric {5}
Pixley ka Seme	Emthanjeni	B Com, HDE, N4&N5 {9}	B.Compt {10}	Grade 12 {22}	T3 engineering cert {20}	Matric {3}
	Kareeberg	Matric {4}	Matric {16}	Matric {11}		
	Pixley ka Seme	B Proc Master development studies {6}	B.Com {11}	Dip in management {13}	Dip civil engineering {?}	MSc in urban development & planning {?}
	Renosterberg	Secondary research dip {1}	National auditing dip {4}	RESPONSIBILITY OF IDP		NOT IN ORANOGRAM
	Siyancuma	Dip in electrical engineering ELMdP(Free State UN) ELMdP(PTAUN {20}	B.Comm {13}	Dip environmental service {20}	BA in education {2}	Dip in Environmental Service {20}
	Siyathemba	Dip commerce Public Management	B.Comm {?}		B.Com {17}	N6 Engineering
	Thembelihle	Higher dip Educ(M +4)municipal man Dev Certificate {11}	Dip taxation {2}	Project management, national certificate LED {5}	Teaching dip {5}	LED cert, Project management {5}
	Ubuntu	Grade 12 ELMdP {11}	Matric {19}	Matric {12}	NQF 5/BIFSA NQ 4, Project management {16}	
	Umsobomvu	Dip in business management Post graduate cert management {7}	NQF5 {16}		Dip civil engineering {0}	Health diploma {23}
Siyanda	!Kheis	M Phil sustain Planning M Admin Public Management {19}	B.Compt {6}		N5 engineering (electrical) {8}	N5 Engineering Electrical {8}
	//Khara Hais	MTH Hons BPA {5}	MBA, Hons BBA, BBA {33}	Higher Diploma in Education {?}	B.Eng Electrical {8}	BA Hons Masters Town Planning
	Kai !Garib	BA BED HDE {6}	Matric {26}	HDE commerce MPA {10}	Artisan NC6 {12}	HDE Commerce MPA {10}
	Kgatelopele	Grade 12 {25}	Diploma in financial management {5}	Dip Municipal Governance advance Dip		Diploma Municipal Governance Advance Diploma {23}
	Mier	Diploma Public Education {12}	3 year National diploma {11}		Matric {16}	
	Siyanda	M.Sc {5}	B Com {12}	Teachers Dip {12}	Higher Diploma Engineering {15}	M.Sc {5}
	Tsantsabane	Dip Theology, BTH/ Hons BTH, MBA {10}	BA {5}	dip HRM {2}	NA	

## Section 57 appointments and signed performance agreements

Due to the poor quality of reporting in the municipalities' annual reports, it is unclear how many of the 32 municipal managers have signed performance agreements as at June 2009. Failure to sign a performance contract, or not concluding their performance agreements within the specified timeframes, or not submitting the signed copies to the MEC responsible for local government, is in breach of the legislation. It is also an indicator of poor monitoring and oversight by provincial government.<sup>11</sup>

According to the Northern Cape's 'Provincial Report on the Implementation of the 5 Year Local Government Strategic Agenda' of June 2008; 83 (91%) Section 57 posts were filled, of which 55 (41%) had signed performance agreements. Only 15 (10%) of the 83 posts were filled by women.

At the end of July 2008, all municipalities had municipal managers in place, with nine employed as acting managers. This situation remained the same as at end July 2009 (SALGA 2008/2009 annual report). All municipal managers, except those who are acting, are MSA Section 57 appointments. This is an improvement from March 2008, when 14 vacant municipal manager posts were recorded and filled with acting managers. Nevertheless, SALGA's 2008/2009 annual report indicates that nine (9) municipal and 43 Section 57 manager positions remained vacant as at July 2009, and that these positions were filled with acting incumbents at that time.

At the end of July 2008, all financial managers were MSA Section 57 appointments, except for acting managers at Magareng, Phokwane, Gamagara, Ga- Segonyana, Hantam, Karoo Hoogland, Emthanjeni, Siyancuma, Ubuntu, Siyanda DM and Tsantsabane. At that time, there was one vacancy and three other appointments.

At that time, only 17 corporate services managers were MSA Section 57 appointments. The rest of the appointments were of an unknown status, and the post was vacant at a further three municipalities.

Similarly, 13 technical services managers were MSA Section 57 appointments, while four more were acting managers. At Kamiesberg, Namakwa DM, Khâi-Ma, Kareeberg, Pixley ka Seme DM, Kgatelopele and Tsantsabane, the status of the appointment was unknown. The position was vacant at Richtersveld, Renosterberg and Umsobomvu.

Only at Frances Baard DM, Sol Plaatje, Phokwane, Emthanjeni, Pixley ka Seme DM, Thembelihle, Siyanda DM and Kai !Garib are the IDP managers MSA Section 57 appointments.

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<sup>11</sup> COGTA. 2009. *State of local government in South Africa - Overview Report. Working Documents, 2009.*

Table 6. Positions as at August 2008<sup>12</sup>

	Municipality	Municipal manager	Financial manager	Corporate services manager	Technical service manager	IDP manager
Frances Baard	Dikgatlong	MSA section 57	MSA section 57	MSA section 57	MSA section 57	Other
	Frances Baard	MSA section 57	MSA section 57	MSA section 57	MSA section 57	MSA section 57
	Magareng	Acting	Acting		MSA section 57	Other
	Phokwane	MSA section 57	Acting	MSA section 57	MSA section 57	MSA section 57
	Sol Plaatje	MSA section 57	MSA section 57	MSA section 57	MSA section 57	MSA section 57
JTG	Gamagara	MSA section 57	Acting	MSA section 57	Acting	Other
	Ga-Segonyana	MSA section 57	Acting	MSA section 57	MSA section 57	Other
	JTG	MSA section 57	MSA section 57	MSA section 57	MSA section 57	Other
	Moshaweng	Acting	MSA section 57	MSA section 57	MSA section 57	Other
Namakwa	Hantam	Acting	Acting	Acting	Other	Other
	Kamiesberg	MSA section 57	MSA section 57	Acting		
	Karoo Hoogland	Acting	Acting	Acting	Acting	Other
	Khâi-Ma	MSA section 57	Other	MSA section 57		
	Nama Khoi	Acting	Other	Other	Other	Other
	Namakwa	Acting	MSA section 57			
	Richtersveld	MSA section 57	Vacant	Vacant	Vacant	Acting
Pixley ka Seme	Emthanjeni	MSA section 57	Acting	MSA section 57	MSA section 57	MSA section 57
	Kareeberg	MSA section 57	MSA section 57	MSA section 57		
	Pixley ka Seme	MSA section 57	MSA section 57	MSA section 57		MSA section 57
	Renosterberg	MSA section 57	MSA section 57	Vacant	Vacant	
	Siyancuma	Acting	Acting	Other	MSA section 57	Other
	Siyathemba	MSA section 57	MSA section 57		Other	Other
	Thembelihle	MSA section 57	MSA section 57	MSA section 57	Other	MSA section 57
	Ubuntu	MSA section 57	Acting	MSA section 57	MSA section 57	
Umsobomvu	MSA section 57	MSA section 57	Vacant	Vacant		
Siyanda	IKheis	MSA section 57	MSA section 57		Acting	Other
	//Khara Hais	MSA section 57	MSA section 57	MSA section 57	Acting	
	Kai !Garib	Acting	MSA section 57	MSA section 57	MSA section 57	MSA section 57
	Kgatelopele	Acting	Other	Other		Other
	Mier	Acting	MSA section 57		MSA section 57	
	Siyanda	Acting	Acting	Other	Other	MSA section 57
	Tsantsabane	MSA section 57	Acting	MSA section 57		

### Employment equity

At end June 2009 only 16 municipalities reported on employment equity. On average 31% of municipal staff were female. The highest percentage of women were employed at Khâi-Ma (52%), followed by Moshaweng (46%) and Pixley ka Seme DM (42%). Reporting municipalities with less than 25% women on its staff, are Magareng (20%), Gamagara (21%), //Khara Hais (22%) and Dikgatlong (24%). This is marked in green and orange on Table 7 below.

<sup>12</sup> Demarcation Board Capacity Assessment Report on Municipal Functions 2008/2009. (Date of survey August 2008). Verification was done with municipalities' Annual Reports 2007/2008.

On average 4% of staff are disabled, although this percentage is biased towards Moshaweng that reported it employs a total of 20 disabled persons, which is 23.3% of its total workforce.

Ten out of 15 municipalities had at least 90% of its staff classified as Black (inclusive of African, Asian and Coloured) Dikgatlong reported the highest percentage (97% black) and John Taolo Gaetsewe DM the lowest (72%).

Twelve (12) municipalities reported the number of women councillors. The average was 42%, and the highest was at Hantam (78%) and the lowest at Richtersveld (13%). Seven (7) out of 19 mayors were women at the end of 2008/2009.

Table 7. *Employment equity (permanent staff) and woman councillors at end June 2009*<sup>13</sup>

	Municipality	Staff employed	Black	% Black	Female	% Female	Disabled	% Disabled	Number of councillors	Number women councillors	% women councillors	Woman mayor
Frances Baard	Dikgatlong	131	127	97%	32	24%			13	6	46%	1
	<i>Frances Baard</i>	127	110	87%	45	35%			25	10	40%	0
	Magareng	144	120	83%	29	20%	1	0.7%	9	5	56%	1
	Phokwane	227										
	Sol Plaatje	1,370	1,232	90%	341	25%	4	0.2%	55			0
JTG	Gamagara	240	221	92%	50	21%			9			0
	Ga-Segonyana	222	204	92%	56	25%			18			
	<i>JTG</i>	115	83	72%	44	38%			6	2	33%	0
	Moshaweng	54	54	100%	25	46%	20	23.3%	21			0
Namakwa	Hantam	135							9	7	78%	1
	Kamiesberg	66							9			0
	Karoo Hoogland	97							7	2	29%	0
	<i>Khâi-Ma</i>	50	47	94%	26	52%	0	0.0%	7	3	43%	1
	Nama Khoi	289	275	95%	81	28%			17	6	35%	0
	<i>Namakwa</i>	126	105	83%	37	29%			6			0
	Richtersveld	122							8	1	13%	0
Pixley ka Seme	Emthanjeni	316					0	0.0%	14	5	36%	0
	Kareeberg	73							7			
	<i>Pixley ka Seme</i>	284	268	94%	118	42%	1	0.4%	19			
	Renosterberg	72	66	92%	21	29%			7			
	Siyancuma	150			44	29%			9			
	Siyathemba	87							8			
	Thembelihle	72	69	96%	20	28%						
	Ubuntu	80										
Siyanda	Umsobomvu	209							10	6	60%	1
	!Kheis	64							7			1
	//Khara Hais	734	676	92%	160	22%			23	8	35%	0
	Kai !Garib	236										
	Kgatelopele	72							8			
	Mier	47							5			
	<i>Siyanda</i>	181							18			1
Tsantsabane	132							11				
TOTAL	6,324	3,657	91%	1,129	31%	26	4.1%	365	61	42%	7	
Number of responses	32	15	15	16	16	6	6	28	12	12	19	
Average LM	203	281	93%	74	29%	5	5%	13	5	43%		
<i>Average DM</i>	167	142	84%	61	36%	1	0%	15	6	37%		

<sup>13</sup> Data from Annual Report 2008/2009 of reporting municipalities

## Challenges

Challenges include:

- Lack of qualified staff and difficulty in filling vacancies – according to the 2008/2009 SALGA annual report, nine municipal manager and 43 Section 57 manager positions were still vacant at July 2009.
- A general shortage of technical staff, including engineers, artisans and planners.
- A shortage of financial staff and the difficulty in attracting qualified accountants.
- Securing key infrastructure development and service delivery skills, particularly in municipal finance, engineering, human resources and skills development.

## Interventions of 2008/2009

The provincial report on the implementation plan of the five year strategic agenda, dated June 2008, reports that the following interventions are being made as follows:

- During 2008, DBSA and SAICE deployed five engineers to Pixley ka Seme DM, Namakwa DM, John Taolo Gaetsewe DM, and Magareng in order to address the shortage of technical and financial staff. Additionally, three students have been deployed to Ga-Segonyana.
- Financial specialists have also been deployed to Renosterberg, Kamiesberg, Moshaweng, Karoo Hoogland, Siyanda DM and Namakwa DM.
- A technical expert has been deployed to DWAF to assist with the implementation of key projects.
- A planner has been deployed to the provincial department to assist with township development regulations and spatial development frameworks for the province as well as some local municipalities.
- DPLG deployed a service delivery facilitator to Tsantsabane to assist with billing systems and credit control and other systems.
- DH&LG also deployed municipal managers to take up positions at Mier, //Khara Hais, Renosterberg, Thembelihle and Magareng.

Other interventions and remedial actions include:

- During April 2008, the assistance of Provincial Treasury and Local Government was sought to help with recovery initiatives at Karoo Hoogland. During the last five months of 2007/2008, the corrective measure put in place had positive results, which continued to yield success during 2008/2009.
- During 2008/2009, SALGA<sup>14</sup> supported the Northern Cape municipalities with :
  - Capacity building and training: 327 councillors and officials were trained in ELMDP; the Lodlog programme; the Municipal Finance Management Act; performance management; management of disciplinary actions; and on the job evaluation and benchmarking.

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<sup>14</sup> South African Local Government Association. 2009. Annual Report 2008/2009

- Thirty-two (32) municipalities were guided to improve their performance in land use management, economic development and disaster management; and 27 were guided on the implementation of the audit improvement plan.
- SALGA provided hands-on support to the Khâi-Ma and Umsobomvu municipalities during public unrest, and legal cases related to rate payers associations.
- SALGA administered support to 27 local municipalities in their compliance with the EDIR process at the regional engagement forum. EDI Holding support was also facilitated to seven municipalities on electricity ring-fencing processes.

## Skills levy and training

### Actual performance achieved

#### Workplace skills plans

In terms of the Skills Development Act and Skills Development Levies Act, municipalities are expected to meet certain requirements to fulfil the 2005-2010 National Skills Development Strategy II. Workplace Skills Plans (WSP) must be submitted to the LGSETA each year by 30 June to qualify for grants. In recent years, there has been an improvement in the number of municipalities that submit their WSPs to the LGSETA in time.<sup>15</sup> In 2005/2006 only 15 of the 32 Northern Cape municipalities submitted, while in 2007/2008, all municipalities submitted although Magareng submitted its WSP 2008/2009 late.

### Challenges

Two training providers have gained full accreditation status in the Northern Cape, and while progress has been made overall in SA, this does not apply to Northern Cape. Greater focus is required in Northern Cape to increase the number of training providers to ensure the delivery of credible training to all municipalities in the province. Full accreditation is the highest status that can be awarded to a training provider by an ETQA for a period of not more than three years.

According to LGSETA, the Northern Cape still has no assessors and moderators. ETD practitioners are registered to ensure the maintenance of quality standards, as well as the recognition of achievements against those registered qualifications that fall within the primary focus of the LGSETA.

There are concerns regarding conditional grants municipalities, such as the MSIG, that were highlighted as follows:<sup>16</sup>

- There is no coordination between grants, e.g. MSIG, FMG and Siyenza Manje
- There is no evaluation of the impact of the grants, especially the impact on smaller municipalities
- Local government is not central to setting the agenda for capacity-building programmes
- Reporting on these grants (five different grants to five different departments) is a burden, and is costly and time consuming to municipalities. Provincial allocations, for example

<sup>15</sup> The LGSETA considers late submissions as non-submissions.

<sup>16</sup> <http://www.pmg.org.za/report/20100305-national-treasury-division-revenue-bill-and-public-hearings-bill-brief> (Accessed: 2010-08-11)

funding for libraries and other operational functions, must be gazetted and transferred timeously.

- Although the Financial Management Grant and the MISG's allocations to different municipalities are almost uniform in size, the specific needs of the individual municipalities are not reflected in an allocation system. Although the CoGTA regulation stipulates that ward committees must now be funded from the MSIG, there is no additional funding provided to this grant.
- National DPW should provide and disseminate a simple guideline to outline how the targets for the Expanded Public Works Programmes Incentive Grant for Municipalities were calculated
- - The cause of the problem of unspent grants should be investigated. It is anticipated that it may be the result of:
  - The poor design of specific grants, especially newly created grants, and their access requirements, which includes project registration. These aspects delay implementation on the ground.
  - Fiscal dumping
  - Poor planning and implementation capacity at municipality level, that requires government to give focused attention to struggling municipalities
  - Using grant funding on budget line items for which the funding is not approved, is indicative of a deeper funding problem, especially in smaller and poorer municipalities that struggle to raise own revenues for operations.
  - The off-setting of unspent grants should not be once-off, but rather negotiated with each municipality on each specific occasion.

## **Interventions 2008/2009**

### **Training**

The Municipal Training and Development Institute (MTI) was established as a joint venture between the then Provincial Department of Housing and Local Government and the Swedish International Development and Co-operation Agency (Sida) for the Municipal Development Programme in December 1997. The Municipal Development Programme was supported and endorsed through a formal agreement between the Provincial Government, SALGA Northern Cape, Sol Plaatje Municipality and the Swedish Government as represented by Sida. Beneficiaries of this programme are members of SALGA Northern Cape and Northern Cape municipal councillors and officials.<sup>17</sup>

The purpose of MTI is to capacitate municipalities by providing action-oriented training to strengthen and improve service delivery. Training programmes it has developed include<sup>18</sup>:

- Councillor Training
- Integrated Development Planning
- Water and Sanitation
- Municipal Information

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<sup>17</sup> Sol Plaatje Annual Report 2008/2009. Pp 72-73.

<sup>18</sup> Sol Plaatje Annual Report 2008/2009. Pp 72-73.

- Professional Client Service Delivery

The training material is aligned to the SAQA unit standards and MTI was granted accreditation as a provider in 2006 with the Local Government Sector Education and Training Authority. MTI facilitates and co-ordinates training services of both accredited and non-accredited providers for the municipalities. In 2008/2009 the focus was training for the Operations and Maintenance Programme which is a project run by CoGHSTA and the Department of Water Affairs. Training rolled out in 2008/2009 by MTI is tabled below.<sup>19</sup>

Table 8. MTI training 2008/2009<sup>20</sup>

Training Programme	Beneficiaries
Assessor	4
Moderator	4
Labour relations	20
Health and Safety Representatives	60
Train-the-trainer	13
First Aid	49
Project Management	18
Records Management	24
Municipal Finances for councillors	142
Management	20
Needs analysis workshops	29
Water and Wastewater	37
Cherry picker training	6
Workplace Coaching	17
<b>Total with SETA funds</b>	<b>443</b>

### Municipal Systems Improvement Grant (MSIG)

The MSIG is a conditional grant directed to local and district municipalities to support the implementation of new systems covered by the Municipal Systems Act, Municipal Structures Act and other related policy and legislation.

By close of national financial year, 31 March 2009, the national MISG expenditure remained at 39.6% (R79 million) compared to 49% (R97 million) in March 2008. This shows a 10% decline from the previous financial year. At the end of 2007/2008 municipal financial year (June 2008), the MSIG expenditure remained at 85.5% (R179 million of R200 million).

The Northern Cape received a transfer in 2008/2009 of R24,54 million of which an average of 46% was spent.

<sup>19</sup> Sol Plaatje Annual Report 2008/2009. Pp 72-73.

<sup>20</sup> Sol Plaatje Annual Report 2008/2009. Pp 73-74.

Table 9. MSIG 2008/2009 allocation and percentage spent<sup>21</sup>

	Municipality	Amount transferred	Percentage spent
Frances Baard	Dikgatlong	R 735,000	0%
	<i>Frances Baard</i>	R 735,000	145%
	Magareng	R 735,000	0%
	Phokwane	R 735,000	17%
	Sol Plaatje	R 735,000	79%
JTG	Gamagara	R 735,000	72%
	Ga-Segonyana	R 735,000	18%
	<i>JTG</i>	R 735,000	0%
	Moshaweng	R 735,000	5%
Namakwa	Hantam	R 735,000	109%
	Kamiesberg	R 735,000	69%
	Karoo Hoogland	R 735,000	0%
	Khâi-Ma	R 735,000	0%
	Nama Khoi	R 735,000	0%
	<i>Namakwa</i>	R 735,000	42%
	Richtersveld	R 735,000	26%
Pixley ka Seme	Emthanjeni	R 735,000	37%
	Kareeberg	R 735,000	100%
	<i>Pixley ka Seme</i>	R 735,000	151%
	Renosterberg	R 735,000	100%
	Siyancuma	R 735,000	47%
	<i>Siyathemba</i>	R 735,000	100%
	Thembelihle	R 735,000	0%
	Ubuntu	R 735,000	0%
Umsobomvu	R 735,000	86%	
Siyanda	!Kheis	R 735,000	8%
	<i>//Khara Hais</i>	R 735,000	100%
	Kai !Garib	R 735,000	91%
	Kgatelopele	R 735,000	0%
	Mier	R 735,000	0%
	<i>Siyanda</i>	R 735,000	10%
	Tsantsabane	R 1,755,000	55%
	TOTAL	R 24,540,000	46%

<sup>21</sup> Department of Provincial and Local Government. Annual Report 2008-2009. Pg.145-147. Table B2.

## Performance management systems

### Actual performance achieved

The Auditor General assesses performance management systems annually, and makes statements regarding the status at each municipality that serve as a guideline on what steps to take to improve the specific municipality's PMS.

Municipalities are required to have detailed standard operating procedures that set out the roles and responsibilities of all staff involved in collecting and collating performance information. The lack of such procedures is symptomatic of municipalities with inadequate control processes and procedures, which result in inaccurate and incomplete performance-related information.

### PMS and payment of bonuses

Of the 29 municipalities that have been audited for 2008/2009, only eight (8) had a functioning performance management system in place and performance bonuses were ONLY paid after proper assessment and approval by those charged with governance.

*Table 10. According to the Auditor General's reports there is a functioning performance management system AND performance bonuses are ONLY paid after proper assessment and approval by those charged with governance*

	Municipality	There is a functioning performance management system AND performance bonuses are ONLY paid after proper assessment and approval by those charged with governance
Frances Baard	Dikgatlong	No
	Frances Baard	Yes
	Magareng	No
	Phokwane	Audit not yet undertaken
	Sol Plaatje	No
JTG	Gamagara	Yes
	Ga-Segonyana	Yes
	JTG District	Yes
	Moshaweng	No
Namakwa	Hantam	No
	Kamiesberg	No
	Karoo Hoogland	No
	Khâi-Ma	No
	Nama Khoi	Audit not yet undertaken
	Namakwa	No
Pixley ka Seme	Richtersveld	No
	Emthanjeni	Yes
	Kareeberg	No
	Pixley ka Seme	Yes
	Renosterberg	Audit not yet undertaken
	Siyancuma	Yes
	Siyathemba	No
	Thembelihle	No
Ubuntu	No	
Siyanda	Umsobomvu	No
	!Kheis	No
	//Khara Hais	No
	Kai !Garib	No
	Kgatelopele	No
	Mier	No
	Siyanda	Yes
Tsantsabane	No	
	<b>TOTAL</b>	<b>Yes=8</b>

## Reporting performance information

In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include an annual performance report of the municipality, prepared in terms of section 46 of the Local Government Municipal Systems Act 2000 (Act No 32 of 2000). The Auditor General did not obtain sufficient appropriate evidence about performance information and related systems, processes and procedures at any municipalities in the Northern Cape for the year ended 30 June 2009. In the auditor's judgement the Northern Cape municipalities either:

- Did not prepare an annual performance report or did not submit in time (25 municipalities including three whose audit report is still outstanding i.e. not submitted in time); or
- Reported information that was either inconsistent, unreliable, and/or irrelevant (7 municipalities).

Table 11. Auditor General's findings on performance information

	Municipality	Findings on performance information
Frances Baard	Dikgatlong	Did not prepare an annual performance report ito s46 of MSA
	<i>Frances Baard</i>	Inconsistent reported performance information
	Magareng	Did not prepare an annual performance report ito s46 of MSA
	Phokwane	OUTSTANDING AG REPORT
	Sol Plaatje	Reported information not reliable
JTG	Gamagara	Did not submit performance information for auditing as required ito s46 of MFMA
	Ga-Segonyana	Reported information inconsistent and not reliable
	<i>John Taolo Gaetsewe</i>	Did not prepare an annual performance report ito s46 of MSA
	Moshaweng	Reported performance information not relevant
Namakwa	Hantam	Did not submit performance information for auditing as required ito s46 of MFMA
	Kamiesberg	Did not submit performance information for auditing as required ito s46 of MFMA
	Karoo Hoogland	Did not submit performance information for auditing as required ito s46 of MFMA
	Khâi-Ma	Did not submit performance information for auditing as required ito s46 of MFMA
	Nama Khoi	OUTSTANDING AG REPORT
	<i>Namakwa</i>	Performance information not received in time
	Richtersveld	Has not reported performance against predetermined objectives
Pixley ka Seme	Emthanjeni	Performance information not received in time
	Kareeberg	Annual report did not include annual performance report as required by s121(3)(c) of the MFMA
	<i>Pixley ka Seme</i>	Performance information not received in time
	Renosterberg	OUTSTANDING AG REPORT
	Siyancuma	Did not prepare an annual performance report ito s46 of MSA
	Siyathemba	Annual report did not include annual performance report as required by s121(3)(c) of the MFMA
	Thembelihle	Did not submit performance information for auditing as required ito s46 of MFMA
	Ubuntu	Annual report did not include annual performance report as required by s121(3)(c) of the MFMA
	Umsobomvu	Reported information not reliable
Siyanda	!Kheis	Did not prepare an annual performance report ito s46 of MSA
	//Khara Hais	Annual report did not include annual performance report as required by s121(3)(c) of the MFMA
	Kai !Garib	Has not reported performance against predetermined objectives
	Kgatelopele	Annual report did not include annual performance report as required by s121(3)(c) of the MFMA
	Mier	Annual report did not include annual performance report as required by s121(3)(c) of the MFMA
	<i>Siyanda</i>	Performance information not received in time
	Tsantsabane	Did not submit performance information for auditing as required ito s46 of MFMA
<b>TOTAL</b>	<b>32</b>	

## Performance Management

According to CoGHSTA performance management at the end June 2009 showed that:

- Of 30 municipalities assessed, 22 municipalities had key performance indicators that included the seven (7) prescribed general KPIs, whilst eight (8) municipalities did not
- Of 30 municipalities assessed, 19 municipalities had a PMS Framework that had been developed/reviewed and adopted by council, whilst nine (9) municipalities had not
- Of 30 municipalities assessed, 15 municipalities had appointed Performance Audit Committee, whilst 15 municipalities had not
- Of 29 municipalities assessed, 14 municipalities had annual performance reports for 2008/2009 that had been approved by council and submitted to the MEC

Table 12. Performance management at end June 2009<sup>22</sup>

	Municipality	Key performance indicators include 7 prescribed general KPIs	PMS Framework developed/reviewed and adopted by council	Appointment of Performance Audit Committee	Annual performance report 2008/2009 has been approved by council and submitted to MEC
Frances Baard	Dikgatlong	Yes	Yes	No	No
	Frances Baard	Yes	Yes	Yes	Yes
	Magareng	No	No	No	No
	Phokwane				
	Sol Plaatje	Yes	Yes	Yes	Yes
JTG	Gamagara	Yes	Yes	Yes	Yes
	Ga-Segonyana	Yes	Yes	Yes	Yes
	JTG	Yes	Yes	Yes	Yes
	Moshaweng	Yes	Yes	Yes	No
Namakwa	Hantam	No	No	No	No
	Kamiesberg	Yes	Yes	Yes	
	Karoo Hoogland	Yes	No	Yes	Yes
	Khâi-Ma	Yes	No	No	No
	Nama Khoi	Yes	Yes	No	No
	Namakwa	Yes	Yes	No	Yes
	Richtersveld	No	No	No	No
Pixley ka Seme	Emthanjeni	No	Yes	No	No
	Kareeberg	Yes	Yes, in progress	Yes	Yes
	Pixley ka Seme	Yes	Yes	Yes	Yes
	Renosterberg	Yes	Yes	Yes	Yes
	Siyancuma				
	Siyathemba	Yes	Yes	No	No
	Thembelihle	No	No	No	No
Siyanda	Ubuntu	Yes	Yes	Yes	Yes
	Umsobomvu	Yes	Yes	No	Yes
	!Kheis	Yes	Yes	Yes	No
	//Khara Hais	Yes	Yes, but not adopted	No	Yes
	Kai !Garib	No	No	No	No
	Kgatelopele	Yes	Yes	Yes	No
	Mier	No	No	No	No
Siyanda	Yes	Yes	Yes	Yes	
Tsantsabane	No	No	No	No	
	<b>Total Yes</b>	<b>22</b>	<b>19</b>	<b>15</b>	<b>14</b>
	<b>Total No</b>	<b>8</b>	<b>9</b>	<b>15</b>	<b>15</b>

<sup>22</sup> CoGHSTA. Information table received from Ms Portia Manyane on 16 August 2010.

## **Interventions of 2008/2009**

Measures were put in place to monitor the compliance of the Municipal Performance Regulations and these are:

- A database on municipal performance regulations was established
- Workshops were held with municipalities on these regulations with another round of workshops initiated in July 2009.
- Municipalities were supported by Provincial Treasury and DH&LG to link Performance Management to planning and implementation including IDPs and SDBIPs
- A review and repositioning of KPAs in the VUNA is being undertaken nationally so that the KPAs are linked to statutory reports i.e. IDP, SDBIP, S46 Annual performance reports, etc.
- A provincial PMS co-ordinator was appointed who is responsible for supporting municipalities to implement Municipal Performance Regulations.
- Greater emphasis must be placed on linking the IDP, CIP, PMS, VUNA, budgets, SDBIP, etc., to ensure synchronised and integrated approaches.
- The PMS Forum is being revived which encourages alignment between IDPs, municipal budgets, SDBIPs and the Auditor General's Office.
- A monitoring and evaluation course and one on PMS for all PMS coordinators was arranged in August 2009.
- A PMS 'task team' visited municipalities to review the status quo and action plans to address identified problems

## 3 BASIC SERVICE DELIVERY: KPA 2

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### Introduction

In this chapter the Northern Cape municipalities' progress towards providing basic services, i.e. safe potable water, adequate sanitation and sewerage, refuse removal and electricity, to residents is detailed.

### Basic service delivery

Good basic services are a constitutional right of all people. Accelerating service delivery means meeting the infrastructure for basic services backlog targets; and putting in place institutional and financial arrangements to ensure the ongoing provision of sustainable services and making better use of existing delivery mechanisms and systems.

### Actual performance achieved

#### Household water supply

A total of 6,287 households living in towns and villages do not have potable water within 200m from their homes; 3,453 (54%) of these households are on formal<sup>23</sup> stands. The number of households on informal sites without basic water supply has increased only slightly and this is attributed to the growth in informal settlements. The municipality with the largest backlog is Moshaweng which has a total of 1,952 households with basic water needs. Please refer to Table 13 below.

By November 2009, 14 of the 32 municipalities achieved their target to provide access to water in towns and villages by November 2009.

Only 13 municipalities reported that they experienced water backlogs in Annual Reports of 2008/2009. Seven (7) municipalities reported that there are no water backlogs in their area of jurisdiction. These are Gamagara, Kamiesberg, Karoo Hoogland, Nama Khoi, Kareeberg, Siyathemba and Ubuntu. Six (6) municipalities reported the following household backlogs:

- 3,68 at Sol Plaatje
- 48 at Hantam
- 140 at Khâi-Ma
- 370 at Renosterberg
- 240 at Umsobomvu
- 230 at Tsantsabane

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<sup>23</sup> Stands in the tribal areas of Ga-Segonyana and Moshaweng are classified as formal stands.

Table 13. Water backlogs in respect of distance in towns and villages as at November 2009<sup>24</sup>

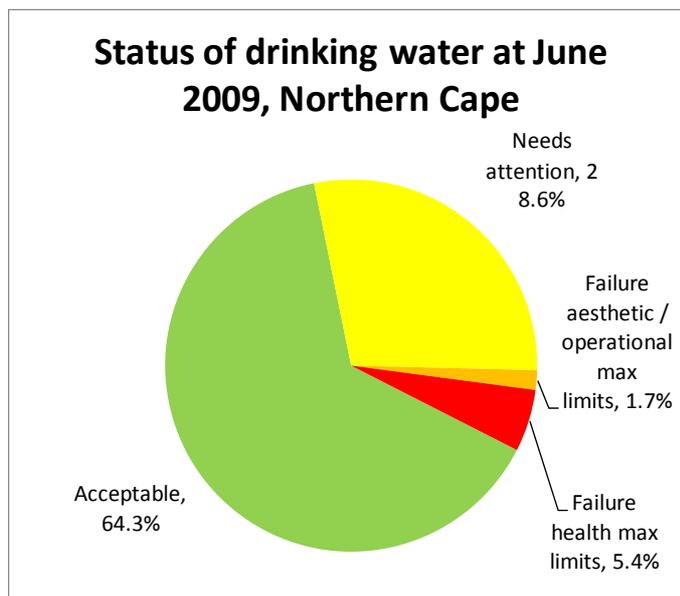
	Municipality	Formal stands	Informal stands	TOTAL Towns and villages
Frances Baard	Dikgatlong	128	381	509
	DMA Frances Baard	0	0	0
	Magareng	0	800	800
	Phokwane	127	231	358
	Sol Plaatje	19	1	20
	Frances Baard Total	274	1,413	1,687
Pixley ka Seme	DMA Pixley ka Seme	0	0	0
	Emthanjeni	38	0	38
	Kareeberg	0	0	0
	Renosterberg	1	0	1
	Siyancuma	41	3	44
	Siyathemba	10	0	10
	Thembelihle	9	153	162
	Ubuntu	164	0	164
	Umsobomvu	0	0	0
	Pixley ka Seme Total	263	156	419
JTG	DMA JTG	0	0	0
	Gamagara	0	0	0
	Ga-Segonyana	531	770	1,301
	Moshaweng	1,952	0	1,952
	JTG Total	2,483	770	3,253
Namakwa	DMA Namakwa	0	0	0
	Hantam	180	40	220
	Kamiesberg	0	1	1
	Karoo Hoogland	0	48	48
	Khâi-Ma	81	14	95
	Nama Khoi	170	0	170
	Richtersveld	0	28	28
	Namakwa Total	431	131	562
Siyanda	!Kheis	0	149	149
	//Khara Hais	0	0	0
	DMA Siyanda	0	0	0
	Kai !Garib	2	215	217
	Kgatelopele	0	0	0
	Mier	0	0	0
	Tsantsabane	0	0	0
	Siyanda Total	2	364	366
<b>TOTAL</b>	<b>3,453</b>	<b>2,834</b>	<b>6,287</b>	

<sup>24</sup> DWA (2009). Water and sanitation backlogs from the DWA database extracted 27 November 2009.

## Drinking water quality compliance

Access to safe drinking water is a basic human right and essential to human health. Safe drinking water that complies with the South African National Standard (SANS) 241 Drinking Water Specification does not pose a risk to health over a lifetime of consumption. All Water Service Authorities, i.e. all municipalities in Northern Cape, are legally responsible to<sup>25</sup>:

- Monitor the quality of drinking water provided to consumers
- Compare results to national drinking water standards
- Communicate any health risks to consumers and appropriate authorities



WSAs are required to monitor drinking water quality on a monthly basis. For the past three years DWA has had a Water Quality Management System (WQMS) in place. Key bacteriological, physical and chemical parameters are monitored in each municipal area.

For the fiscal year 2008/2009, all districts had areas where compliance was poor, as indicated in the table below.

Table 14. Microbiological safety of water per district 1 June 2008 to 1 June 2009<sup>26</sup>

Area	Population	Suggested Min Samples	Faecal Coliforms health		E.coli health	
			Sample Count	Compliance %	Sample Count	Compliance %
South Africa	48,606,643	58,328	1,6421	98.8	58080	96.7
Northern Cape	1,076,830	3,145	823	97.3	3905	95.2
Frances Baard DM	361,797	696	282	100.0	888	96.5
John Taolo Gaetsewe DM	206,620	372	209	97.6	1180	93.1
Namakwa DM	117,344	732	28	75.0	665	95.0
Pixley ka Seme DM	173,865	660	185	95.7	710	95.6
Siyanda DM	217,203	768	119	98.3	462	97.2

Over the past three years, no local municipality has achieved 100% compliance for E.coli, which affects health. However, Magareng, Phokwane, Karoo Hoogland, Namakwa DMA, Siyanda DMA and Tsantsabane have attained 100% compliance in the Nov 2008 - Nov 2009 period.

<sup>25</sup> Hodgson, K. and Manus, L. 2006 Drinking water quality framework for South Africa. Water SA Vol 32 No 5. 2006.

<sup>26</sup> <https://www.wqms.co.za/overview?st=1> (Accessed: 2009-09-30)

Notable improvements have taken place at Magareng which has achieved 100% compliance from a low of 85%. Other notable improvements are at Kai !Garib, Kamiesberg, Karoo Hoogland, Siyathemba and Tsantsabane.

Table 15. Drinking water quality measured in percentage compliance of *E.coli* (health)<sup>27</sup>

Municipality	Drinking water quality - % <i>E.coli</i> (health) compliance 1 Aug 2006 - 1 Aug 2007	Drinking water quality - % <i>E.coli</i> (health) compliance 1 Oct 2007-1 Oct 2008	Drinking water quality - % <i>E.coli</i> (health) compliance 1 Nov 2008-1 Nov 2009
Magareng	85.00%	100.00%	100.00%
Namakwa DMA		100.00%	100.00%
Karoo Hoogland	94.30%	96.90%	100.00%
Phokwane		95.20%	100.00%
Tsantsabane	85.00%	89.90%	100.00%
Siyanda DMA		75.00%	100.00%
Kai !Garib	77.60%	95.20%	99.50%
Hantam	96.60%	97.70%	98.50%
Sol Plaatje	97.00%	94.80%	97.90%
John Taolo Gaetsewe DM		92.90%	97.80%
Kamiesberg	81.40%	87.80%	97.40%
Renosterberg	100.00%	95.40%	97.20%
!Kheis	100.00%	95.20%	97.10%
Kareeberg	100.00%	100.00%	96.10%
//Khara Hais	100.00%	100.00%	95.90%
Siyancuma	100.00%	92.00%	95.80%
Ga-Segonyana	90.30%	96.30%	94.60%
Richtersveld	92.90%	91.10%	94.50%
Nama Khoi	89.40%	95.30%	94.00%
Khâi-Ma	93.20%	79.80%	93.20%
Moshaweng		95.00%	92.90%
Siyathemba	88.70%	89.50%	92.90%
Dikgatlong	100.00%	94.90%	92.40%
Ubuntu	96.00%	96.20%	92.00%
Emthanjeni	95.00%	82.70%	91.60%
Thembelihle	78.00%	94.90%	90.90%
Gamagara	96.80%	97.10%	90.60%
Kgatelopele	100.00%	80.00%	90.00%
Mier	100.00%	78.80%	89.70%
Umsobomvu	91.00%	88.50%	85.50%
Frances Baard DMA		94.10%	78.60%
Pixley ka Seme DMA		NA	

DWAF introduced the Blue Drop Certification Programme in September 2008 with the main objective of regulating the drinking water quality management function. This is being performed by gauging the efficacy of the management of tap water quality. In its first Blue Drop Report, DWAF raises concerns about the capability levels of most Water Services Authorities in the province to manage drinking water quality to the required efficiency levels. Loxton, in the Ubuntu Municipality, was the only water supply system that obtained blue drop certification (100% compliance), although it has subsequently not been able to keep its status. Eight municipalities failed to provide information for assessment and the remainder obtained scores that varied from 0% to 95%. The Northern Cape provincial average blue

<sup>27</sup> <https://www.wqms.co.za/drinking/overview?dwtab=bact&area=582&mi=1&detid=24&st=1> Downloaded 24 November 2009.

drop score is 28.3%. The eight municipalities that did not submit information are: Hantam, John Taolo Gaetsewe DM, Kai !Garib, Khâi-Ma, Richtersveld, Siyancuma, Sol Plaatje, Tsantsabane. Please refer to Table 16 below.

Table 16. Average blue drop score<sup>28</sup>

	Municipality	Average blue drop score 2009	Drinking water quality compliance
Frances Baard	Dikgatlong		
	Frances Baard		
	Magareng	40%	99%
	Phokwane	36%	99%
	Sol Plaatje		
JTG	Gamagara	2%	<97%
	Ga-Segonyana		
	John Taolo Gaetsewe		
	Moshaweng	32%	92.8%
Namakwa	Hantam		
	Kamiesberg	24%	92.8%
	Karoo Hoogland		
	Khâi-Ma		
	Nama Khoi	63%	95.8%
	Namakwa	9%	<97%
Pixley ka Seme	Richtersveld		
	Emthanjeni	29%	91.9%
	Kareeberg	6%	<97%
	Pixley ka Seme	0%	<97%
	Renosterberg	0%	<97%
	Siyancuma		
	Siyathemba	31%	91.1%
	Thembelihle	55%	<97%
	Ubuntu	95%	99%
Umsobomvu			
Siyanda	!Kheis	42%	95.58%
	//Khara Hais	7%	<97%
	Kai !Garib		
	Kgatelopele	38%	60%
	Mier	24%	83.94%
	Siyanda	6%	85.7
	Tsantsabane		

### Household sanitation

A total of 43,578 households living in towns and villages are without basic sanitation facilities at November 2009. Of the sanitation needed in towns and villages 68% is on formal stands or 29,818 stands. Again the greatest need is in Moshaweng with 12,670 households without basic sanitation.

<sup>28</sup> DWA (2009). Blue drop report 2009 – Version 1. South African drinking water quality management performance.

Each year another estimated 3,000 households are formed in the Northern Cape that also require services. This is also evident from the increase in the backlog which was 55,342 in 2007 and 61,284 in 2008.

The only municipalities that have eradicated sanitation backlogs are Kgatelopele and four (4) DMAs. Please refer to Table 17 below.

Table 17. Sanitation backlogs on formal and informal stands, November 2009<sup>29</sup>

	Municipality	Formal	Informal	TOTAL
Frances Baard	Dikgatlong	82	2,305	2,387
	DMA Frances Baard	0	0	0
	Magareng	438	960	1,398
	Phokwane	253	4,997	5,377
	Sol Plaatje	1,797	1,053	2,876
	Frances Baard total	2,570	9,315	12,038
Pixley ka Seme	DMA Pixley ka Seme	0	0	0
	Emthanjeni	10	0	10
	Kareeberg	1	105	107
	Renosterberg	54	0	54
	Siyancuma	855	1,032	1,900
	Siyathemba	428	71	499
	Thembelihle	15	185	200
	Ubuntu	262	413	675
	Umsobomvu	5	205	210
Pixley ka Seme total	1,630	2,011	3,655	
JTG	DMA JTG	1	0	1
	Gamagara	593	0	593
	Ga-Segonyana	9,539	870	10,414
	Moshaweng	12,670	0	12,670
	JTG total	22,803	870	23,678
Namakwa	DMA Namakwa	0	0	0
	Hantam	224	40	266
	Kamiesberg	20	0	26
	Karoo Hoogland	0	37	37
	Khâi-Ma	50	29	81
	Nama Khoi	335	0	335
	Richtersveld	195	0	205
	Namakwa total	824	106	950
Siyanda	!Kheis	264	149	413
	//Khara Hais	1,463	120	1,583
	DMA Siyanda	21	0	21
	Kai !Garib	122	567	836
	Kgatelopele	0	0	0
	Mier	121	2	129
	Tsantsabane	0	275	275
	Siyanda total	1,991	1,113	3,257
<b>Northern Cape TOTAL</b>		<b>29,818</b>	<b>13,415</b>	<b>43,578</b>

<sup>29</sup> Water and sanitation backlogs from the DWA database extracted 27 November 2009.

Only 15 municipalities reported sanitation backlogs in their Annual Reports of 2008/2009. Seven (7) municipalities reported that there are no sanitation backlogs in their area of jurisdiction. They are Gamagara, Kamiesberg, Karoo Hoogland, Nama Khoi, Kareeberg, Renosterberg, and Ubuntu. Eight (8) municipalities reported the following backlogs:

- 3,784 at Sol Plaatje
- 12,199 at Moshaweng
- 13 at Hantam
- 145 at Khâi-Ma
- 10 at Richtersveld
- 122 at Siyathemba
- 292 at Umsobomvu
- 1,944 at Tsantsabane

### Household electricity

The electricity backlog was last verified by the Department of Minerals and Energy in June 2008<sup>30</sup>. At that time, it found that 263,298 households live in formal settlements, while only 216,690 households are served with electricity; resulting in a backlog of 46,608 households.

Only 14 municipalities reported electricity backlogs in their 2008/2009 Annual Reports. Seven (7) municipalities reported that there are no electricity backlogs in their area of jurisdiction. These municipalities are Gamagara, Hantam, Karoo Hoogland, Nama Khoi, Richtersveld, Kareeberg, and Siyathemba. Seven (7) municipalities reported the following backlogs:

- 150 at Sol Plaatje
- 2,005 at Ga-Segonyana
- 80 at Kamiesberg
- 207 at Khâi-Ma
- 201 at Renosterberg
- 391 at Umsobomvu
- 1,225 at Tsantsabane.

Because of the electricity backlogs that face municipalities, Eskom favoured a restructured electricity distribution model involving the creation of six regional electricity distributors (REDs) based in metropolitan municipalities and a seventh, national, RED. This was seen as the quickest way to improving electricity capacity and to meet the target of universal access to electricity by 2010.<sup>31</sup>

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<sup>30</sup> Provincial report on the implementation plan for the 5 year strategic agenda. June 2008. DH&LG.

<sup>31</sup> [http://www.iol.co.za/index.php?set\\_id=1&click\\_id=13&art\\_id=vn20060622021211336C690293](http://www.iol.co.za/index.php?set_id=1&click_id=13&art_id=vn20060622021211336C690293) (Accessed: 2010-08-12)

The electricity distribution industry of South Africa is being consolidated into REDs, in order to:

- Drive the operating and financial synergies and economies of scale
- Enhance security of supply
- Provide ease of industry regulation, and
- Promote the desired investment in infrastructure and maintenance.

The state of readiness of Northern Cape municipalities indicates that 16 municipalities are at level one, 12 at level two and three at level four. Please refer to Table 18 below. Ring fencing must still be completed at 28 municipalities, and s78 reports need to be completed at 29 municipalities. Accession agreements have been signed with 31 municipalities.

Table 18. State of readiness<sup>32</sup>

	Municipality	Accession agreement	MSA s78	Ring fencing	Notes	State of readiness – RED
Frances Baard	Dikgatlong	Yes	No	No		Two
	<i>Frances Baard</i>	Yes	No	No		One
	Magareng	Yes	No	No		Two
	Phokwane	Yes				Four
	Sol Plaatje	Yes	No	In progress (82%)		Two
JTG	Gamagara	Yes	No	No		Two
	Ga-Segonyana	Yes				Four
	<i>Kgalagadi</i>	Yes	No	No		Four
	Moshaweng	Yes				
Namakwa	Hantam	Yes	No	No		One
	Kamiesberg	Yes	No	No		One
	Karoo Hoogland	Yes	No	No		One
	Khâi-Ma	Yes	No	Started		One
	Nama Khoi	Yes	No	No		One
	<i>Namakwa</i>	Yes	No	No		One
	Richtersveld	Yes	No	Started		One
Pixley ka Seme	Emthanjeni	Yes	No	In progress		Two
	Kareeberg	Yes	No	No		One
	<i>Pixley ka Seme</i>	No	No	No		One
	Renosterberg	No	No	No		Two
	Siyancuma	Yes	No	No		Two
	Siyathemba	Yes	No	No		One
	Thembelihle	Yes	No	No		Two
	Ubuntu	Yes	No	No		Two
Umsobomvu	Yes	No	No		Two	
Siyanda	!Kheis	Yes	No	No	Non-distributing	One
	//Khara Hais	Yes	No	No		One
	Kai !Garib	Yes	No	No		One
	Kgatelopele	Yes	No	No		Two
	Mier	Yes	No	No	Non-distributing	One
	<i>Siyanda</i>	Yes	No	No		One
	Tsantsabane	Yes	No	No		Two
	<b>TOTAL</b>	<b>31 YES</b>	<b>28 NO</b>	<b>28 NO</b>		

<sup>32</sup> EDI Holdings 2008. Presentation to the FBS Committee of 'National and Northern Cape State of Municipal Readiness'. 27 November 2008.

### Basic solid waste

Only 13 municipalities reported basic refuse backlogs in their 2008/2009 Annual Reports. Nine (9) municipalities reported that there are no refuse backlogs in their area of jurisdiction. These municipalities are Gamagara, Hantam, Kamiesberg, Nama Khoi, Richtersveld, Kareeberg, Renosterberg and Siyathemba. Four (4) municipalities reported the following backlogs:

- 859 at Sol Plaatje
- 77 at Khâi-Ma
- 212 at Umsobomvu
- 2,635 at Tsantsabane

Nineteen municipalities have drafted and approved Integrated Waste Management Plans.

### Challenges

Service delivery challenges commonly noted by municipalities are:

- Aged infrastructure resulting in high maintenance costs
- O&M management needs improvement
- Lack of equipment and resources
- Lack of qualified staff and difficulty in filling vacancies
- Funding for operation and maintenance
- Water and electricity losses
- Waste water treatment plants need improvement in order to comply with relevant legislation
- Data on the level of access to electricity and street and storm water services is not readily available, or is unreliable. Thus there is a need to assess the status quo.
- Cost to eradicate backlogs is high
- Inadequacy on emerging contractors and services providers

### Interventions of 2008/2009

- Interventions made in the water sector in 2008/2009 include:<sup>33</sup>
  - District Forums are taking place although there are challenges in Frances Baard, Namakwa and John Taolo Gaetsewe forums' focus is on technical issues; most of the sub-committees have been established; and the first meeting of the water resource team took place in March 2008.
  - The institutional task team was also established with key issues identified, such as Section 78, WSACD and revenue collection; provincial water sector plan developed and approved.
  - Civil society organisations were trained in health and hygiene and general business practices and a database of CSOs was compiled.

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<sup>33</sup> Presentation on 'Target implementation and support programme plan' 27 May 2008. DWAF.

- Regional Information Centre made progress e.g. land use and level of service completed for all towns and villages in Northern Cape; infrastructure data being processed which shows the supply from source to end treatment; photo dataset incorporated; MIG project list linked; work on asset management within local municipalities; and a presentation to secure DST for additional funds.
- Compilation of the health and hygiene implementation plan to be implemented in 2008/2009
- Drinking water quality monitoring – Emanti appointed from Feb 2007 to March 2009. Progress was made with regards to setting up sampling points; training on eWQMS; test kits to 29 local municipalities; and the submission of data. Special interventions were required in Kamiesberg.
- Addressing basic water backlogs on informal sites is the responsibility of the DH&LG under the housing programme. If the housing projects directly meet the informal need, it should eradicate the backlog by 2010/2011.<sup>34</sup>
- The eradication of backlogs mainly relies on the MIG allocation. However, municipalities often fail to prioritise projects that address eradication of backlogs. The target date to address water and sanitation backlogs has been extended to 2014. If municipalities utilise 53% of their MIG allocations to eradicate water and sanitation backlogs, only Moshaweng, Magareng and Sol Plaatje will not be able to achieve the water target. This is because Magareng and Sol Plaatje need to upgrade water and waste water treatment works prior to addressing backlogs.<sup>35</sup> It is recommended that the MIG Fund prescribe that funding to projects that aim to meet national targets be prioritised.
- Feasibility studies for the implementation of bulk regional water projects are being drafted in Northern Cape. However, only the Moshaweng Local Municipality will need additional water resources to provide **basic** water needs to its communities.
- Municipalities need to be pro-active in the preparation of business plans to address backlogs. Although the business plan process is often blamed for delays in implementation, rushing the process leads to the implementation of unsustainable projects. The bucket eradication programme showed that when sufficient time is not spent on project planning, much of the work has to be redone causing delays and fruitless expenditure.<sup>36</sup>
- During 2008/2009, DWA's WSA Capacity Development and Institutional Support Programme in Northern Cape was implemented at all local municipalities, except in Sol Plaatje. The aim is to ensure access to efficient, affordable, economical and sustainable access to water services for all consumers; make by-laws; prepare water services development plans; and either perform the function of water services provider itself, or contract a provider.<sup>37</sup>
- The DWAF programme also supported local municipalities with the compilation of strategies and ad hoc requests. Allocations from Masimbambane Programme amounted to R1 million in 2007/2008 and another R1 million for 2008/2009. Drought Relief allocation 5 amounted to R3 million.<sup>38</sup>
- Best practice manuals have been developed by SIDA and DWAF, and other stakeholders that funded the operation and maintenance programme. This is but one part of the Northern Cape O&M programmes.
- In some municipalities, such as Ga-Segonyana and Moshaweng, the sanitation and water needs are huge and backlogs cannot be eradicated within the next three years. Multi-year business plans are required to ensure that municipalities are able to start with the implementation of projects sooner within a particular financial year. Currently it takes six

<sup>34</sup> *Water and sanitation target implementation support program plan, Northern Cape. 19 April 2008. DWAF.*

<sup>35</sup> *Water and sanitation target implementation support program plan, Northern Cape. 19 April 2008. DWAF.*

<sup>36</sup> *Water and sanitation target implementation support program plan, Northern Cape. 19 April 2008. DWAF.*

<sup>37</sup> *Presentation on 'Target implementation and support programme plan' 27 May 2008. DWAF.*

<sup>38</sup> *Presentation on 'Target implementation and support programme plan' 27 May 2008. DWAF.*

months to get business plans submitted and approved before implementation can start.<sup>39</sup> Municipalities also tend to prepare business plans that match funding allocated, rather than preparing business plans for a specific project even if it needs to be implemented over several years e.g. Khâi-Ma prepared four business plans to implement a project over a three year period. Municipalities must be encouraged to prepare a business plan for the whole project, or a business plan that will address the whole backlog.

- Technical support should be provided in-house to municipalities. These engineers and technicians should be held responsible for a specific project's management, especially in municipalities where an engineer is not the head of the technical division. This will ensure that construction is conducted according to approved standards.<sup>40</sup> Technical assistance from USAID is available for the next nine months and it is recommended that the Northern Cape make use of this opportunity.<sup>41</sup>
- The Municipal Infrastructure Unit exists at the Department of Housing and Local Government with six PMUs, one in each district and one at Sol Plaatje. These structures are used to co-ordinate the activities of the different role players. The provincial water sector forums are used to discuss and align the services of all role-players. The DWAF reference framework meeting is held monthly, and at these meetings the DWAF support team to municipalities plan and co-ordinate support to all the municipalities.
- Bankable feasibility studies i.e. a feasibility study that a bank would be willing to fund, need to be prepared. Banks and other organisations have funds to spend. A Comprehensive Infrastructure Plan (CIP) may be able to give a funder a basis to decide which projects to consider for funding.
- CIPs needed to be prepared by all municipalities by end August 2008. However, there is concern that this task may not be possible for those municipalities with capacity problems. DBSA is assisting some Northern Cape municipalities to submit CIPs to DPLG.<sup>42</sup>
- An implementation plan has been prepared for the TISPP, which is the meeting of the basic water target team.
- Municipalities must take into account the effect that housing projects have on basic and higher level services. Services for housing projects are catered for in the housing subsidy while basic water services to informal settlements are subsidised by DWAF. When housing projects are planned, all services should be included as part of the plan. There is a dire need for information on the Moshaweng area where services are at lower levels than the rest of the province. Because this area was recently incorporated into the Northern Cape, reliable recent data and information is required. A request is made by DH&LG that sector departments initiating research and planning in this area, discuss it at IGR forums so that data needs of other sectors can 'piggy-back' on current research. This will improve information and lead to coordinated planning in this area.

### Electricity supply interventions

- District energy forums have been established in all districts. Funding applications amounting to R1 million have been approved by DME. Consultations have taken place with districts Municipalities to support local municipalities to meet the electricity target in 2012.<sup>43</sup>
- Municipalities must plan and apply timeously for the DME subsidy that is available to supply electricity to housing projects once 90% of houses have been completed. Eskom has a similar subsidy available for electrification of housing on farms.

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<sup>39</sup> *Water and sanitation target implementation support program plan, Northern Cape. 19 April 2008. DWAF.*

<sup>40</sup> *Water and sanitation target implementation support program plan, Northern Cape. 19 April 2008. DWAF.*

<sup>41</sup> *Northern Cape TISPP meeting on 27 May 2008.*

<sup>42</sup> *Northern Cape TISPP meeting on 27 May 2008.*

<sup>43</sup> *Provincial report on the implementation plan for the 5 year strategic agenda. June 2008. DH&LG.*

- In March 2009, Mainstream Renewable Power, an Irish company, signed an R11 billion joint venture deal with South African firm Genesis Eco-Energy, to build wind farms to generate over 500MW of energy. As part of this initiative, a 40MW project is earmarked for Colesberg, which is anticipated to be completed and operational by 2011.
- The Namakwa DM initiated an IDP project researching the possible establishment of wind energy industry in Namakwa. The project was initiated in partnership with Third Planet Enterprises, a USA-based company. A steering committee was set up and discussions are ongoing with stakeholders on local, regional, provincial and national levels. As ownership of most of the coastal land is in the hands of the private sector, who forms an important part of the steering committee, together with the Department of Mines and Energy, the Department of Trade and Industry, the National Energy Regulator and the various local municipalities. This project is still in its initial research stages.

## Free basic services

### Actual performance achieved

Since 2003/2004 all the Northern Cape municipalities have been delivering free basic services to indigent households. In addition, 12 municipalities also provide free basic services to households that are not indigent e.g. Sol Plaatje provides FBW to ALL households, as does Moshaweng, Ga-Segonyana, Siyancuma, Umsobomvu, Karoo Hoogland, Mier, Kai !Garib, Kgatelopele, Nama Khoi, Kamiesberg and Magareng at the end March 2009.

The position on the amount of free basic water has not changed since 2004/2005 with most municipalities providing 6 kl free basic water per household per month. The only municipalities still providing more than 6 kl per household per month are Sol Plaatje and //Khara Hais. Only Kamiesberg, located in a water scarce area, provides less than 6 kl per household per month. In municipalities where water is not metered, such as in parts of Ga-Segonyana and Moshaweng, consumers are not charged for water consumption, and thus receive all water free.

Four (4) municipalities, Namakwa DM, Kai !Garib, John Taolo Gaetsewe DM and Moshaweng, indicated that they do not supply free basic sanitation.

All municipalities provide free basic electricity to households with electricity connections and most indigent households receive 50 Kwh per household per month. The only exception is at Siyathemba that provides 54 Kwh per household per month.

All municipalities had indigent policies in place at end March 2009, except for Pixley ka Seme DM where such a policy is not required. Registers have been completed at all municipalities except Ga-Segonyana and Moshaweng. All WSAs have had FBW policies since 2003 and at the end of March 2009 the only municipalities where such policies have not been adopted were at Khâi-Ma, John Taolo Gaetsewe, Ga-Segonyana, Moshaweng and Frances Baard DM.

Most municipalities with indigent registers update these registers annually, whilst nine (9) municipalities update monthly, one (1) updates quarterly and five (5) municipalities update every six months.

Household income levels to qualify for indigent registration vary from R1,100 per month at Namakwa DMA to R2,000 per month at Emthanjeni. Most other municipalities use a cut-off of two state pensions per month. The average percentage of registered indigent households in Northern Cape is 39%. However, the range varies from 100% in Moshaweng to 11% in Hantam.

Table 19. Indigent households benefiting from FBS at end of March 2009<sup>44</sup>

	Municipality	Households living in settlements & towns	Indigent Households registered	% indigent HH	Maximum income to qualify for subsidy	Indigent policy adopted	Indigent register updated	How often is the Indigent register updated
Namakwa	Namakwa DMA	63	50	79%	R 1,100	Yes	Yes	6 Monthly
	Hantam	8,850	996	11%	R 1,740	Yes	Yes	Annually
	Khâi-Ma	2,006	1,448	72%	R 1,740	Yes	Yes	6 Monthly
	Nama Khoi	16,922	4,522	27%	R 1,900	Yes	Yes	Monthly
	Richtersveld	2,972	809	27%	R 1,880	Yes	Yes	Monthly
	Karoo Hoogland	3,191	900	28%	R 1,740	Yes	Yes	Annually
	Kamiesberg	3,747	962	26%	R 1,740	Yes	Yes	6 Monthly
Siyanda	Siyanda DMA	202	198	98%	R 1,740	Yes	Yes	Annually
	Mier	1,128	552	49%	R 1,740	Yes	Yes	Annually
	Kai Garib	13,422	2,173	16%	R 1,740	Yes	Yes	Annually
	//Khara Hais	21,349	6,625	31%	R 1,740	Yes	Yes	Annually
	IKheis	1,993	914	46%	R 1,880	Yes	Yes	6 Monthly
	Kgatelopele	3,800	1,952	51%	R 1,880	Yes	Yes	Monthly
	Tsantsabane	8,542	2,474	29%	R 1,740	Yes	Yes	Monthly
JTG	JTG DMA	1,957	63	3%	R 1,740	Yes	Yes	Annually
	Ga-Segonyana	28,080	18,849	67%	R 1,640	Yes	No	Annually
	Gamagara	10,164	1,990	20%	R 1,840	Yes	Yes	Annually
	Moshaweng	22,500	22,500	100%	R 1,680	Yes	No	Annually
Frances Baard	Frances Baard DMA	37	36	97%	R 1,100	Yes	Yes	Annually
	Dikgatlong	17,567	6,484	37%	R 1,500	Yes	Yes	Monthly
	Magareng	5,920	2,548	43%	R 1,500	Yes	Yes	Annually
	Phokwane	11,070	4,400	40%	R 1,740	Yes	Yes	Annually
	Sol Plaatje	50,440	9,865	20%	R 1,880	Yes	Yes	Annually
Pixley ka Seme	Pixley ka Seme DMA				R 1,600	Yes	Yes	6 Monthly
	Umsobomvu	5,162	2,347	45%	R 1,740	Yes	Yes	Monthly
	Emthanjeni	8,385	3,672	44%	R 2,000	Yes	Yes	Monthly
	Siyathemba	4,351	2,114	49%	R 1,880	Yes	Yes	Annually
	Thembelihle	3,470	1,200	35%	R 1,200	Yes	Yes	Annually
	Renosterberg	2,875	808	28%	R 1,200	Yes	Yes	Annually
	Kareeberg	1,976	1,231	62%	R 1,880	Yes	Yes	Quarterly
	Siyancuma	8,012	3,392	42%	R 1,880	Yes	Yes	Monthly
	Ubuntu	4,336	1,560	36%	R 1,760	Yes	Yes	Monthly
<b>TOTAL</b>		<b>274,489</b>	<b>107,634</b>	<b>39%</b>	<b>R 1,674</b>			

In 2008/2009, 92,673 indigent households benefited from FBE; 107,634 from FBW; 61,248 from free basic sanitation; and 62,332 households from refuse removal. There are also another 81,550 non-indigent households that benefit from FBW, 14,774 from free basic sanitation and 25,765 from free basic refuse service.

<sup>44</sup>Data sourced from DH&LG records for 4<sup>th</sup> quarter 2008/2009. (Lesang Daniels)

Households located in areas that still do not have access to basic services, free basic services cannot be delivered. The numbers of indigents not benefiting from free basic services as a result of this situation are at:<sup>45</sup>

- Siyancuma, where 767 indigent households do not have FBE and another 468 do not have free refuse collection; and at
- Khâi-Ma, where 77 indigent households need refuse removal services.

Table 20. FBS at 30 March 2009<sup>46</sup>

	Municipality	FBW approach (A=all HH; B=indigent HH only)	Indigents Benefiting from FBS				Non-Indigents Benefiting from FBS			
			Water	Electricity	Sanitation	Refuse Removal	Water	Electricity	Sanitation	Refuse Removal
Namakwa	Namakwa DMA	B	50	53	0	0	3		0	0
	Hantam	B	996	996	996	996	0		0	0
	Khâi-Ma	B	1,448	1,298	1,448	1,371	0		0	0
	Nama Khoi	All	4,522	4,522	3,198	4,522	6,833		6,147	5,811
	Richtersveld	B	809	809	809	809	0		0	0
	Karoo Hoogland	All	900	900	900	900	1,203		0	0
	Kamiesberg	All	962	3,666	962	816	2,704		2,704	2,850
Siyanda	Siyanda DMA	B	198	196	196	196	6		6	0
	Mier	All	552	1,128	552	522	576		0	576
	Kai Garib	All	2,173	1,356		0	2,079		0	0
	//Khara Hais	B	6,625	6,625	4,953	4,953	0		2,343	2,343
	!Kheis	B	914	914	914	914	0		0	0
	Kgatelopele	All	1,952	1,952	1,952	1,952	654		0	0
	Tsantsabane	B	2,474	2,107	2,474	2,474	0		0	0
JTG	JTG DMA	B	63	63	0	63	0		0	0
	Ga-Segonyana	All	18,849	8,205	449	449	16,000		0	0
	Gamagara	B	1,990	1,990	1,990	1,990	0		0	0
	Moshaweng	All	22,500	20,000		0	0		0	0
Frances Baard	Frances Baard DMA	B	36	36	32	36	0		4	0
	Dikgatlong	B	6,484	4,784	6,484	6,784	0		0	10,813
	Magareng	All	2,548	5,920	2,548	2,548	3,372		3,372	3,372
	Phokwane	B	4,400	1,187	4,400	4,400	0		0	0
	Sol Plaatje	All	9,865	10,167	9,865	9,865	40,685		0	0
Pixley ka Seme	Pixley ka Seme DMA		0	0	0	0			0	0
	Umsobomvu	All	2,347	1,793	2,347	2,347	2,815		0	0
	Emthanjeni	B	3,672	3,672	3,672	3,672	0		0	0
	Siyathemba	B	2,114	2,114	2,114	2,114	0		0	0
	Thembelihle	B	1,200	221	1,200	1,200	0		0	0
	Renosterberg	B	808	808	808	808	0		0	0
	Kareeberg	B	1,231	1,090	1,231	1,231	0		0	0
	Siyancuma	All	3,392	2,541	3,194	2,840	4,620		198	0
	Ubuntu	B	1,560	1,560	1,560	1,560	0		0	0
<b>TOTAL</b>	<b>12 All</b>	<b>107,634</b>	<b>92,673</b>	<b>61,248</b>	<b>62,332</b>	<b>81,550</b>	<b>0</b>	<b>14,774</b>	<b>25,765</b>	

<sup>45</sup>Data sourced from DH&LG records for fourth quarter 2008/2009. (Lesang Daniels)

<sup>46</sup>Data sourced from DH&LG's records on FBS for the fourth quarter 2008/2009.

## Challenges

Costs associated with the implementation of an indigent policy should be taken into account by municipalities. These costs include: monitoring and evaluation; analysis of financial framework; targeting methods, as different targeting mechanisms require different systems to administer them; communication costs; infrastructure costs; cost of ensuring accessibility of services; and installation and maintenance costs.<sup>47</sup> These costs of providing free basic services need to be determined. Only then can municipalities assess whether the FBS package is affordable and sustainable.

Alternative energy sources still need to be considered for households that are not connected to the electricity grid. This requires attention.

In cases where water and electricity meters have not been installed, the quantity of free basic services cannot be controlled, which leads to a loss in potential revenue for municipalities. Meters need to be installed.

Municipalities without indigent registers need to prioritise compiling their registers.

## Interventions of 2008/2009

- A provincial steering forum on energy and free basic services is still functioning. The members of the forum are DH&LG, StatsSA, Sedibeng Water, DPLG, SALGA, DME, ESKOM, DWAF and EDI Holdings and Environmental Affairs
- Ga-Segonyana is one of seven special intervention programme (SIP) sites nationally. At SIP sites, WSAs receive direct support to implement FBS.<sup>48</sup>
- An electricity policy workshop was held in Upington on 8 July 2008.
- Thirty municipalities nationally were identified to conduct a study on the adequacy of equitable shares for free basic services.<sup>49</sup> Ga-Segonyana and Sol Plaatje were selected.
- Indigent registers and polices of Phokwane, Renosterberg, Umsobomvu and Moshaweng were requested by the Office of the Presidency for the 'War on poverty' campaign.<sup>50</sup>
- Indigent registers for Ga-Segonyana (Ward 4-9) and Moshaweng still need to be compiled. An application form for Moshaweng was drafted for use by the municipality and in Ga-Segonyana the municipality agreed to train and appoint unemployed matriculants to assist with the registrations.<sup>51</sup>
- Statistics South Africa was tasked to prepare a universal definition of 'indigent' to which all spheres of government must adhere.

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<sup>47</sup> DPLG. *Guidelines for the implementation of the national indigent policy by municipalities. Draft November 2005.*

<sup>48</sup> Northern Cape TISPP meeting on 27 May 2008.

<sup>49</sup> DH&LG – *Monitoring and Support municipal services (FBS & Municipal Service Partnerships). Quarterly report: 2<sup>nd</sup> quarter 2008/2009*

<sup>50</sup> DH&LG – *Monitoring and Support municipal services (FBS & Municipal Service Partnerships). Quarterly report: 2<sup>nd</sup> quarter 2008/2009*

<sup>51</sup> DH&LG – *Feedback report on two meetings held with Moshaweng and Ga-Segonyana. 11 February 2009.*

## Expenditure on capital projects

### Actual performance achieved

The Municipal Infrastructure Grant (MIG) programme is aimed at providing all South Africans with at least a basic level of service by the year 2013. By that time all basic infrastructure backlogs should be addressed and responsibilities developed at municipalities so that they are in a position to operate and sustain services.

An amount of R209 million was allocated to Northern Cape municipalities in 2008/2009. At the end of June 2009, 68% of the allocation was spent. Twenty-five (25) municipalities had not spent their full MIG 2008/2009 allocation by that date, compared to eighteen (18) in the previous year.

Nine (9) municipalities had funds, amounting to over R27 million, stopped in Government Gazette dated 31 March 2009, compared to five (5) municipalities in the previous year. Siyancuma has had funds stopped in both 2007/2008 and 2008/2009.

### % of 2008/2009 MIG allocation spent

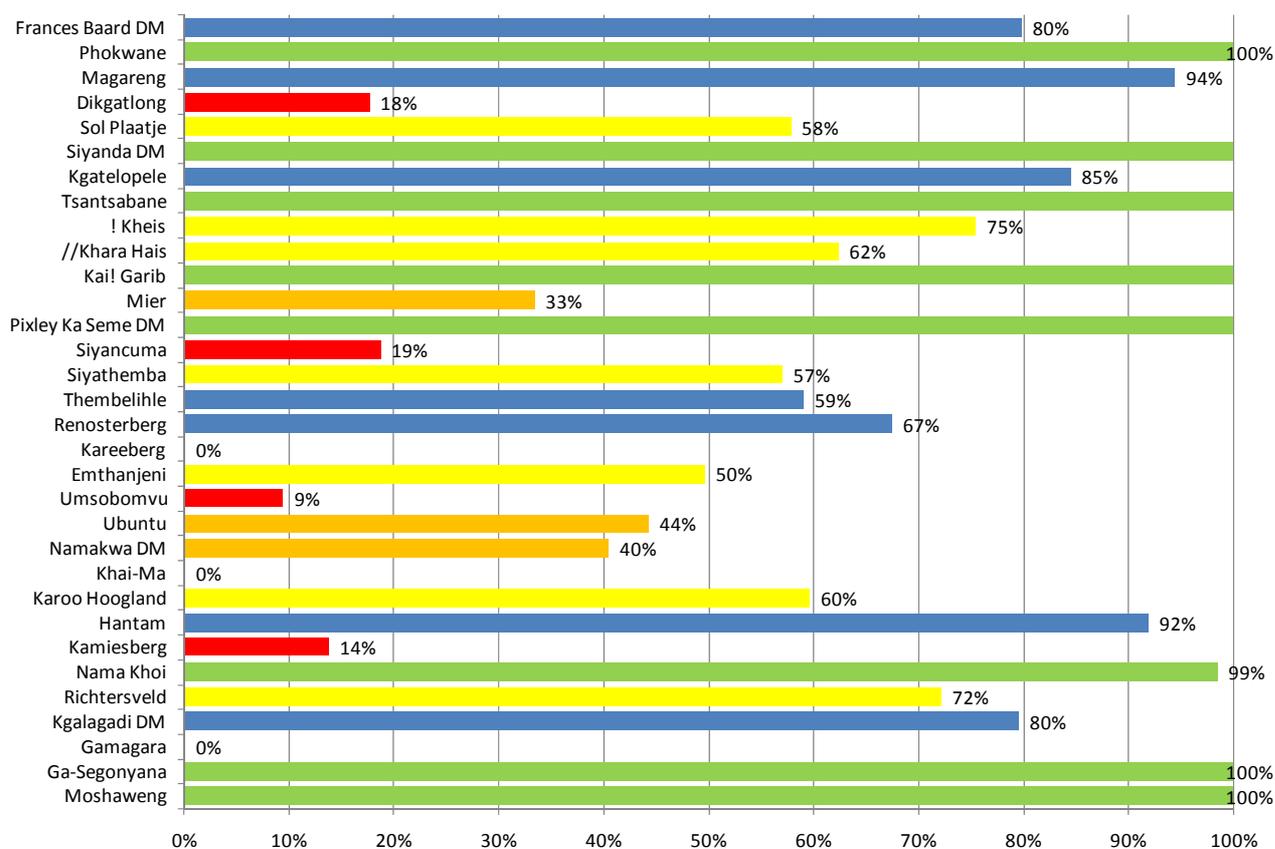


Table 21. MIG 2008/2009 allocation spending status at end June 2009<sup>52</sup>

Municipality	Total MIG Allocation 2008/2009	Stopped funds Gazetted 31/3/09	Total Actual expenditure	% of allocation spent	% of revised allocation spent
Moshaweng	R 23,124,021	R 0	R 23,124,000	100%	
Ga-Segonyana	R 16,510,160	R 0	R 16,510,000	100%	
Gamagara	R 3,891,481	R 0	R 0	0%	
JTG DM	R 11,076,009	R 0	R 8,812,358	80%	
Richtersveld	R 2,876,426	R 0	R 2,076,239	72%	
Nama Khoi	R 5,786,638	R 0	R 5,699,899	99%	
Kamiesberg	R 3,626,490	R 3,126,490	R 500,000	14%	100%
Hantam	R 4,144,871	R 0	R 3,810,169	92%	
Karoo Hoogland	R 3,476,874	R 0	R 2,073,393	60%	
Khâi-Ma	R 3,153,842	R 1,293,842	R 0	0%	0%
Namakwa DM	R 2,395,760	R 0	R 970,150	40%	
Ubuntu	R 4,290,514	R 2,390,514	R 1,900,000	44%	100%
Umsobomvu	R 5,645,586	R 5,115,586	R 530,000	9%	100%
Emthanjeni	R 5,493,902	R 2,633,902	R 2,726,972	50%	95%
Kareeberg	R 3,340,488	R 0	R 0	0%	
Renosterberg	R 3,505,794	R 0	R 2,365,193	67%	
Thembelihle	R 4,231,841	R 1,731,841	R 2,500,000	59%	100%
Siyathemba	R 3,672,741	R 0	R 2,095,125	57%	
Siyancuma	R 7,639,301	R 1,084,301	R 1,429,532	19%	22%
Pixley KaS DM	R 2,918,593	R 0	R 2,919,000	100%	
Mier	R 3,238,857	R 0	R 1,082,579	33%	
Kai! Garib	R 7,946,395	R 0	R 7,946,894	100%	
//Khara Hais	R 9,326,141	R 0	R 5,817,029	62%	
! Kheis	R 4,458,585	R 0	R 3,364,602	75%	
Tsantsabane	R 4,728,796	R 0	R 4,729,000	100%	
Kgatelopele	R 3,241,896	R 0	R 2,739,494	85%	
Siyanda DM	R 3,591,978	R 0	R 3,592,088	100%	
Sol Plaatje	R 23,337,377	R 9,837,377	R 13,500,000	58%	100%
Dikgatlong	R 8,905,655	R 0	R 1,575,706	18%	
Magareng	R 5,070,111	R 0	R 4,789,501	94%	
Phokwane	R 11,580,379	R 0	R 11,580,000	100%	
Frances Baard DM	R 3,257,382	R 657,382	R 2,600,267	80%	100%
<b>Total:</b>	<b>R 209,484,885</b>	<b>R 27,871,237</b>	<b>R 143,359,190</b>	<b>68.43%</b>	<b>78.94%</b>

Financial data at end June 2009, indicate that Kai !Garib is the top performer having spent 34% during the 2008/2009 financial year. Ga-Segonyana, Thembelihle and Phokwane spent more than 10% of the 2009/2010 allocation.

PIG funds to the value of R2,7 million has been earmarked for electrical projects in Colesberg and Richmond. The Richmond project has been completed.<sup>53</sup>

<sup>52</sup> Department of Cooperative Governance, Human Settlements & Traditional Affairs, NC Provincial MIG Unit (2009).

<sup>53</sup> Northern Cape CoGTA. 2009. Quarterly report made available on 1 December 2009 by the NC Provincial MIG Unit.

## Challenges

Although bigger DoRA allocations were made to municipalities in 2008/2009, municipalities still struggle with planning and implementing of MIG projects due to:

- Capacity problems
- Tender prices coming in much higher than anticipated; projects needing to be redesigned; and budget maintenance process followed and that resulted in late start of projects
- Late submission of project registrations
- Implementing projects without registration
- Not attending PMU meetings
- Not reporting expenditure on monthly basis, resulting in withholding of funds
- Because of the vastness of this province, and the widespread and remote communities, an obstacle with implementation of projects such as very high delivery costs and limited expertise and skills.
- The generic formula that National Treasury applies to the allocation of MIG funds to municipalities does not recognize the unique challenges within the province, such as the vastness of the province and the remoteness of towns and villages. The result is that allocations to Northern Cape municipalities are so small that it is almost impossible to eradicate backlogs. Northern Cape municipalities thus feel that the only way to implement projects is to commence projects as late as possible in a financial year to enable projects to run over at least two financial years. This reflects negatively on the performance of a municipality as expenditure only reflects at the end of the first financial year.

A case in point is the allocated DORA funds that are less than R5 million per Northern Cape municipality, which are insufficient for the implementation of one meaningful construction project. Where the construction of bulk services are involved, the total DORA allocation might be spend on only one project, leaving the municipality without any funds to apply to projects identified in the IDP.

- When implementing a project over a longer construction period, the effect that inflation has on the financial component of a project cannot be ignored. Municipalities experience budget shortfalls when attempting to implement and complete projects.
- The many other needs in a vast municipal area make it impossible for council to allocate full annual MIG allocation to a single project.

## Interventions of 2008/2009

Two CIP verification meetings were held in the Northern Cape. On 4 March 2009, a meeting was held with Namakwa and Siyanda Districts and local municipalities in Upington. Attendance was poor and representatives of only eight (8) out of the 14 municipalities were present. On 5 March 2009, a meeting was held with Pixley ka Seme DM, Frances Baard DM and John Taolo Gaetsewe DM, as well as local municipalities in Kimberley. Attendance was very good and representatives of 15 out of 18 municipalities were present.<sup>54</sup> A generic CIP presentation was presented at both meetings.

All municipalities received their CIP and were requested to verify the information, add information if necessary, and comment on the assessments and interventions. The reports had

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<sup>54</sup> Report on comprehensive infrastructure plans (CIP) verification meetings in the Northern Cape on 4 & 5 March 2009.

to be returned to the PSP with amendments and comments by 18 March 2009. DBSA deployees in municipalities are available to assist in the process and the CIP Helpdesk at Africon is available to address queries.

General comments made at the CIP meetings included:<sup>55</sup>

- DWAF is the only sector department that commented on the CIPs
- IDPs have improved planning in municipalities, but the need for master plans still exist. IDPs must inform CIPs
- DEAT has deployed staff in all DM offices
- Sector support is very important, as municipalities do not only liaise with MIG sector departments, but also others such as Education and Health
- The municipalities did not complete their CIP templates very well, influencing the overall result. It will be addressed in the next CIP cycle/phase.
- National departments must understand that municipalities cannot complete and/or verify CIPs in two weeks' time.
- All municipalities must nominate one CIP contact person in their municipalities and Phakamile Nobula will be the Provincial CIP contact person.

A meeting with Northern Cape Municipalities to discuss Section 28 DoRA stopped funding and MIG under expenditure was held on 26 May 2009. All affected municipalities were invited. At the meeting municipalities were made aware that:

- The CoGHSTA does not want to loose infrastructure funds and requested rollovers of the stopped funds from the National Treasury
- Municipalities should provide information on project contractual commitments for submission as motivation to National Treasury
- Municipalities have to improve expenditure of the reallocated funds. For 2009/2010, they have to spend 25% by end of June 2009, or 50% by end of September 2009.

Municipalities still spending the 2008/09 allocation were also invited because:

- The National Treasury is in the process of implementing Section 31 of the DoRA, which means that all unspent conditional grant at the end of municipal financial year reverts back to the National Revenue Fund.
- If a municipality has not spent 100% of the 2008/2009 allocation by the end of June 2009, the balance should be paid back to National Treasury, or the municipality's allocation will be cut.

It was recommended that:

- All municipalities should spend 40% of the 2009/2010 allocation by end of September 2009 to avoid the stopping of funds.
- The municipalities should indicate the status of implementation and progress of the projects implemented with the 2008/2009 allocation; as well as the stages of planning, status of implementation, and general progress of projects funded by the 2009/2010 allocation.

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<sup>55</sup> Report on comprehensive infrastructure plans (CIP) verification meetings in the Northern Cape on 4 & 5 March 2009.

Presentations were made by individual municipalities and discussions took place to highlight and resolve issues with Dikgatlong, Emthanjeni, Ubuntu, Kgatelopele, Renosterberg, Mier, //Khara Hais, Pixley ka Seme DM, Siyathemba, Richtersveld, Nama Khoi, Kamiesberg, Umsobomvu, Thembelihle, !Kheis, Gamagara, Namakwa DM, Khâi-Ma, Siyancuma, Sol Plaatje, Frances Baard DM and Siyanda DM.

## Conclusion

The table below concludes the progress made in basic service delivery.

Target	Actual performance achieved
	<b>Basic service delivery</b>
2007 Bucket sanitation eradicated on formal pre-1994 stands	Projects completed.
2014 Basic water supply backlog eradicated	6,287 households in towns and villages and 7,109 households on farms do not have basic water within 200 meters of their dwelling
2014 Sanitation backlog eradicated	43,578 (inclusive of buckets on informal stands) households in towns and villages (At least a ventilated pit latrine)
2012 Basic electricity supply	An estimated 46,608 households do not have electricity connections in formal areas.
2013 Basic solid waste supply (and sport and recreation, roads and public facilities)	All five District Municipalities have approved waste management plans and strategies.
	<b>Free basic service delivery</b>
2012 universal access and provision of free basic services	All municipalities deliver FBW to indigent households living in towns and villages. Only at four (4) municipalities still have some indigent households who are not benefiting from all FBS.
Percentage of HH with imputed expenditure of less than R1100 pm (or 2x government pensions) that have access to all free basic services	107,634 households who live in towns and villages are registered as indigent (inclusive of 22,5000 households at Moshaweng with no register). The average percentage of households registered as indigent is 39%.
Free basic water 6 kl	All municipalities deliver FBW to indigent households. In addition, 12 municipalities deliver to ALL households. Two municipalities deliver more than 6 kl.
Free basic sanitation	All, but four (4) municipalities deliver to indigent households
Free basic electricity	All municipalities deliver to indigent 92,673 households, except where there is no electricity grid
Free basic refuse removal	Four (4) municipalities do not deliver to indigent households, three of these are District Municipalities
	<b>MIG expenditure</b>
Percentage of MIG budget spent on projects	MIG allocation for 2008/2009 amounted to R209 million of which 68% was spent by end 30 June 2009 (79% if stopped funds of R28 million are excluded)

## 4 LOCAL ECONOMIC DEVELOPMENT: KPA 3

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### Introduction

In his paper on local economic development (LED) in South Africa, Sibisi (2009)<sup>56</sup> describes the purpose of LED as needing to “build the economic capacity of a local area to improve its economic future. Public, business and non-governmental organisations need to work collectively to create better conditions for economic growth and employment generation embracing sustainable development. Typical LED interventions should include:

- Improving local business investment climate
- Investment in hard infrastructure
- Investment in soft infrastructure
- Investment in sites and premises for growth
- Encouraging new enterprises and promoting inward investment
- Sector and business cluster development
- Area targeting for regeneration activities
- Integrating marginalised workers” (pg.18).

Sibisi (2009) further points out that the limited success in municipal-driven LED interventions is characterised by four gaps, which he identifies as: information, strategy, needed interventions, and financial need. Sibisi (2009) description of these gaps follows below. Please note that specific information from Northern Cape municipalities are included in the relevant sections.

### Information

Intelligent visions need to be based on a sound understanding of the local space economy and its footprint. This could entail undertaking a socio-economic analysis to understand the area’s comparative advantage; developing tools to model different economic scenarios and investments impacts; as well as gaining a full understanding of ownership of land and assets of the area (Sibisi, 2009:20-21).

### Strategy

LED interventions have been characterised by a focus on projects rather than on strategic programmes; different understandings of what constitutes LED; and constraining paradigms. Many municipalities adopt ad hoc project-based approaches rather than developing a comprehensive, integrated strategy which is rooted in a structured implementation programme (Sibisi, 2009:21). Inadequate balance between pro-poor and pro-growth interventions has compromised impact. In some cases where balance does exist, the strategies are often not adequately spatially referenced (Sibisi, 2009:22).

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<sup>56</sup> Sibisi, S. (2009). *Brushing against the grains of history: Making local economic development work in South Africa*. DBSA Working Paper Series, Series 2, 2009.

A LED strategy must also seek to address labour market access and the distribution of assets, while discouraging a monopolistic economic structure and spatial marginalisation. Increasing the asset base of the poor fosters growth, and could include, for example: a reconfiguration of the housing and land market, reducing cost of formalisation, modifying town planning ordinances and zoning schemes. Other forms of asset formation include: improving access to health, shelter, social safety nets and protection against external shocks; developing local infrastructure to improve skill levels; access to relevant information; and increasing access to economic opportunities through reconfiguring transport infrastructure and housing settlements that promote densification (Sibisi, 2009:22).

Strategies and mechanisms that are in place in Northern Cape municipalities are:

- 14 municipalities have LED strategies in place
- 20 municipalities have a list of projects
- Six have an LED forum while many others have IDP forums in place
- Nine support SMMEs in their areas
- Five have an incentive policy in place for economic development

Table 22. *LED and SMME strategies, forums and incentives for economic development*<sup>57</sup>

Municipality	LED strategy	LED projects	LED forum	SMME support	Incentive for economic development
Frances Baard	LED strategy in place, under review	Projects listed WITHOUT funding sources	LED forum in place	Supported	To be finalized
Dikgatlong	LED strategy in place, to be reviewed	Projects listed with funding sources and timeframes	Strategy in place to establish a LED forum	Supported	To be finalized
Magareng	Unknown	Projects are listed	Only IDP forum in place	Supported	No incentive policy in place
Phokwane	LED strategy in place	Projects are listed	Only IDP forum in place	Supported	To be finalized
Sol Plaatje	LED strategy in place, under review	Projects are listed	LED forum in place	Supported	To be finalized
JTG	LED strategy in place, under review	Projects listed with funding sources and timeframes	Various forums, but LED not mentioned	Identified	No incentive policy in place
Ga-Segonyana	No LED strategy in place	Projects identified	LED forum in place	Identified	Only mentioned
Gamagara	Process being initiated	Projects listed WITHOUT funding sources	Only IDP forum in place	Identified	No incentive policy in place, but intentions to draft one
Moshaweng	LED strategy in place, to be reviewed	Projects listed WITHOUT funding sources	Only IDP forum in place	Identified	No incentive policy in place
Pixley ka Seme	LED strategy in place. Developing a LED Plan.	Not clearly stated	Not mentioned	Only identified	No incentive policy in place

<sup>57</sup> Department of Economic Affairs, Northern Cape (2009). LED and EPWP sub-programme review. 28 April 2009.

Municipality	LED strategy	LED projects	LED forum	SMME support	Incentive for economic development
Emthanjeni	DEA to assist	Projects listed with budgets and timeframes	Only IDP forum in place	No clarity	No incentive policy in place
Kareeberg	LED plans for implementation 2010	List of unfunded projects	Not mentioned	Creation of enabling environment	No incentive in place, but constantly looking to lure investors
Siyathemba	LED strategy in place	Projects listed with funding sources and timeframes	LED forum in place	Noted	No incentive policy in place
Thembelihle	LED strategy in place, under review	Projects listed WITHOUT funding sources	LED forum in place	Supported	To be finalized
Namakwa	Adopted by Council	Projects listed with funding sources and timeframes	Consult through IDP forum	No clarity	No incentive policy in place
Hantam	No LED strategy in place	LED projects per town, not all budgeted for	Only IDP forum in place	No clarity	No incentive policy in place
Kamiesberg	LED strategy in place	No LED projects identified	No LED forum	No clarity	No incentive policy in place
Karoo Hoogland					
Khâi-Ma					
Nama Khoi	No LED strategy in place	Projects listed WITHOUT funding sources and timeframes	Only IDP forum in place	No clarity	No incentive policy in place
Richtersveld	LED strategy in place	Projects listed with funding sources and timeframes	Only IDP forum in place	No clarity	No incentive policy in place
Siyanda	LED strategy in place. Developing a LED Plan.	Projects listed with budget but no source of funding	Only IDP forum in place	No clarity	No incentive policy in place
//Khara Hais	LED is a priority in IDP	No LED projects identified	Only IDP forum in place	No clarity	No incentive policy in place
!Kheis	Process being initiated	Not clearly stated	Only IDP forum in place	Support to agricultural sector is indicated	No incentive policy in place
Kai !Garib	No LED strategy in place, in planning phase	Projects listed in IDP with funding sources and timeframes	Only IDP forum in place	Mentioned in IDP	No incentive policy in place
Kgatelopele	To be developed in 2009	Projects listed with funding sources and timeframes	Only IDP forum in place	Mentioned in IDP	No incentive policy in place
Mier	Using tourism plan for development	Projects listed with funding sources and timeframes	Only IDP forum in place	Been identified and support mechanism outlined	No incentive policy in place
Tsantsabane	LED strategy in 1st phase	Not clearly stated	LED forum in place	Listed as a key priority	No incentive policy in place

In April 2009, 13 municipalities reported to the Department of Economic Affairs Northern Cape that they had LED projects of which four are PGDS flagship projects.

Table 23. LED related projects and incentives to attract investment<sup>58</sup>

Municipality	Do they have any LED related projects?	If yes, what are they about?	Are any of these projects PGDS flagship projects?	What innovation institute with the projects?	What incentives have introduced to attract investment?
Frances Baard	Yes	Youth entrepreneurial development project and giving general support to local municipalities	Yes	Strengthening the capacity of local municipalities in an effort to service SMMEs better. Contributions to local municipalities for job creation projects and SMMEs support network.	Development of a tourism strategy and in the process of developing a marketing and investment strategy.
Sol Plaatje	-	-	-	-	No info provided
Magareng	Yes	Peanut oil project, Bakery, Brick making	No	No info provided	No info provided
Dikgatlong	Yes	Hydroponics, Youth small scale farming cooperative	Yes	Environmental improvements	No info provided
Phokwane	-	-	-	-	No info provided
John Taolo Gaetsewe	Yes	No info provided	No	The district has assisted emerging farmers by drilling boreholes. Livestock and the farmers are clustered on a rotational basis and supply the abattoir.	No info provided
Gamagara	Yes	Chemical factory; coffin making factory; mining	Yes	None	Will be informed by LED Strategy
Ga-Segonyana	-	-	-	-	No info provided
Moshaweng	Yes	Eradicating of alien plant species, SMME support projects	Yes	The establishment of more community based co-operatives.	Free allocation of land.
Namakwa	Yes	Working for water, empowering emerging business for the removal of invader plants.	No	The municipality in conjunction with SEDA and other agencies have held a number of business seminars to empower emerging businesses.	In process of developing and investment policy to attract investors.
Khâi Ma	No	N/A	N/A	N/A	N/A
Nama Khoi	-	-	-	-	No info provided
Kamiesberg	-	-	-	-	No info provided
Hantam	Yes	Rooibos Tea Factory, Cotton Project, Akkerdam Nature Reserve Project.			
Richtersveld	-	-	-	-	No info provided
Karoo Hoogland	-	-	-	-	No info provided
Pixley Ka Seme	Yes	No info provided	No info provided	No info provided	No info provided
Kareeberg	No	N/A	No	No info provided	No info provided
Thembelihle	Yes	Small scale mining project, Tamboville; Housing project; recycling project	No	No info provided	No info provided

<sup>58</sup> Department of Economic Affairs, Northern Cape (2009). LED and EPWP sub-programme review. 28 April 2009.

Municipality	Do they have any LED related projects?	If yes, what are they about?	Are any of these projects PGDS flagship projects?	What innovation institute with the projects?	What incentives have introduced to attract investment?
Emthanjeni	Yes	Ward Development Programmes, where each ward designs and implements development programmes for each ward and in the process strengthen the local economy.	No	The projects include operations and maintenance of infrastructure in the wards.	Rebate on assessment rates and land available cheaply for investment purposes.
Renosterberg	-	-	-	-	No info provided
Siyancuma	-	-	-	-	No info provided
Siyathemba	Yes	Supporting the tourism sector, small scale mines, and small scale farming.	Yes	Conducting feasibility studies	The municipality made water and land available, and introduced a reduction on taxes in order to attract investment.
Ubuntu	No	No	No info provided	No info provided	No info provided
Umsobomvu	-	-	-	-	No info provided
Siyanda	Yes	Tyre recycling project, a partnership between the SDM and the mines	No	The project will focus on the beneficiation of tyres and related products and attract skills from the factories that are closing down.	No info provided
//Khara Hais	-	-	-	-	No info provided
Kai !Garib	-	-	-	-	No info provided
Mier	-	-	-	-	No info provided
Kheis	Yes	Kalahari Kid Goat Project	Yes	The re - demarcation of land to provide small scale farmers much better grazing grounds. SEDA has provided training to the emerging farmers as part of business support.	The municipality is in the process of assessing the prospect of availing land for business purposes.
Tsantsabane	Yes	In the process of development	N/A	N/A	In the process of developing an investment policy to attract investors.
Kgatelopele	Yes	Paving of roads, waste recycle project	No	No info provided	No info provided

The nine municipalities that reported on this issue indicated that they created a total of 2,249 jobs, with 354 filled by women, 623 by youth, and 28 by disabled persons.

Table 24. *Number of jobs created with LED projects and number benefiting women, youth and disabled*<sup>59</sup>

Municipality	Number of jobs created by the LED related projects.	Number of these jobs that have benefited women.	Number of these jobs that have benefited youth.	Number of these jobs that have benefited disabled.
Frances Baard	Info with local municipalities.	Info with local municipalities.	Info with local municipalities.	Info with local municipalities.
Sol Plaatje	No info provided	No info provided	No info provided	No info provided
Magareng	No info provided	No info provided	No info provided	No info provided
Dikgatlong	120	35	60	0
Phokwane	No info provided	No info provided	No info provided	No info provided
John Taolo Gaetsewe	1,200	1	1	0
Gamagara	51	23	40	2
Ga-Segonyana	No info provided	No info provided	No info provided	No info provided
Moshaweng	110	36	74	6
Namakwa	250	125	125	7
Khâi Ma	N/A	N/A	N/A	N/A
Nama Khoi	No info provided	No info provided	No info provided	No info provided
Kamiesberg	No info provided	No info provided	No info provided	No info provided
Hantam				
Richtersveld	No info provided	No info provided	No info provided	No info provided
Karoo Hoogland	No info provided	No info provided	No info provided	No info provided
Pixley Ka Seme	No info provided	No info provided	No info provided	No info provided
Kareeberg	No info provided	No info provided	No info provided	No info provided
Thembelihle	263	38	148	7
Emthanjeni	230	80	154	No info provided
Renosterberg	No info provided	No info provided	No info provided	No info provided
Siyancuma	No info provided	No info provided	No info provided	No info provided
Siyathemba	No info provided	No info provided	No info provided	No info provided
Ubuntu	No info provided	No info provided	No info provided	No info provided
Umsobomvu	No info provided	No info provided	No info provided	No info provided
Siyanda	11	2	7	0
Khara Hais	No info provided	No info provided	No info provided	No info provided
Kai Garib	No info provided	No info provided	No info provided	No info provided
Mier	No info provided	No info provided	No info provided	No info provided
Kheis	14	14	14	6
Tsantsabane	N/A	N/A	N/A	N/A
Kgatelopele	No info provided	No info provided	No info provided	No info provided
TOTAL	2,249	354	623	28

## The institutional arena

Creating an attractive business climate and co-ordinating multi-sphere, multi-stakeholder initiatives is central to the success of an LED programme. Actions are expressed at local government level through spatial development frameworks (SDFs), and while the number of SDFs in place is growing, their efficacy is undermined by an absence of systems and processes that enable a municipality to guide investment. Inadequate land-use management systems; and inefficient processes within municipalities and relevant departments to manage environmental impact assessments (EIA), land claims and land transfers, also hampers LED (Sibisi, 2009:26-27).

<sup>59</sup> Department of Economic Affairs, Northern Cape (2009). LED and EPWP sub-programme review. 28 April 2009.

### Spatial Development Frameworks

In the Northern Cape there are four (4) district municipalities without Spatial Development Frameworks or have ones that need to be infantilised or amended. In terms of local municipalities: In John Taolo Gaetsewe all municipalities have completed SDFs, or have SDFs in a draft form; in Pixley ka Seme six municipalities need to complete SDFs; while in Siyanda all SDFs are either completed or in draft form.<sup>60</sup>

With the assistance of the DBSA and the Department of Rural Development and Land Reform, municipalities without SDFs and LUMs will be assisted to draft such reports.<sup>61</sup>

Table 25. Status of Spatial Development Frameworks<sup>62</sup>

District Municipality	SDF Status
<b>NAMAKWA DM</b>	Does not have a SDF Local Municipalities to be included: <ul style="list-style-type: none"> <li>- Nama Khoi</li> <li>- Karoo Hoogland</li> <li>- Khâi-Ma</li> </ul>
<b>JOHN TAOLO GAETSEWE</b>	All SDFs either completed or in draft stage.
<b>PIXLEY KA SEME DM</b>	SDF in progress Local Municipalities to be included: <ul style="list-style-type: none"> <li>- Ubuntu</li> <li>- Kareeberg</li> <li>- Renosterberg</li> <li>- Thembelihle</li> <li>- Siyancuma</li> </ul>
<b>SIYANDA DM</b>	All SDFs either completed or in draft stage

### Land Use Management Systems<sup>63</sup>

A generic set of Scheme Regulations has been drafted and approved by the MEC, which are to be used by municipalities and amended to local conditions. Land use data for urban areas has been captured on a GIS at CoGHSTA Northern Cape, although it does require updating, which raises the concern about the maintenance of the system.

Local Municipalities are required to compile Land Use Management Systems (LUMS) and submit these for approval. Where applicable, the data will also be captured in the SDFs.

<sup>60</sup> Department of Co-operative Governance, Human Settlement & Traditional Affairs, Northern Cape Province (2009). IDP Analysis and Engagement Report, May 2009. Pp 10.

<sup>61</sup> Department of Co-operative Governance, Human Settlement & Traditional Affairs, Northern Cape Province (2009). IDP Analysis and Engagement Report, May 2009. Pp 9.

<sup>62</sup> Department of Co-operative Governance, Human Settlement & Traditional Affairs, Northern Cape Province (2009). IDP Analysis and Engagement Report, May 2009. Pp 10.

<sup>63</sup> Department of Land Affairs (2008). Land use management and GIS audit in the Northern Cape. NC Spatial Planning & Information Unit, November 2008.

Table 26. Status of Land Use Management Systems (LUMS)<sup>64</sup>

District Municipality	Status of LUMS	Number
Namakwa	Local Municipalities that do not have approved LUMS: - Richtersveld - Karoo Hoogland - Khâi-Ma	3
JTG	Local Municipalities LUMS required: - Ga-Segonyana	1
Pixley ka Seme	Local Municipalities LUMS required: - Ubuntu - Emthanjeni - Kareeberg - Renosterberg - Thembelihle - Siyancuma	6
Siyanda	Local Municipalities LUMS required: - Mier - !Kheis - Kgatelopele	3
<b>TOTAL</b>		<b>13</b>

Factors that contribute to poor land use management in Northern Cape are:<sup>65</sup>

- Poor land administration and record keeping of land use applications
- Public participation is only performed through newspaper adverts
- Municipalities use outdated maps and zoning maps and land use schemes, or these maps are not used at all
- Timeframes of land development applications are not considered important
- Site visits are not conducted
- Councillors are manipulated by consultants because they lack an understanding of town planning
- There are no dedicated personnel identified from departments, district municipalities, or local municipalities to comment on building plans or land use applications. Applications should be circulated to the various departments, technical services unit and technical committees for comments.
- No land audits are undertaken
- Local municipalities have no record of how much land they own
- There is no GIS in place, nor GIS capacity
- There are no helpdesks at district or local municipalities

<sup>64</sup> Department of Land Affairs (2008). *Land use management and GIS audit in the Northern Cape*. NC Spatial Planning & Information Unit, November 2008. Pp 12.

<sup>65</sup> Department of Land Affairs (2008). *Land use management and GIS audit in the Northern Cape*. NC Spatial Planning & Information Unit, November 2008. Section 4.1.2.

- District planners have little influence on decision making powers in local municipalities
- Officials, deployed to deal with planning matters, are not qualified
- Communities have little knowledge of town planning procedures. Applications are reviewed by private consultants before being handed back to municipalities and often the same private service providers approve the application i.e. 'being a referee and a player'
- There are few private consultants to assist municipalities in development applications, and their services tend to be expensive
- Although municipalities may attempt to draft relevant policy frameworks such as SDFs they have little capacity, experience and funding
- Town planning departments are non-existent at most municipalities; therefore planning matters are handled by environmentalists, technical experts, administrators, municipal managers, councillors, and IDP officials.
- Some municipalities still use outdated policy systems
- Influx of people from rural, less developed areas into towns burden service delivery, an example of this is the Ga-Segonyana Municipality
- Unlawful land invasions (e.g. at Mothibistad) represents a problem to controlled sustained growth in the municipality.

## Interventions needed

An analysis of LUM in the Northern Cape posed several questions:<sup>66</sup>

- Is there a dire need for the recruitment of town planners in the municipality? Twenty-eight of 31 municipalities require town planners.
- Are there resources to aid in planning projects such as zoning maps? Resources at 22 municipalities are lacking.
- Is the municipality in need of funding? Funding for this activity is required by 29 municipalities.
- Is it essential to undertake training programmes for municipal officials in planning and/or GIS related matters? Training is required at 29 municipalities.
- Should a Town Planning section be established at the municipality? At 27 municipalities a town planning department should be established.

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<sup>66</sup> Dept of Land Affairs (2008). *Land use management and GIS audit in the Northern Cape. NC Spatial Planning & Information Unit, November 2008. Section 5.1.*

Table 27. LUM interventions required at municipalities<sup>67</sup>

	SDF	IDP	GIS	Employ town planners	Equipment e.g. Maps	Funding	Training	Establish town planning dept	Establish Development committees
NAMAKWA	x			X		X	x	X	
Richtersveld	x			X		X	x	X	
Nama Khoi	x		X	X	x	X	x	X	x
Kamiesberg	x		X	X	x	x	x	X	x
Hantam			X	X	x	x	x	X	
Karoo Hoogland	x		X	X	x	x	x	x	x
Khâi-Ma	x			X	x	x	x	x	x
PIXLEY KA SEME				X	x		x	x	
Ubuntu	x		x	x	x	x	x	x	x
Umsobomvu			x	x	x	x	x	x	x
Emthanjeni			x	x	x	x	x	x	
Kareeberg	x		x	x	x	x	x	x	x
Renosterberg	x		x	x	x	x	x	x	x
Thembelihle	x		x	x	x	x	x	x	x
Siyathemba	x		x	x	x	x	x	x	
Siyancuma	x		x	x	x	x	x	x	x
SIYANDA	x		x	x	x	x	x	x	x
Mier	x			x	x	x	x	x	x
Kai !Garib				x	x	x	x	x	x
!Kheis	x		x	x	x	x	x	x	x
Tsantsabane	x		x	x	x	x	x	x	x
Kgatelopele			x	x	x	x	x	x	x
FRANCES BAARD						x	x		
Sol Plaatje						x			
Dikgatlong				x		x	x	x	x
Magareng				x		x	x	x	x
Phokwane				x		x	x	x	x
JOHN TAOLO GAETSEWE			x	x	x	x	x	x	
Moshaweng			x	x	x	x	x	x	x
Ga-Segonyana			x	x		x	x		
Gamagara				x	x	x	x	x	
Total municipalities requiring interventions	16	0	19	28	22	29	29	27	20
% (out of 31 municipalities)	52%	0%	61%	90%	71%	94%	94%	87%	65%

<sup>67</sup> Department of Land Affairs (2008). Land use management and GIS audit in the Northern Cape. NC Spatial Planning & Information Unit, November 2008. Figure 2.

## The financial need

Poor credit ratings and weak revenue base prohibit municipalities from accessing loan instruments, and internal capacity constraints still limit the chances of many municipalities to access and implement MIG and other government grants because of internal capacity constraints. Where municipalities manage to access grants and loans, spending and accounting for it is often problematic (Sibisi, 2009:29).

MIG spending in Northern Cape is reported in Table 21 of this report.

## Interventions and remedial actions of 2008/2009<sup>68</sup>

A draft National Framework for LED, including policy guidelines and strategies, has been developed by DPLG. This must be finalised and implemented in alignment with ASGI-SA across rural and urban municipalities by focussing on the following areas:<sup>69</sup>

- Improve market and public confidence in municipalities
- Identify and exploit the comparative advantage of 53 municipal regions nationally
- Intensify enterprise support
- Introduce sustainable community investment
- The draft LED framework will be implemented through mobilisation of key sets of LED related capacity. These are: deployment of experienced economists, development economists and planners in selected municipalities; conducting of national level economic analysis of both district and metro areas
- The need to strengthen national coordination for long term economic development planning that will, inter alia, support LED across the country
- Municipalities must ensure that the infrastructure can accommodate economic growth, e.g. bulk water and sewerage, electricity.

## Conclusion

Target	Actual performance achieved
Jobs created through local economic development initiatives supported by the municipality	A total of 2,249 jobs were created by nine municipalities that reported such information. Of these 354 were for women, 623 for youth and 28 disabled persons.
LED strategy and forums in place	LED forums established in all, but one, districts. Five (5) local municipalities have LED forums. LED strategies have been outlined for all districts and are in place at 14 municipalities.

<sup>68</sup> Implementation plan for the five year local government strategic agenda. Northern Cape. (undated). Additional information gained from personal interview with Mr Julius of the Department of Economic Affairs.

<sup>69</sup> Strategic priorities for the next term of local government (2006-2011). Presentation to mayors' conference with national and provincial government on 25 May 2006. Ms Lindwe Msengana-Ndlela, Director-General: Provincial and Local Government. Cape Town Convention centre, Cape Town.

## 5 FINANCIAL VIABILITY AND MANAGEMENT: KPA 4

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### Introduction

In the first part of this section, the financial performance of the Northern Cape municipalities is rated and compared against national financial norms, while the rate of annual financial statements submissions and audit outcomes are discussed in the last part of this section of the report.

### Financial performance

#### Actual performance achieved

Financial performance of municipalities is based on the 2008/2009 financial statements. In reading this report, please take note of the following important information:

- Financial viability data is based on the municipalities' 2008/2009 financial statements. Municipal financial statements are not all in the same format, or based on the same accounting principles, resulting in instances where it is difficult to compare the same items across municipalities. In cases where ambiguity may exist, please refer to the municipality's individual financial statement.
- An attempt is made to ensure that the data tables in this report are for the status as at end June 2009, however it should be noted that in some instances such data is not available. In these cases data closest to this date has been sourced. Many of the interventions have taken place since the end of 2008/2009 and are reported on because there is a reasonable time delay in preparing the 2008/2009 s47 report.
- Conclusions, observations and recommendations have been made in good faith and role players should investigate the feasibility of each recommendation before implementing suggested interventions.

#### Income and expenditure

Thirty-two Northern Cape municipalities had a combined income of over R2,7 billion in 2008/2009. The largest income (almost R800 million) was received by Sol Plaatje Municipality, while the smallest income (under R15 million) was received by !Kheis Municipality. In the previous year, Mier Municipality had the smallest income.

Ten municipalities ended 2008/2009 with deficits. The largest deficit was at Emthanjeni followed by Renosterberg. Three (3) municipalities, Sol Plaatje, Phokwane and Kareeberg, ended the year with more than R10 million in surpluses..

Twenty-one (21) municipalities had an accumulated surplus at the end of 2008/2009 and ten had accumulated deficits. The largest accumulated surplus was by Sol Plaatje, followed closely by Emthanjeni, whilst the largest deficit was recorded at Hantam. The total accumulated surplus by all 32 municipalities was in excess of R2 billion.

The highest income per capita attained by a local municipality was at Kareeberg, followed by Gamagara and Sol Plaatje. Local municipalities with income below R1,000 per capita are !Kheis and Moshaweng.

Table 28. Income and expenditure<sup>70</sup>

District	Municipality	Actual income	Actual expenditure	Surplus (deficit)	Appropriations for the year, loans redeemed & transfer to assets	Net surplus (deficit)	Accumulated surplus (deficit) for the year beginning 2009	Accumulated surplus (deficit) end of year	Income per capita
Frances Baard	Dikgatlong	R 46,306,765	R 47,069,475	-R 762,710		-R762,710	-R26,838,096	-R27,600,806	R1,136
	Frances Baard	R 87,682,944	R 80,023,388	R 7,659,556	R 5,770	R7,665,326	R54,995,440	R62,660,766	R248
	Magareng	R 36,401,409	R 31,961,704	R 4,439,705	R 1,121,465	R5,561,170	-R14,912,833	-R9,351,663	R1,782
	Phokwane	R 117,073,848	R 96,123,217	R 20,950,631	R 863,376	R21,814,007	R86,204,560	R108,018,567	R2,523
	Sol Plaatje	R 782,882,726	R 721,810,673	R 61,072,053		R61,072,053	R574,135,355	R635,207,408	R3,222
John Taolo Gaetsewe	Gamagara	R 96,007,874	R 103,356,948	-R 7,349,074		-R7,349,074	R89,511,121	R82,162,047	R3,422
	Ga-Segonyana	R 109,634,658	R 109,166,533	R 468,125	-R 7,521,811	-R7,053,686	-R13,571,344	-R20,625,030	R1,571
	John Taolo G	R 97,912,891	R 102,744,685	-R 4,831,794		-R4,831,794	R78,138,968	R73,307,174	R564
	Moshaweng	R 64,091,015	R 64,091,015	R 0		R0		R0	R915
Namakwa	Hantam	R 42,324,500	R 38,325,272	R 3,999,228	-R 2,396,606	R1,602,622	-R78,347,921	-R76,745,299	R1,993
	Kamiesberg	R 20,222,370	R 17,369,420	R 2,852,950	R 924,300	R3,777,250	-R8,380,301	-R4,603,051	R1,669
	Karoo Hoogland	R 19,276,759	R 17,556,340	R 1,720,419	R 3,062,514	R4,782,933	-R4,160,194	R622,739	R1,850
	Khâi-Ma	R 33,688,817	R 26,947,830	R 6,740,987		R6,740,987	R32,555,573	R39,296,560	R2,680
	Nama Khoi	R 92,045,633	R 95,142,710	-R 3,097,077	R 919,539	-R2,177,538	R286,389,176	R284,211,638	R1,684
	Namakwa	R 73,692,704	R 70,122,342	R 3,570,362	R 79,013	R3,649,375	R42,849,640	R46,499,015	R583
	Richtersveld	R 41,345,373	R 35,995,850	R 5,349,523	R 161,629	R5,511,152	R73,294,934	R78,806,086	R2,829
Pixley ka Seme	Emthanjeni	R 102,250,232	R 152,966,916	-R 50,716,684	R 556,134,248	R505,417,564	R18,112,942	R523,530,506	R2,675
	Kareeberg	R 52,389,297	R 35,252,742	R 17,136,555	-R 509,837	R16,626,718	R28,222,726	R44,849,444	R5,310
	Pixley ka Seme	R 90,609,744	R 91,920,871	-R 1,311,127	R 2,767,352	R1,456,225	-R674,962	R781,263	R543
	Renosterberg	R 15,598,674	R 25,654,250	-R 10,055,576	-R 653,941	-R10,709,517	R70,154,150	R59,444,633	R1,698
	Siyancuma	R 49,099,454	R 49,904,495	-R 805,041	-R 280,308	-R1,085,349	-R5,844,457	-R6,929,806	R1,365
	Siyathemba	R 33,961,842	R 38,727,248	-R 4,765,406		-R4,765,406	R145,718,619	R140,953,213	R1,688
	Thembelihle	R 27,158,537	R 26,590,015	R 568,522		R568,522	-R665,113	-R96,591	R2,055
	Ubuntu	R 44,463,864	R 41,477,702	R 2,986,162		R2,986,162		R2,986,162	R2,753
	Umsobomvu	R 45,439,001	R 45,374,766	R 64,235	R 126,362	R190,597	R7,608,125	R7,798,722	R2,066
Siyanda	!Kheis	R 14,870,347	R 12,093,879	R 2,776,468	R 54,042	R2,830,510	R17,882	R2,848,392	R786
	//Khara Hais	R 242,647,542	R 237,328,016	R 5,319,526	R 770,528	R6,090,054	R158,135,515	R164,225,569	R2,404
	Kai !Garib	R 90,910,030	R 89,382,296	R 1,527,734	-R 1,078,248	R449,486	-R854,046	-R404,560	R1,609
	Kgatelopele	R 25,826,947	R 24,128,750	R 1,698,197	-R 1,307,091	R391,106	R1,330,994	R1,722,100	R1,201
	Mier	R 15,419,174	R 13,611,793	R 1,807,381	-R 441,180	R1,366,201	-R1,932,607	-R566,406	R2,102
	Siyanda	R 43,662,242	R 36,852,317	R 6,809,925		R6,809,925	R43,679,292	R50,489,217	R183
	Tsantsabane	R 70,815,416	R 78,377,587	-R 7,562,171	-R 1,542,352	-R9,104,523	R4,755,947	-R4,348,576	R2,529
	<b>TOTAL</b>	<b>R 2,725,712,629</b>	<b>R 2,657,451,045</b>	<b>R 68,261,584</b>	<b>R 551,258,764</b>	<b>R619,520,348</b>	<b>R1,639,629,085</b>	<b>R2,259,149,433</b>	<b>R2,576</b>

<sup>70</sup> From each municipality's income statement or statement of financial performance for the year ended 30 June 2009.

## Cash on hand

All municipalities had some cash on hand at the end of 2008/2009 despite 13 municipalities having bank overdrafts that exceeded the amount of cash on hand. On average, cash on hand (less overdraft) amounted to 71% of current liabilities.

Only 13 municipalities had no bank overdrafts. Overall the bank overdraft amounts are decreasing annually, i.e. from R97 million (2006/2007) to R83 million (2007/2008) to R49 million in the year under review.

Table 29. Cash on hand<sup>71</sup>

	Municipality	Bank overdraft	Current liabilities TOTAL	Cash in bank, petty cash and ST investments	Total Cash in bank, petty cash and ST investments Less overdraft	Current liabilities total less overdraft	Cash on hand as % of current liabilities (less overdraft)
Frances Baard	Dikgatlong	R 4,898,035	R 45,479,896	R 2,533,317	-R2,364,718	R40,581,861	6%
	<i>Frances Baard</i>	R 0	R 6,031,552	R70,318,571	R70,318,571	R6,031,552	1166%
	Magareng	R 2,036,873	R 30,170,565	R2,431	-R2,034,442	R28,133,692	0%
	Phokwane	R 6,812,206	R 20,947,976	R10,964,725	R4,152,519	R14,135,770	78%
	Sol Plaatje	R 2,349,909	R 76,001,306	R16,852,159	R14,502,250	R73,651,397	23%
John Taolo Gaetsewe	Gamagara	R 5,844,890	R 7,246,377	R558,000	-R5,286,890	R 1,401,487	40%
	Ga-Segonyana		R 10,492,055	R1,053,884	R1,053,884	R10,492,055	10%
	<i>John Taolo G</i>	R 0	R 4,319,346	R11,343,448	R11,343,448	R4,319,346	263%
	Moshaweng	R 0	R 7,390,210	R27,104,071	R27,104,071	R7,390,210	367%
Namakwa	Hantam		R 8,371,612	R5,301,688	R5,301,688	R8,371,612	63%
	Kamiesberg	R 1,056,084	R 9,999,273	R321,907	-R734,177	R8,943,189	4%
	Karoo Hoogland	R 959,153	R 4,107,050	R798,201	-R160,952	R3,147,897	25%
	Khâi-Ma	R 0	R 5,537,527	R3,078,285	R3,078,285	R5,537,527	56%
	Nama Khoi		R 23,472,052	R146,680	R146,680	R23,472,052	1%
	<i>Namakwa</i>		R 22,655,354	R61,907,611	R61,907,611	R22,655,354	273%
	Richtersveld		R 10,368,842	R7,832,537	R7,832,537	R10,368,842	76%
Pixley ka Seme	Emthanjeni	R 1,872,487	R 17,157,274	R9,571,552	R7,699,065	R15,284,787	63%
	Kareeberg		R 21,905,446	R217,277	R217,277	R21,905,446	1%
	<i>Pixley ka Seme</i>		R 22,354,084	R21,288,805	R21,288,805	R22,354,084	95%
	Renosterberg		R 12,320,488	R3,645,183	R3,645,183	R12,320,488	30%
	Siyancuma	R 2,557,119	R 11,660,678	R55,615	-R2,501,504	R9,103,559	1%
	Siyathemba	R 48,973	R 5,993,944	R1,012,686	R963,713	R5,944,971	17%
	Thembelihle	R 801,016	R 8,657,452	R3,856	-R797,160	R7,856,436	0%
	Ubuntu	R 1,795,043	R 3,096,240	R2,536,434	R741,391	R1,301,197	195%
Umsobomvu	R 3,176,265	R 15,118,505	R1,256,676	-R1,919,589	R11,942,240	11%	
Siyanda	!Kheis	R 1,457,248	R 8,866,058	R673,192	-R784,056	R7,408,810	9%
	//Khara Hais	R 2,881,208	R 41,095,666	R26,371,072	R23,489,864	R38,214,458	69%
	Kai !Garib	R 3,929,733	R 12,623,512	R2,108,469	-R1,821,264	R8,693,779	24%
	Kgatelopele	R 928,411	R 7,981,435	R83,133	-R845,278	R7,053,024	1%
	Mier	R 313,306	R 3,821,020	R30,345	-R282,961	R3,507,714	1%
	<i>Siyanda</i>	R 0	R 4,619,675	R3,173,897	R3,173,897	R4,619,675	69%
	Tsantsabane	R 5,375,994	R 23,198,100	R1,792,667	-R3,583,327	R17,822,106	10%
<b>TOTAL</b>	<b>R 49,093,953</b>	<b>R 513,060,570</b>	<b>R328,830,602</b>	<b>R279,736,649</b>	<b>R463,966,617</b>	<b>71%</b>	

<sup>71</sup> From each municipality's balance sheet for the year ended 30 June 2009

## Investments

All municipalities had either cash on hand, and/or short-term investments. Twenty-four (24) municipalities kept short term investments that amounted to R87 million, which is a decline from R314 million in the previous year. Only five (5) municipalities did not have cash in bank/on-hand. Other investments, which formed part of non-current assets, were held by 10 municipalities and totalled R2 million.

Table 30. Investments<sup>72</sup>

	Municipality	Investments (non-current assets)	Cash in bank/ on hand	Short term investments
Frances Baard	Dikgatlong	R 1,252,158		R 2,533,317
	<i>Frances Baard</i>	<i>R 5,722</i>	<i>R 70,306,389</i>	<i>R 12,182</i>
	Magareng	R 9,857	R 2,431	
	Phokwane		R 8,364,047	R 2,600,678
	Sol Plaatje		R 16,738,735	R 113,424
John Taolo Gaetsewe	Gamagara		R 558,000	
	Ga-Segonyana	R 358	R 1,053,884	
	<i>John Taolo Gaetsewe</i>	<i>R 3,840</i>	<i>R 4,139,991</i>	<i>R 7,203,457</i>
	Moshaweng		R 7,513,326	R 19,590,745
Namakwa	Hantam		R 345,956	R 4,955,732
	Kamiesberg	R 393,384	R 321,907	
	Karoo Hoogland		R 134,011	R 664,190
	Khâi-Ma			R 3,078,285
	Nama Khoi		R 146,680	
	<i>Namakwa</i>	<i>R 1,146</i>	<i>R 61,897,588</i>	<i>R 10,023</i>
	Richtersveld	R 178,500	R 7,808,215	R 24,322
Pixley ka Seme	Emthanjeni	R 258,469	R 1,643,136	R 7,928,416
	Kareeberg		R 35,102,815	R 6,690
	<i>Pixley ka Seme</i>	<i>R 90,657</i>	<i>R 21,288,805</i>	
	Renosterberg		R 3,645,183	
	Siyancuma		R 28,236	R 27,379
	Siyathemba			R 1,012,686
	Thembelihle		R 3,856	
	Ubuntu			R 2,536,434
	Umsobomvu		R 656,500	R 600,176
Siyanda	!Kheis		R 461	R 672,731
	<i>//Khara Hais</i>		<i>R 61,685</i>	<i>R 26,309,387</i>
	Kai !Garib		R 7,302	R 2,101,167
	Kgatelopele		R 2,505	R 80,628
	Mier			R 30,345
	<i>Siyanda</i>		<i>R 31,227</i>	<i>R 3,142,670</i>
	Tsantsabane		R 230	R 1,792,437
	<b>TOTAL</b>	<b>R 2,194,091</b>	<b>R 241,803,101</b>	<b>R 87,027,501</b>

<sup>72</sup> From balance sheet of each municipality.

## Debtors and bad debt

Recoverable consumer debtors or trade receivables from exchange transactions (after provision for bad debt) in 2008/2009 amounted to R562 million, which is an increase from R482 million in 2007/2008. Total other recoverable debtors (after provision for bad debt) amounted to R109 million. Both consumer and other debtors totalled R672 million. Two (2) municipalities, Kareeberg and Siyathemba, kept total recoverable consumer debtors to below R2 million. Fifteen municipalities, marked in orange in the table below, did not contain recoverable consumer debtors to under R10 million.

Table 31. Debtors<sup>73</sup>

	Municipality	Current debtors (Consumers)/trade receivables from exchange transactions	Provision for bad debt	TOTAL Recoverable consumer debtors	TOTAL Recoverable other debtors	GRAND TOTAL recoverable debtors (after provision for bad debt)	Unrecoverable debt written off	Provision for bad debt as % of total recoverable consumer debt
Frances Baard	Dikgatlong	R 51,315,879	-R 27,856,788	R 23,459,091	R 420,683	R 23,879,774	R 0	119%
	<i>Frances Baard</i>	<i>R 1,753</i>	<i>-R 654</i>	<i>R 1,099</i>	<i>R 4,668,431</i>	<i>R 4,669,530</i>		<i>60%</i>
	Magareng	R 53,342,643	-R 26,303,687	R 27,038,956	R 978,433	R 28,017,389		97%
	Phokwane	R 71,219,263	-R 59,938,025	R 11,281,238	R 0	R 11,281,238		531%
	Sol Plaatje	R 514,430,014	-R 267,137,160	R 247,292,854	R 17,923,414	R 265,216,268		108%
John Taolo Gaetsewe	Gamagara	R 25,217,924	-R 20,415,327	R 4,802,597	R 1,386,006	R 6,188,603	-R 3,321,738	425%
	Ga-Segonyana	R 19,197,126	-R 2,177,004	R 17,020,122	R 8,725,773	R 25,745,895		13%
	<i>John Taolo G</i>	<i>R 3,355,242</i>	<i>-R 169,348</i>	<i>R 3,185,894</i>	<i>R 189,596</i>	<i>R 3,375,490</i>	<i>R 0</i>	<i>5%</i>
	Moshaweng	R 4,895,641	R 0	R 4,895,641	R 0	R 4,895,641		0%
Namakwa	Hantam	R 24,914,133	-R 7,350,053	R 17,564,080	R 1,647,773	R 19,211,853		42%
	Kamiesberg	R 12,736,921	-R 5,632,535	R 7,104,386	R 2,101,583	R 9,205,969		79%
	Karoo Hoogland	R 11,692,457	-R 9,493,842	R 2,198,615	R 1,340,894	R 3,539,509		432%
	Khâi-Ma	R 6,972,677	-R 4,548,810	R 2,423,867	R 967,103	R 3,390,970		188%
	Nama Khoi	R 20,206,835	-R 13,778,708	R 6,428,127	R 0	R 6,428,127	-R 8,198,646	214%
	<i>Namakwa</i>		<i>-R 2,922,010</i>	<i>-R 2,922,010</i>	<i>R 3,357,967</i>	<i>R 435,957</i>	<i>-R 977,930</i>	<i>-100%</i>
	Richtersveld	R 21,001,290	-R 15,235,365	R 5,765,925	R 1,868,520	R 7,634,445		264%
Pixley ka Seme	Emthanjeni	R 26,714,667	-R 13,818,379	R 12,896,288	R 1,446,122	R 14,342,410	-R 36,715,630	107%
	<i>Kareeberg</i>	<i>R 7,723,941</i>	<i>-R 5,910,682</i>	<i>R 1,813,259</i>	<i>R 790,206</i>	<i>R 2,603,465</i>	<i>R 995,264</i>	<i>326%</i>
	<i>Pixley ka Seme</i>	<i>R 186,421</i>	<i>-R 124,061</i>	<i>R 62,360</i>	<i>R 2,950,419</i>	<i>R 3,012,779</i>	<i>R 997</i>	<i>199%</i>
	Renosterberg	R 8,821,508	-R 5,937,336	R 2,884,172	R 968,391	R 3,852,563		206%
	Siyancuma	R 24,631,567	-R 22,614,704	R 2,016,863	R 2,518,610	R 4,535,473		1121%
	<i>Siyathemba</i>	<i>R 16,081,985</i>	<i>-R 14,116,820</i>	<i>R 1,965,165</i>	<i>R 549,588</i>	<i>R 2,514,753</i>		<i>718%</i>
	Thembelihle	R 15,498,422	-R 7,785,934	R 7,712,488	R 12,325,353	R 20,037,841		101%
	Ubuntu	R 19,620,735	-R 14,000,000	R 5,620,735	R 4,023,037	R 9,643,772	R 0	249%
Umsobomvu	R 47,687,782	-R 12,367,577	R 35,320,205	R 5,341,695	R 40,661,900	R 84,320	35%	
Siyanda	!Kheis	R 13,770,023	-R 3,403,333	R 10,366,690	R 5,088,504	R 15,455,194		33%
	//Khara Hais	R 34,221,595	-R 20,117,278	R 14,104,317	R 7,209,003	R 21,313,320	-R 1,592,809	143%
	Kai !Garib	R 42,143,725	-R 12,203,840	R 29,939,885	-R 1,112,063	R 28,827,822		41%
	Kgatelopele	R 19,830,806	-R 5,548,677	R 14,282,129	R 2,630,164	R 16,912,293	R 0	39%
	Mier	R 10,136,581	-R 2,356,477	R 7,780,104	-R 301,780	R 7,478,324		30%
	<i>Siyanda</i>	<i>R 5,889,350</i>	<i>-R 3,000,000</i>	<i>R 2,889,350</i>	<i>R 13,076,811</i>	<i>R 15,966,161</i>		<i>104%</i>
	Tsantsabane	R 41,591,261	-R 19,091,980	R 22,499,281	R 646,680	R 23,145,961	R 0	85%
	<b>TOTAL</b>	<b>R 1,175,050,167</b>	<b>-R 625,356,394</b>	<b>R 549,693,773</b>	<b>R 110,408,648</b>	<b>R 660,102,421</b>	<b>-R 49,726,172</b>	<b>114%</b>

<sup>73</sup> Data from the Notes attached to Financial Statements 2008/2009.

The largest amount of consumer debtors before provision for bad debt are held by Sol Plaatje (R514 million) and Dikgatlong, Magareng and Phokwane have current debtors valuing over R50 million. The district municipalities have the lowest amount of consumer debtors before provisions for bad debt.

Table 32. Debtor days

	Municipality	Total recoverable debtors (after provision for bad debt)	Recoverable debtors as % of total revenue	# of debtor days (Recoverable debtors)	# of debtor days (Consumer debtors)	Debtors >90 days	% Consumer debtors older than 90 days
Frances Baard	Dikgatlong	R 23,879,774	52%	188	404	R 24,612,269	48%
	Frances Baard	R 4,669,530	5%	19	0	R 903	52%
	Magareng	R 28,017,389	77%	281	535	R 48,778,757	91%
	Phokwane	R 11,281,238	10%	35	222	R 59,938,025	84%
	Sol Plaatje	R 265,216,268	34%	124	240	R 284,211,914	55%
JTG	Gamagara	R 6,188,603	6%	24	96	R 16,179,599	64%
	Ga-Segonyana	R 25,745,895	23%	86	64	R 13,852,521	72%
	John Taolo Gaetsewe	R 3,375,490	3%	13	13	R 206,125	6%
	Moshaweng	R 4,895,641	8%	28	28		0%
Namakwa	Hantam	R 19,211,853	45%	166	215	R 14,010,223	56%
	Kamiesberg	R 9,205,969	46%	166	230		0%
	Karoo Hoogland	R 3,539,509	18%	67	221		0%
	Khâi-Ma	R 3,390,970	10%	37	76	R 6,792,146	97%
	Nama Khoi	R 6,428,127	7%	25	80	R 13,919,069	69%
	Namakwa	R 435,957	1%	2	0		#DIV/0!
	Richtersveld	R 7,634,445	18%	67	185	R 19,037,020	91%
Pixley ka Seme	Emthanjeni	R 14,342,410	14%	51	95	R 17,446,240	65%
	Kareeberg	R 2,603,465	5%	18	54	R 4,924,789	64%
	Pixley ka Seme	R 3,012,779	3%	12	1	R 186,421	100%
	Renosterberg	R 3,852,563	25%	90	206	R 6,918,442	78%
	Siyancuma	R 4,535,473	9%	34	183	R 22,614,704	92%
	Siyathemba	R 2,514,753	7%	27	173	R 10,635,918	66%
	Thembelihle	R 20,037,841	74%	269	208		0%
	Ubuntu	R 9,643,772	22%	79	161	R 17,190,953	88%
Umsobomvu	R 40,661,900	89%	327	383		0%	
Siyanda	!Kheis	R 15,455,194	104%	379	338		0%
	//Khara Hais	R 21,313,320	9%	32	51		0%
	Kai !Garib	R 28,827,822	32%	116	169		0%
	Kgatelopele	R 16,912,293	65%	239	280		0%
	Mier	R 7,478,324	49%	177	240		0%
	Siyanda	R 15,966,161	37%	133	49		0%
	Tsantsabane	R 23,145,961	33%	119	214	R 33,410,630	80%
	<b>TOTAL</b>	<b>R 660,102,421</b>	<b>24%</b>	<b>88</b>	<b>157</b>	<b>R 614,866,668</b>	<b>52%</b>

All municipalities, except for Moshaweng, made provision for bad consumer debt during 2008/2009. The provision for bad consumer debt amounted to R619 million (an increase from R451 million in 2007/2008) which accounted for 109% of total outstanding debtors (before provision for bad debt). In the previous year, provision was made for 44% of total outstanding debt. Adequate provision must be made for irrecoverable debt and the Auditor General recommends that the calculation of provision for bad debt be done as follows: Provision for bad debt = consumer debtors X 300/365.

Unrecoverable debt was written off by eight municipalities amounting to a total of almost R50 million, with Emthanjeni writing off the largest amount.

In their 2008/2009 financial statements, 20 municipalities included a debtor age analysis, which indicate that, on average, 52% of consumer debt is older than 90 days. The average number of consumer debtor days is 157, compared to 155 in the previous year. Eight municipalities had less than 90 days in consumer debt, while Umsobomvu, Magareng, Dikgatlong and !Kheis had more than 300 days in debtors. This raises serious concerns because these outstanding balances are approaching, or in some cases exceed, one year's operating income.

### Creditors

Creditors accounted for 12% (R310 million) of operating expenditure during 2008/2009. Five municipalities had creditors that accounted for more than 30% of operating expenditure, with Dikgatlong at a high of 88% and Magareng at 73%. Seven municipalities kept creditors to 5%, or less, of gross operating expenditure. These municipalities are highlighted in green rows in the table below.

Table 33. Creditors

	Municipality	Creditors/Trade and other payables	Creditors as % of gross operating expenditure
Frances Baard	Dikgatlong	R 40,581,861	88%
	Frances Baard	R 6,031,552	7%
	Magareng	R 26,715,500	73%
	Phokwane	R 14,135,770	12%
	Sol Plaatje	R 73,651,397	9%
John Taolo Gaetsewe	Gamagara	R 1,401,487	1%
	Ga-Segonyana	R 2,720,699	2%
	John Taolo Gaetsewe	R 4,319,346	4%
	Moshaweng	R 7,390,210	13%
Namakwa	Hantam	R 6,363,008	15%
	Kamiesberg	R 8,943,189	44%
	Karoo Hoogland	R 3,147,897	16%
	Khâi-Ma	R 5,537,527	16%
	Nama Khoi		0%
	Namakwa	R 3,780,298	5%
	Richtersveld	R 2,457,714	6%
Pixley ka Seme	Emthanjeni	R 4,877,599	5%
	Kareeberg	R 3,102,996	6%
	Pixley ka Seme	R 3,980,417	4%
	Renosterberg	R 10,045,282	64%
	Siyancuma	R 5,170,268	11%
	Siyathemba	R 5,944,971	18%
	Thembelihle	R 7,018,652	26%
	Ubuntu	R 1,301,197	3%
	Umsobomvu	R 11,942,240	26%
Siyanda	!Kheis	R 6,758,751	45%
	//Khara Hais	R 14,437,498	6%
	Kai !Garib	R 4,727,767	6%
	Kgatelopele	R 4,259,326	16%
	Mier	R 3,507,714	23%
	Siyanda	R 2,519,879	6%
	Tsantsabane	R 14,200,449	20%
	<b>TOTAL</b>	<b>R 310,972,461</b>	<b>12%</b>

## External loans

All municipalities had external loans at the end of 2008/2009. These loans amounted to R358 million and was, on average, 12.4% of fixed assets.

Table 34. External loans

	Municipality	External loans outstanding balance at end of year	External loans as % of fixed assets
Frances Baard	Dikgatlong	R 4,223,097	70.1%
	<i>Frances Baard</i>	<b>R 15,000,000</b>	<b>39.4%</b>
	Magareng	R 160,556	55.2%
	Phokwane	R 4,092,623	3.4%
	Sol Plaatje	R 64,956,808	12.2%
John Taolo Gaetsewe	Gamagara	R 70,236,706	43.8%
	Ga-Segonyana	R 41,597,138	26.8%
	<i>John Taolo Gaetsewe</i>	<b>R 463,276</b>	<b>0.5%</b>
	Moshaweng	R 4,520,580	100.0%
Namakwa	Hantam	R 3,404,409	5.1%
	Kamiesberg	R 1,418,430	54.6%
	Karoo Hoogland	R 3,517,970	76.4%
	Khâi-Ma	R 1,531,927	3.3%
	Nama Khoi	R 13,004,101	3.9%
	<i>Namakwa</i>	<b>R 4,760,195</b>	<b>46.6%</b>
	Richtersveld	R 5,244,352	6.5%
Pixley ka Seme	Emthanjeni	R 6,268,128	1.2%
	Kareeberg	R 78,843	0.2%
	<i>Pixley ka Seme</i>	<b>R 8,442,318</b>	<b>55.1%</b>
	Renosterberg	R 218,527	0.2%
	Siyancuma	R 566,283	2.8%
	Siyathemba	R 463,972	0.4%
	Thembelihle	R 5,476,867	103.7%
	Ubuntu	R 1,535,173	1.4%
Umsobomvu	R 3,359,495	116.9%	
Siyanda	!Kheis	R 2,872,559	162.6%
	//Khara Hais	R 60,391,658	28.2%
	Kai !Garib	R 7,324,452	81.4%
	Kgatelopele	R 9,968,419	137.3%
	Mier	R 4,254,058	488.9%
	<i>Siyanda</i>	<b>R 4,907,945</b>	<b>13.2%</b>
	Tsantsabane	R 4,123,257	100.0%
<b>TOTAL</b>	<b>R 358,384,122</b>	<b>12.4%</b>	

## Employee related costs

Municipalities should restrict their salary costs to below 35% of total operating expenditure. This was achieved by 14 municipalities. At 10 municipalities these costs exceeded 40% of total operating expenditure, !Kheis and Siyanda recorded exceeding 50% of their operating expenditure on salaries and remuneration.

Table 35. Employee related cost<sup>74</sup>

	Municipality	Employee related costs	Councillors remuneration	Salaries, wages & allowances TOTAL	Councillors' remuneration as % of salaries, wages & allowances	Employee related cost as % of gross operating expenditure	Employee & councillors related cost as % of gross operating expenditure
Frances Baard	Dikgatlong	R 14,525,710	R 2,214,485	R 16,740,195	13%	31%	36%
	Frances Baard	R 22,679,670	R 3,908,311	R 26,587,981	15%	28%	33%
	Magareng	R 10,394,151	R 1,747,078	R 12,141,229	14%	33%	38%
	Phokwane	R 25,756,488	R 3,705,224	R 29,461,712	13%	27%	31%
	Sol Plaatje	R 259,603,835	R 9,573,994	R 269,177,829	4%	36%	37%
John Taolo Gaetsewe	Gamagara	R 32,792,297	R 1,632,923	R 34,425,220	5%	34%	36%
	Ga-Segonyana	R 29,208,401	R 4,093,236	R 33,301,637	12%	25%	28%
	John Taolo G	R 34,028,767	R 2,877,509	R 36,906,276	8%	33%	36%
	Moshaweng	R 9,000,425	R 3,806,195	R 12,806,620	30%	17%	23%
Namakwa	Hantam	R 13,652,328	R 1,730,582	R 15,382,910	11%	36%	40%
	Kamiesberg	R 7,176,709	R 1,078,985	R 8,255,694	13%	41%	48%
	Karoo Hoogland	R 7,851,264	R 654,938	R 8,506,202	8%	45%	48%
	Khâi-Ma	R 5,121,338	R 1,246,244	R 6,367,582	20%	19%	24%
	Nama Khoi	R 31,823,277	R 3,128,764	R 34,952,041	9%	33%	37%
	Namakwa	R 19,874,525	R 2,134,216	R 22,008,741	10%	28%	31%
	Richtersveld	R 10,212,034	R 1,548,799	R 11,760,833	13%	28%	33%
Pixley ka Seme	Emthanjeni	R 34,537,507	R 2,879,953	R 37,417,460	8%	23%	24%
	Kareeberg	R 8,095,366	R 1,024,365	R 9,119,731	11%	23%	26%
	Pixley ka Seme	R 15,913,018	R 2,791,200	R 18,704,218	15%	39%	46%
	Renosterberg	R 8,112,465	R 1,071,589	R 9,184,054	12%	32%	36%
	Siyancuma	R 19,469,735	R 2,064,268	R 21,534,003	10%	39%	43%
	Siyathemba	R 14,392,150	R 1,181,584	R 15,573,734	8%	37%	40%
	Thembelihle	R 8,578,406	R 1,230,090	R 9,808,496	13%	33%	38%
	Ubuntu	R 11,426,657	R 1,583,007	R 13,009,664	12%	28%	31%
	Umsobomvu	R 17,798,333	R 2,391,346	R 20,189,679	12%	39%	44%
Siyanda	!Kheis	R 4,941,192	R 1,128,675	R 6,069,867	19%	41%	50%
	//Khara Hais	R 91,138,926	R 4,545,427	R 95,684,353	5%	38%	40%
	Kai !Garib	R 25,094,629	R 3,110,336	R 28,204,965	11%	28%	32%
	Kgatelopele	R 5,717,800	R 1,518,262	R 7,236,062	21%	24%	30%
	Mier	R 4,094,883	R 793,330	R 4,888,213	16%	30%	36%
	Siyanda	R 16,189,199	R 2,330,697	R 18,519,896	13%	44%	50%
	Tsantsabane	R 18,791,060	R 2,353,790	R 21,144,850	11%	24%	27%
<b>TOTAL</b>	<b>R 837,992,545</b>	<b>R 77,079,402</b>	<b>R 915,071,947</b>	<b>8%</b>	<b>32%</b>	<b>35%</b>	

<sup>74</sup> It should be noted that in cases where the councillors' remuneration is not separately specified in Appendix D, or the Statement of Financial Performance for the year ended 30 June 2009, it is assumed that the councillors' remuneration (noted in notes) is part of salaries, wages and allowances.

In total R915 million was spent on employee and councillors' remuneration in 2008/2009, which represents 35% of gross operating expenditure. This percentage has steadily declined in recent years, from 40% in 2006/2007 to 38% in 2007/2008 to 35% in 2008/2009.

On average, 8% of the total salaries in the municipalities is allocated to councillors. However, the situation varies from a low of 4% at Sol Plaatje, to 30% at Moshaweng.

### Reliance on subsidies and grants

The equitable share grant is the main grant received to fund operations and services. On average, 36% of the municipalities' total revenue is comprised from subsidies and grants, which is similar to the previous year's situation. At 15 municipalities subsidies and grants contribute to more than 40% of the total revenue. Moshaweng's reliance on grants and subsidies is the highest (96%) in the province, while Gamagara (16%) relies the least on subsidies and grants.

Table 36. Subsidies and grant income<sup>75</sup>

	Municipality	Grants & subsidies / Transfer revenue	GROSS REVENUE (Operating income)	Grants & subsidies as a % of gross revenue (operating income)
Frances Baard	Dikgatlong	R 21,193,641	R 46,306,764	46%
	Frances Baard	R 23,028,179	R 87,682,944	26%
	Magareng	R 15,057,870	R 36,401,408	41%
	Phokwane	R 58,386,463	R 117,073,848	50%
	Sol Plaatje	R 154,780,058	R 782,882,726	20%
JTG	Gamagara	R 15,350,128	R 93,985,528	16%
	Ga-Segonyana	R 34,285,652	R 109,821,934	31%
	John Taolo Gaetsewe	R 49,915,284	R 97,912,891	51%
	Moshaweng	R 54,781,842	R 57,119,896	96%
Namakwa	Hantam	R 11,169,021	R 42,324,500	26%
	Kamiesberg	R 10,224,712	R 20,222,370	51%
	Karoo Hoogland	R 13,120,929	R 19,276,759	68%
	Khâi-Ma	R 9,767,504	R 33,688,817	29%
	Nama Khoi	R 19,544,254	R 92,045,633	21%
	Namakwa	R 61,832,356	R 73,692,703	84%
	Richtersveld	R 14,665,571	R 41,345,372	35%
Pixley ka Seme	Emthanjeni	R 27,996,502	R 102,250,232	27%
	Kareeberg	R 36,937,249	R 52,389,298	71%
	Pixley ka Seme	R 81,766,000	R 90,609,743	90%
	Renosterberg	R 6,396,119	R 25,654,250	41%
	Siyancuma	R 15,738,431	R 49,099,454	32%
	Siyathemba	R 11,013,927	R 33,961,842	32%
	Thembelihle	R 14,779,123	R 26,700,868	55%
	Ubuntu	R 9,466,128	R 44,463,864	21%
	Umsobomvu	R 15,853,571	R 45,439,001	35%
	Siyanda	!Kheis	R 8,406,670	R 14,870,347
//Khara Hais		R 50,810,113	R 242,647,542	21%
Kai !Garib		R 23,600,200	R 79,740,129	30%
Kgatelopele		R 6,995,993	R 25,826,946	27%
Mier		R 10,569,746	R 15,446,173	68%
Siyanda		R 41,569,226	R 43,662,242	95%
Tsantsabane		R 33,482,437	R 70,815,416	47%
<b>TOTAL</b>		<b>R 962,484,899</b>	<b>R 2,617,318,095</b>	<b>36%</b>

<sup>75</sup> From 'Statement of financial position' or Appendix D.

## Credit rating

Sol Plaatje Municipality was the only municipality in the province to receive a credit rating by Moody's Investor Service, an internationally acclaimed credit rating company. The rating was done with the assistance of National Treasury, and the municipality scored an A3.za rating, which is an upper-medium grade rating.

Table 37. Credit ratings<sup>76</sup>

Municipality	Issuer rating	Outlook	What could increase the level of rating
Sol Plaatje	A3.za	Stable	Continued focus on improving the financial profile of the municipality and further diversifying the local economy.

## Acid test ratio

The formula used to calculate acid test ratio is: current assets minus inventory, divided by current liabilities. The accepted acid test ratio is considered to be 1:1; thus the institution is able to meet its current credit obligations without disposing of its inventory.

Current assets consist of: inventories; external short-term loans, deposits and investments; debtors; prepaid expenses; Value Added Tax (VAT) receivable; petty cash and moneys in the bank. Current liabilities consist of external short-term loans and deposits; unspent conditional grants; current provisions; short-term leases; VAT payable; bank overdraft; and creditors.

The table below reflects the acid test ratio (calculated by taking the current assets minus inventory, divided by the current liabilities) of the Northern Cape Municipalities. On average, the Northern Cape municipalities had an acid test ratio of 1.92:1 which implies that the average municipality can meet its current credit obligations without disposing inventory. Eight (8) municipalities have ratios of less than one, which implies that they cannot meet their current credit obligations without disposing of inventory. These municipalities are marked in orange in the table below.

The current ratio, which is also referred to as the working capital ratio, measures the extent to which current assets can be disposed to liquidate the current liabilities. Current liabilities consist of external short-term loans and deposits; unspent conditional grants; current provisions; short-term leases; VAT; bank overdraft; and creditors. The table below reflects the current ratio of Northern Cape municipalities in 2008/2009, when the municipalities had a current ratio of 1.98:1.

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<sup>76</sup> Annual report 2008/2009: Sol Plaatje.

Table 38. Acid test ratio and current ratio

	Municipality	ACID TEST RATIO Current assets - inventory : current liabilities	CURRENT RATIO (WORKING CAPITAL RATIO)
Frances Baard	Dikgatlong	0.58	0.58
	<i>Frances Baard</i>	12.92	12.92
	Magareng	0.93	0.93
	Phokwane	1.37	1.39
	Sol Plaatje	3.73	3.94
John Taolo Gaetsewe	Gamagara	0.93	0.97
	Ga-Segonyana	2.55	2.94
	<i>John Taolo Gaetsewe</i>	4.98	4.99
	Moshaweng	4.33	4.33
Namakwa	Hantam	2.93	2.98
	Kamiesberg	0.95	0.95
	Karoo Hoogland	1.06	1.06
	Khâi-Ma	1.23	1.42
	Nama Khoi	0.28	0.30
	<i>Namakwa</i>	2.76	2.79
	Richtersveld	1.49	1.50
Pixley ka Seme	Emthanjeni	1.41	1.56
	Kareeberg	1.72	1.72
	<i>Pixley ka Seme</i>	1.15	1.15
	Renosterberg	0.83	0.83
	Siyancuma	0.39	0.39
	Siyathemba	0.61	0.64
	Thembelihle	2.32	2.32
	Ubuntu	4.12	4.12
	Umsobomvu	2.77	2.77
Siyanda	!Kheis	1.82	1.82
	//Khara Hais	1.16	1.26
	Kai !Garib	2.45	2.45
	Kgatelopele	2.13	2.15
	Mier	1.97	1.97
	<i>Siyanda</i>	4.15	4.17
	Tsantsabane	1.08	1.10
	<b>TOTAL</b>	<b>1.92</b>	<b>1.98</b>

## Municipal expenditure patterns

Northern Cape municipal expenditure patterns indicate that the largest expenditure items at a municipality are employee related costs (32%), followed by general expenses (20%), and then bulk purchase of electricity (13%). Repairs and maintenance expenditure is low at an average of only 5% of total expenditure. Municipalities with low expenditure (below 5%) on repairs and maintenance are marked in orange in the table below. Municipalities that contained employee related costs to 35%, or under, and spent 9% or more on repairs and maintenance, are marked in green.

Table 39. Municipal expenditure of the year ended 30 June 2009

	Municipality	Employee related costs	Councillors remuneration	Purchase of electricity	Purchase of water	General expenses	Repairs & maintenance	Depreciation/contribution to fixed assets	Bad debts	Grants & subsidies paid	Other	TOTAL	Expenditure per capita
Frances Baard	Dikgatlong	31%	5%	18%	10%	30%	6%	0%	0%	0%	1%	100%	R1,155
	Frances Baard	28%	5%	0%	0%	7%	1%	2%	0%	49%	7%	100%	R227
	Magareng	33%	5%	14%	5%	0%	3%	0%	0%	0%	41%	100%	R1,564
	Phokwane	27%	4%	16%	4%	18%	1%	3%	19%	3%	5%	100%	R2,071
	Sol Plaatje	36%	1%	17%	2%	17%	7%	7%	10%	0%	1%	100%	R2,970
JTG	Gamagara	34%	2%	20%	3%	16%	4%	11%	2%	9%	0%	100%	R3,684
	Ga-Segonyana	25%	4%	13%	0%	33%	15%	1%	2%	0%	7%	100%	R1,564
	John Taolo G	33%	3%	2%	3%	8%	7%	4%	0%	0%	41%	100%	R592
	Moshaweng	17%	7%	0%	0%	70%	5%	0%	0%	0%	2%	100%	R915
Namakwa	Hantam	36%	5%	14%	0%	23%	5%	13%	3%	0%	2%	100%	R1,805
	Kamiesberg	41%	6%	12%	1%	24%	2%	13%	0%	0%	0%	100%	R1,433
	Karoo Hoogland	45%	4%	12%	0%	34%	4%	0%	0%	0%	2%	100%	R1,685
	Khâi-Ma	19%	5%	6%	3%	25%	0%	6%	0%	0%	36%	100%	R2,144
	Nama Khoi	33%	3%	18%	8%	12%	11%	11%	1%	0%	1%	100%	R1,741
	Namakwa	28%	3%	0%	0%	23%	3%	2%	4%	37%	1%	100%	R554
	Richtersveld	28%	4%	8%	1%	11%	4%	17%	0%	23%	3%	100%	R2,463
Pixley ka Seme	Emthanjeni	23%	2%	10%	0%	9%	4%	14%	33%	4%	1%	100%	R4,001
	Kareeberg	23%	3%	8%	0%	8%	2%	4%	0%	51%	1%	100%	R3,573
	Pixley ka Seme	17%	3%	0%	0%	9%	1%	2%	0%	44%	24%	100%	R551
	Renosterberg	32%	4%	12%	2%	16%	6%	7%	3%	9%	10%	100%	R2,793
	Siyancuma	39%	4%	18%	1%	23%	2%	0%	8%	0%	4%	100%	R1,387
	Siyathemba	37%	3%	10%	0%	14%	5%	12%	7%	10%	1%	100%	R1,925
	Thembelihle	33%	5%	13%	0%	22%	9%	15%	0%	0%	3%	100%	R2,012
	Ubuntu	28%	4%	9%	1%	36%	3%	6%	1%	8%	4%	100%	R2,568
	Umsobomvu	39%	5%	15%	1%	31%	3%	0%	0%	0%	5%	100%	R2,063
Siyanda	!Kheis	41%	9%	0%	5%	37%	4%	0%	0%	0%	4%	100%	R639
	//Khara Hais	38%	2%	19%	1%	23%	2%	6%	0%	0%	9%	100%	R2,352
	Kai !Garib	28%	3%	15%	1%	32%	6%	0%	0%	0%	15%	100%	R1,582
	Kgatelopele	24%	6%	18%	0%	43%	7%	0%	0%	0%	1%	100%	R1,122
	Mier	30%	6%	0%	0%	27%	5%	0%	0%	0%	33%	100%	R1,855
	Siyanda	44%	6%	0%	0%	31%	2%	1%	0%	15%	1%	100%	R155
Tsantsabane	24%	3%	8%	5%	22%	3%	28%	0%	0%	7%	100%	R2,799	
	<b>TOTAL</b>	<b>32%</b>	<b>3%</b>	<b>13%</b>	<b>2%</b>	<b>20%</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>100%</b>	<b>R2,512</b>

## Municipal income

The largest contributor to Northern Cape municipal income is grants and subsidies at 36%, followed by service charges at 33%. Local municipalities with a low (below 25%) dependence on grants and subsidies for revenue are marked in green below, whilst those with a high dependency (above 50%) are marked in orange.

Table 40. Municipal income by category in % of the year ended 30 June 2009

	Municipality	Grants & subsidies	Sale of water	Sale of electricity	Refuse removal	Sewerage removal	Services charges	Property rates	Licences & traffic and fines	Other	TOTAL	Income per capita
Frances Baard	Dikgatlong	46%	12%	13%	8%	4%	0%	9%	0%	7%	100%	R1,136
	<i>Frances Baard DM</i>	26%	0%	0%	0%	0%	0%	0%	0%	74%	100%	R248
	Magareng	41%	9%	14%	7%	9%	0%	8%	0%	12%	100%	R1,782
	Phokwane	50%	0%	0%	0%	0%	37%	5%	2%	6%	100%	R2,523
	Sol Plaatje	20%	0%	0%	0%	0%	52%	17%	1%	10%	100%	R3,222
JTG	Gamagara	16%	0%	0%	0%	0%	65%	8%	1%	10%	100%	R3,422
	Ga-Segonyana	31%	0%	38%	0%	0%	5%	10%	6%	10%	100%	R1,571
	<i>John Taolo G DM</i>	51%	0%	0%	0%	0%	6%	0%	0%	43%	100%	R564
	Moshaweng	96%	0%	0%	0%	0%	0%	0%	0%	4%	100%	R915
Namakwa	Hantam	26%	0%	0%	0%	0%	40%	10%	3%	20%	100%	R1,993
	Kamiesberg	51%	8%	11%	8%	0%	11%	11%	0%	0%	100%	R1,669
	Karoo Hoogland	68%	0%	0%	0%	0%	32%	0%	0%	0%	100%	R1,850
	Khâi-Ma	29%	0%	0%	0%	0%	15%	4%	0%	52%	100%	R2,680
	Nama Khoi	21%	0%	0%	0%	0%	50%	22%	1%	6%	100%	R1,684
	<i>Namakwa DM</i>	84%	0%	0%	0%	0%	0%	0%	0%	16%	100%	R583
	Richtersveld	35%	7%	11%	4%	4%	0%	13%	0%	25%	100%	R2,829
Pixley ka Seme	Emthanjeni	27%	0%	0%	0%	0%	45%	10%	4%	13%	100%	R2,675
	Kareeberg	71%	0%	0%	0%	0%	19%	5%	0%	5%	100%	R5,310
	<i>Pixley ka Seme DM</i>	90%	0%	0%	0%	0%	0%	0%	0%	10%	100%	R543
	Renosterberg	41%	8%	16%	4%	0%	9%	7%	0%	15%	100%	R1,698
	Siyancuma	32%	0%	0%	0%	0%	55%	8%	0%	4%	100%	R1,365
	Siyathemba	32%	0%	0%	0%	0%	47%	13%	0%	7%	100%	R1,688
	Thembelihle	55%	7%	18%	0%	0%	0%	5%	0%	15%	100%	R2,055
	Ubuntu	21%	0%	0%	0%	0%	28%	6%	13%	32%	100%	R2,753
Umsobomvu	35%	12%	19%	0%	0%	0%	7%	0%	28%	100%	R2,066	
Siyanda	!Kheis	57%	17%	0%	18%	0%	0%	2%	0%	6%	100%	R786
	//Khara Hais	21%	0%	0%	0%	0%	59%	13%	1%	6%	100%	R2,404
	Kai !Garib	30%	8%	33%	3%	4%	16%	6%	0%	0%	100%	R1,609
	Kgatelopele	27%	17%	31%	20%	0%	-5%	11%	0%	0%	100%	R1,201
	Mier	68%	6%	0%	10%	0%	7%	5%	0%	3%	100%	R2,102
	<i>Siyanda DM</i>	95%	0%	0%	0%	0%	0%	0%	0%	5%	100%	R183
	Tsantsabane	47%	8%	21%	4%	7%	0%	6%	0%	8%	100%	R2,529
	<b>TOTAL</b>	<b>36%</b>	<b>2%</b>	<b>5%</b>	<b>1%</b>	<b>1%</b>	<b>33%</b>	<b>10%</b>	<b>1%</b>	<b>12%</b>	<b>100%</b>	<b>R2,576</b>

## Challenges

Issues that are identified in the financing of local government by National Treasury are:<sup>77</sup>

- Good financial management in municipalities is crucial.
- Municipalities raise their own revenue and receive transfers from national government, and are largely self-financing; raising most income through local taxes and user chargers. However, not all Northern Cape municipalities have the same ability to raise their own revenue. Municipalities are too dependent on grants from national government. This is mainly due to the rapid increase in national transfers that has reduced the proportion of revenue that municipalities need to raise from own local sources, resulting in some municipalities no longer attempting to collect own revenue and becoming entirely reliant on grants. In the Northern Cape there are municipalities, such as Moshaweng, that are not collecting own revenue contributing to the R547 million (after the provision for bad debt) owed to Northern Cape municipalities during 2008/2009.
- Some grant programmes are not performing well, e.g. the grants allocated to strengthen municipal capacity are fragmented, overlapping, and lack coherence.
- Municipalities are not spending enough on infrastructure. Even though the capital budgets of municipalities have grown at 16% annually since 2003/2004 nationally, it is not sufficient to address backlogs AND maintain existing infrastructure. For each year that a municipality does not spend on new infrastructure or maintenance, the total accumulated infrastructure backlog grows, resulting in municipal infrastructure falling into disrepair and preventing local economic growth. Municipalities need to explore new sources of financial infrastructure investment. Borrowing from the private sector allows municipalities to speed up the construction of infrastructure while paying it off over the asset's lifetime. Between 2003/2004 and 2006/2007, borrowing from the private sector accounted for less than 28% of municipal capital financing, as municipalities rely more and more on national grants to finance infrastructure. Borrowing from the private sector is set to decline even further to 18% by 2009/2010.
- Cash flow problems are experienced due to low payment rates, e.g. current payment rate at Dikgatlong is only 50% and at Sol Plaatje it is 46%.
- Lack of senior accounting staff, which negatively affects the MFMA reporting.
- Municipalities currently converting to new financial systems include Dikgatlong (funded by Frances Baard DM).

## Interventions and remedial actions put in place 2008/2009<sup>78</sup>

- The Siyenza Manje Project deployed financial experts to assist the following municipalities: Kamiesberg, Renosterberg, Karoo Hoogland, Moshaweng, Siyanda DM, Tsantsabane, Kgatelopele, Namakwa DM and Mier. The Provincial Treasury has assisted with the development of SDBIPs on the new format, as well as with financial turnaround strategies at municipal level.<sup>79</sup> Monitoring and further support will be provided by DH&LG and Provincial Treasury.

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<sup>77</sup> National Treasury, Republic of South Africa (2008). *Local government budgets and expenditure review, 2008*. 26 August 2008.

<sup>78</sup> Implementation plan for the five year local strategic agenda. Northern Cape. Undated.

<sup>79</sup> Provincial report on the implementation plan for the 5 year strategic agenda. June 2008. DH&LG.

- In addition a consultant was appointed by DH&LG to assist Siyathemba with AG queries, financial records, and the completion of a GAMAP/GRAP compliant asset register. The municipality's suspense accounts were reconciled and the assets register was handed over to the municipality in March 2008.
  - SALGA has established District Financial Technical Teams comprised of municipalities' representatives and SALGA financial committee members within the districts.
  - Municipalities have appointed debt collection agencies to assist with the collection of debt, but the overall success rate was not good. In Dikgatlong, the monitoring of payment of current accounts by internal credit control was put in place as an additional debt control measure, and services to defaulters are cut-off on a weekly basis.<sup>80</sup>
  - Installation of pre-paid electricity systems in Dikgatlong.<sup>81</sup>
  - In Renosterberg, the automatic deduction of councillors and officials' arrear municipal accounts directly from the payroll was introduced.<sup>82</sup>
  - Assistance with S71 reports is on-going at all municipalities.
  - The IMFO and Siyenza Manje Project have assisted in the MFMA compliance initiative.
  - The impact of the Siyenza Manje Project needs to be assessed to determine the extent to which skills are transferred.
- Treasury is submitting quarterly reports to cabinet on municipalities' state of finances.
- Provincial Treasury is planning a summit which will address a multitude of cross-cutting issues.
  - An awareness programme to highlight the implications of councillor interference in administrative matters of the municipalities should be undertaken.
  - The MSIG for 2008/2009 makes provision for :
    - Compilation of by-laws for municipalities. Fifteen (15) municipalities have included the compilation of polices and by-laws in their 2008/2009 activity plans
    - Compilation of GAMAP/GRAP complaint asset registers. Twenty-eight (28) municipalities included this in their 2008/2009 MSIG activity plans

## Submission of 2008/2009 Annual Financial Statements

Twenty-two (22) of 32 municipalities submitted their 2008/2009 financial statements by 31 August, compared to 27 in the previous year. Phokwane, Renosterberg and Nama Khoi had not yet submitted their 2008/2009 statements on 7<sup>th</sup> December 2009.

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<sup>80</sup> Annual Report 2007/2008: Dikgatlong.

<sup>81</sup> Annual Report 2007/2008: Dikgatlong.

<sup>82</sup> Annual report 2007/2008: Renosterberg.

Table 41. Status on 7 December 2009 of the 2008/2009 Annual Financial Statements submitted by municipalities and audit opinion

Sub	Municipality	Submitted As at 31/08/09	Submitted Late	Outstanding	Audit opinion
Frances Baard	Frances Baard DM	Yes			Financially unqualified (with no other matters)
	Dikgatlong	Yes			Disclaimer
	Magareng	No	√		Disclaimer
	Phokwane	No		√	LATE
	Sol Plaatje	Yes			Disclaimer
	Sub total	3	1	1	
JTG	John Taolo Gaetsewe DM	Yes			Financially unqualified (with other matters)
	Gamagara	Yes			Qualified
	Ga-Segonyana	Yes			Disclaimer
	Moshaweng	No	√		Disclaimer
	Sub total	3	1	0	
Siyanda	Siyanda DM	Yes			Disclaimer
	Kai! Garib	No	√		Disclaimer
	Kgatelopele	Yes			Disclaimer
	Khara Hais	No	√		Qualified
	!Kheis	Yes			Disclaimer
	Mier	Yes			Disclaimer
	Tsantsabane	Yes			Disclaimer
Sub total	5	2	0		
Pixley ka Seme	Pixley ka Seme DM	Yes			Qualified
	Emthanjeni	Yes			Disclaimer
	Kareeberg	Yes			Financially unqualified (with no other matters)
	Renosterberg	No		√	LATE
	Siyancuma	Yes			Disclaimer
	Siyathemba	Yes			Disclaimer
	Ubuntu	Yes			Qualified
	Umsobomvu	Yes			Disclaimer
	Thembelihle	No	√		Disclaimer
Sub total	7	1	1		
Namakwa	Namakwa DM	Yes			Financially unqualified (with other matters)
	Hantam	Yes			Qualified
	Kamiesberg	Yes			Disclaimer
	Karoo Hoogland	Yes			Disclaimer
	Khâi-Ma	No	√		Financially unqualified (with other matters)
	Nama Khoi	No		√	LATE
	Richtersveld	No	√		Qualified
Sub total	4	2	1		
<b>TOTAL</b>	<b>22</b>	<b>7</b>	<b>3</b>		

## Audit outcomes

The objective of a financial statement audit is to enable the auditor to express an opinion as to whether the financial statement fairly present, in all material respects, the financial position of the entity at a specific date, and the results of its operations and cash flow. If this is not the case, or the auditor is not able to determine whether this is the case, this will lead to a modified audit report which may be a qualified opinion, adverse opinion, or a disclaimer of opinion.

Audit outcomes have improved marginally during 2008/2009. Nama Khoi, Renosterberg and Phokwane had their audit reports outstanding at June 2010. The following trends are noted for the remaining 29 municipalities:

- Nineteen municipalities received disclaimers compared to 21 in the previous year
- Qualified opinion decreasing from nine (9) to four (4)
- Four (4) municipalities received financially unqualified opinions (with other matters) compared to only one in the previous year
- Frances Baard and Kareeberg received financial unqualified (with no other matters – clean audit) reports.. This is a notable achievement. Only four (4) municipalities nationally had clean audits and two (2) of these were in Northern Cape.

Table 42. Summary of audit outcomes at 31 January 2010<sup>83</sup>

Type of audit opinion	2008/2009	2007/2008	2004/2005
Disclaimer	19	21	20
Adverse	0	0	4
Qualified	4	9	5
Financially unqualified (with other matters)	4	1	2
Financial unqualified (with no other matters – clean audit report)	2	1	0
Total reported on	29	32	31
Total not finalised	3	0	0
<b>TOTAL</b>	<b>32</b>	<b>32</b>	<b>31</b>

The Auditor-General put forward drivers to improve audit outcomes in the Northern Cape. These drivers focus on leadership, financial management and governance:<sup>84</sup>

- Leadership
  - Executive Mayors, Council and Municipal Managers need to commit themselves to the preparation and timely implementation of appropriate action plans to address audit findings.
  - The leadership needs to monitor progress made by CFOs and/or consultants in implementing the basic financial controls, and also implement a checklist of legislation that needs to be complied with and monitor compliance thereto.

<sup>83</sup> Auditor-General. 2010. Northern Cape local government audit outcomes 2008-09 municipalities. February-March 2010.

<sup>84</sup> Auditor-General. 2010. Northern Cape local government audit outcomes 2008-09 municipalities. February-March 2010.

- Strengthen competence and skills levels of leadership and financial staff through appropriate training interventions coordinated by SALGA and COGHSTA to ensure that leadership is able to review and monitor financial management information and disclosure in the FS
- Financial management
  - CFOs and/or consultants need to ensure basic financial disciplines are adhered to (viz. proper and regular filing of supporting documents, daily processing of transactions, monthly recons and review, produce an audit file to support the figures and disclosures in the FS)
  - Mayors to reverse the current poor trend of submission of service delivery monitoring and reporting required by Sections 54, 71 and 72 of the MFMA.
  - Roll out lessons learnt from Frances Baard and Kareeberg – the two (2) municipalities with clean audit opinions
- Governance:
  - Audit committees and internal audit functions must be strengthened through the employment of competent persons to effectively discharge their responsibilities as set out in the MFMA. This is necessary to promote their independent accountability on all matters of risk relating to financial management and service delivery, including providing assurance on implementation of action plans to address audit findings and to implement GRAP; on efficacy of basic financial disciplines; and on reviewing financial statements.

### **Interventions and remedial actions put in place 2008/2009**

- Senior management must be available during the annual audit. The unavailability of senior staff affects the outcome of audits negatively.<sup>85</sup>
- The CFO forum was established in February 2008 and the participation rate is very good. The forum has a task team who is working on a minimum structure for financial office at municipalities based on the competency framework that needs to be implemented by 2011.
- Provincial Treasury is concerned about the number of disclaimers and wants municipalities to commit to a target date by which an unqualified audit outcome will be realised.
- A “quick win” project is being initiated by Provincial Treasury and DH&LG. This involves identifying the 10 largest debtors of a municipality in order to start recovering debt. Government departments with outstanding debts are expected to be among those identified and targeted.
- Management at Sol Plaatje prepared an Audit Intervention Strategy to address all qualifications in the 2006/2007 audit report that led to a disclaimer. A large number of issues have been addressed and the strategy is treated as a high priority and will reflect in the municipality’s SDBIP for 2008/2009 as well as the performance agreements of managers directly accountable to the municipal manager.<sup>86</sup>
- The conversion to GRAP will have an improvement on the audit opinion of municipalities. All medium capacity municipalities have to convert by 30 June 2009 and low capacity municipalities by 30 June 2010. The inadequate asset registers was the major cause of disclaimers in the 2007/2008 financial year, and in order to rectify this,

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<sup>85</sup> Comment from Provincial Treasury on 25 August 2008.

<sup>86</sup> Annual Report 2007/2008: Sol Plaatje.

municipalities have appointed service providers to implement GRAP inclusive of assets registers.<sup>87</sup>

- Actions that are being implemented by the CoGHSTA, Provincial Treasury and the Siyenza Manje Project are:
  - All municipalities were requested to submit action plans to address the issues raised in the 2007/2008 AG reports
  - Regional meetings are held to monitor and assist municipalities. Priority is given to implementation plans with assigned tasks to municipality officials; availability of supporting documentation; compilation of assets registers; improved quality and timeliness of financial statements; availability of key staff during audits; internal controls; and raising awareness with supervisors on the importance of audit reports.
  - Siyathemba, Ga-Segonyana, Phokwane, Gamagara, Siyancuma and Dikgatlong were identified as municipalities with capacity constraints in need of focused assistance and are monitored on a regular basis. Financial experts of the Siyenza Manje Programme are deployed to Namakwa, Siyanda, Renosterberg, Karoo Hoogland, Moshaweng and Magareng.

## Generally Recognized Accounting Practice (GRAP)

In its 2008/2009 general report on audit outcomes of the Northern Cape local government, the Auditor General found that only nine (31%) of the 29 municipalities displayed a high level of GRAP readiness. The municipalities are: Frances Baard, Gamagara, Hantam, JTG, Kareeberg, Khâi-Ma, Namakwa, Pixley ka Seme and Richtersveld.

Reasons for GRAP readiness include (pg. 36 of report):

- Regular monitoring and implementation of GRAP implementation plans
- CFOs and finance departments had the required skills, or municipality employed consultants where skills were lacking
- Appropriate accounting policies were developed timeously and the accounting system was aligned to produce the relevant information.
- Addressing the previous year's issues identified, early on during the financial year.

The Auditor General also found that common obstacles in GRAP non-readiness, include (pg. 36 of report):

- The CFO's lack of involvement in the municipality's financial functions and in the preparation of the financial statements. This was the case in nine (31%) of the municipalities. The municipalities are: !Kheis, Gamagara, Ga-Segonyana, Hantam, Kai !Garib, Moshaweng, Namakwa, Siyanda, and Tsantsabane.
- The finance staff and/or CFOs did not have the correct skills in 21 (72%) of the municipalities.
- Ten municipalities were not on par regarding progress on their GRAP implementation plans, or omitted to compile GRAP implementation plans.
- GRAP implementation plans did not contain clearly defined milestones to facilitate the effective monitoring of its implementation.

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<sup>87</sup> Report on annual financial statements and auditor general reports of municipalities 2007/2008 compiled in terms of the S 131 of the MFMA. Draft received 13 August 2009. DH&LG.

- Dikgatlong, Kgatelopele, Moshaweng and Tsantsabane omitted to compile GRAP implementation plans.
- Eighteen (63%) of the municipalities had accounting systems and information systems that did not generate GRAP compliant information.
- At 10 (34%) of municipalities, the municipality's staff could not operate the accounting system and had to rely on consultants to generate information from the accounting systems.

## Challenges and recommendations

In its 2008/2009 report (pg.21), the Auditor General recommends the following:

- Northern Cape local government leadership and senior management should commit to the preparation and timely implementation of appropriate action plans to address the previous year's audit findings. The internal audit function should be used as a tool to report back on a regular basis throughout the financial year on the implementation and performance of the mentioned key controls at ground level, as well as the actual progress against planned turnaround action plans.
- It is critical that municipal managers and executive mayors strengthen the internal audit units through the appointment of suitably qualified personnel. Competence and skills levels of leadership and financial staff should be strengthened through appropriate training interventions.
- Each municipality's CFO and consultants' progress in the implementation of basic financial controls. This can be done through internal audit and audit committees providing regular quarterly feedback to the municipality's leadership of the effectiveness of key internal controls.

Furthermore, the Auditor General recommends that:<sup>88</sup>

- Municipalities should assess whether the ongoing use of consultants for accounting-related services is the most economical way of addressing their needs, and should also taking into account the need for continuity and sustainability of the function the consultants are engaged to perform. Municipalities should capitalise on the transfer of skills to build sustainable in-house finance units.
- The leadership, with the assistance of the provincial treasury, must monitor and evaluate the effectiveness of the services rendered by consultants with reference to the audit outcomes and transfer of skills.
- The transfer of skills should be included as a requirement when bids are requested. It should also be included as a requirement in the contracts and service level agreements with consultants.
- Attract and retain appropriately skilled finance staff.

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<sup>88</sup> Auditor-general South Africa. General report on audit outcomes of Northern Cape local government. Northern Cape MFMA 2008-09 General report.

## Interventions of 2008/2009

Operation Clean Audit was launched in the Northern Cape by the Premier on 1<sup>st</sup> October 2009.<sup>89</sup> The aim of the operation is to overhaul poor financial systems and enhance service delivery at both local and provincial government spheres. All municipalities must adopt improved financial controls and management systems to meet accounting standards. The following aims and targets are in place:

- Between 2010 and 2011, no municipality or provincial department will receive an adverse opinion, or disclaimer, on the AFS
- By 2012, at least 60% of provincial departments and municipalities must achieve an unqualified audit opinion
- By 2013, at least 75% of both provincial government departments and municipalities must achieve an unqualified audit opinion
- By 2014, there must be 100% 'clean' audits at provincial departments and all municipalities

Consultants assisted successfully in five (5) instances to improve audit outcomes:<sup>90</sup>

- Hantam Municipality progressed from a disclaimer to qualified audit report. In order to achieve this, the municipality implemented detailed action plans to resolve inventory, provisions, taxes and VAT. In addition they were assisted by consultants, while the transitional provisions of ASB Directive 4 also provided some relief.
- John Taolo Gaetsewe District Municipality progressed from qualified to financially unqualified (with other matters). The municipality appointed consultants to resolve the capital assets qualification.
- Khâi-Ma Municipality progressed from qualified to financially unqualified (with other matters). The municipality appointed consultants to compile the financial statements, which in turn impacted on the audit outcome (improving disclosure, but there were still various corrections to the financial statements) and in the process some skills were transferred.
- Namakwa District Municipality progressed from qualified to financially unqualified (with other matters). The municipality appointed consultants to compile the financial statements and assist with other financial functions as the municipal manager and the CFO were suspended for the greater part of the financial year, which in turn impacted on the audit outcome (ensuring proper disclosure and good working paper file). In the process some skills were transferred.
- Richtersveld Municipality progressed from qualified to financially unqualified (with other matters). The CFO position had been vacant since December 2008 and the resulting lack of capacity in the finance department required the appointment of consultants to compile the financial statements.

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<sup>89</sup> Address by the Premier of the Northern Cape, Ms Hazel Jenkins at the occasion of the Operation Clean Audit 2014 launch.

<sup>90</sup> Auditor-general South Africa. General report on audit outcomes of Northern Cape local government. Northern Cape MFMA 2008-09 General report.

## Financial management

The Municipal Finance Management Internship Programme (MFMIP) was introduced in 2005 to assist municipalities to increase their capacity to implement the municipal finance reforms embodied in the MFMA. It is the goal of the programme that each municipality appoint a minimum of two graduate interns in the accounting, economics and finance fields over a period of at least 24 months. Financial assistance is provided to municipalities in the form of the Finance Management Grant (FMG) to assist in the roll-out and management of this programme.<sup>91</sup> It is unclear how many interns have been appointed in Northern Cape municipalities.

## Conclusion

The table below details the actual financial management performance achieved by Northern Cape municipalities.

Target	Actual performance achieved
Bank balances – cash on hand	R 276 million cash on hand (less overdraft), with 13 municipalities in a deficit position Average cash on hand (less overdraft) accounts for 72% of current liabilities
Outstanding debtors to revenue	Total recoverable debtors amounted to R547 million The value of the recoverable debtors to total revenue is 24%. Average debtor days are 88.
Aggregate of bad debt	All, but one municipality, made provision for bad debt amounting to a total of R619 million
Creditor payments	Creditors amount to R301 million 4 municipalities' creditors account for over 30% of operating expenditure. The average is 11% and 15 municipalities exceed this percentage.
Credit rating	Only Sol Plaatje has been rated, with a rating of A3.za
External loans	External loans outstanding balance at end 2008/2009 is R358 million which accounts for 13% of fixed assets
Salaries to total expenditure	18 municipalities spent 35% or less on salaries including councillor remuneration, whilst no municipality exceeded 50%
Reliance on subsidies & grant income	36% of total revenue is comprised of grants and subsidies 14 municipalities rely on subsidies and grants for more than 40% of income

<sup>91</sup> <http://www.finance.gov.za/legislation/mfma/training/Internship%20Programme.aspx> (Accessed: 2010-08-11)

## 6 GOOD GOVERNANCE AND PUBLIC PARTICIPATION: KPA5

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### Introduction

Matters of governance relate to the functioning of audit committees, ward committees, district intergovernmental structures and the establishment of the local houses of traditional leadership.

### Matters of governance

#### Audit Committees

By end July 2009, 20 municipalities had established internal audit committees, of which 14 are shared audit committees. Renosterberg Municipality indicated that it outsourced this function, but did not indicate to whom; and Hantam Municipality indicated that the function is implemented by its Finance Department.

In its 2008/2009 general report on audit outcomes of the Northern Cape local government, the Auditor General indicated that there are significant weaknesses within the majority of municipalities and that these weaknesses are due to a lack of effective monitoring of the implementation of action plans to address the previous year's audit findings. In turn this lack of monitoring is as a result of municipalities not having effective internal audit and audit committee structures able to monitor senior management's implementation of action plans and highlighting risk factors when necessary. It was found that 23 (79%) out of the 29 municipalities had pervasive deficiencies related to governance issues, such as internal audits, and audit committee arrangements.

Auditor General assessed that in 2008/2009:

- Only 12 had an Audit Committee in operation throughout the year
- Fourteen municipalities' audit committees operate in accordance with approved written TOR
- Two (2) Audit committees substantially fulfilled its responsibilities for the year as set out in section 166(2) of the MFMA
- 18 had an internal audit function in operation throughout the year
- 16 Internal audit functions operate in terms of an approved internal audit plan
- Four Internal audit functions substantially fulfilled its responsibilities for the year as set out in section 165(2) of the MFMA

Table 43. Internal audit committees<sup>92</sup>

	Municipality	Internal Audit Committee established	Status
Frances Baard	Dikgatlong	Yes (shared service)	
	Frances Baard	Yes (shared service)	Implementation of internal audit services at 65%
	Magareng	Yes (shared service)	
	Phokwane	Yes (shared service)	
	Sol Plaatje	Yes	
JTG	Gamagara	Yes (shared service)	
	Ga-Segonyana	Yes (shared service)	
	JTG	Yes (shared service)	Five (5) meetings held in 2008/2009
	Moshaweng	Yes (shared service)	
Namakwa	Hantam		Function implemented by municipality's Financial Department
	Kamiesberg		
	Karoo Hoogland		
	Khâi-Ma		
	Nama Khoi		
	Namakwa	Yes (shared service)	
	Richtersveld		The District Area Finances Forum is setting up Terms of Reference for shared services in Namakwa District.
Pixley ka Seme	Emthanjeni	Yes (shared service)	Held four (4) meetings during 2008/2009.
	Kareeberg	Yes	Contract with Pixley ka Seme District Municipality. Audited on a quarterly basis.
	Pixley ka Seme	Yes (shared service)	
	Renosterberg	Outsourced	No indication in annual report to whom this is outsourced.
	Siyancuma		
	Siyathemba	Yes	Three (3) meetings during 2008/2009.
	Thembelihle	Yes (shared service)	
	Ubuntu	Yes	
	Umsobomvu		
Siyanda	!Kheis	Yes (shared service)	
	//Khara Hais		
	Kai !Garib	Yes	
	Kgatelopele		
	Mier	Yes	
	Siyanda	Yes (shared service)	
Tsantsabane			

<sup>92</sup> Five Year Local Government Strategic Agenda, NC report. October 2007 to March 2008; as well as the available municipalities' 2008/2009 annual reports.

Table 44. Audit committee and internal audit<sup>93</sup>

	Municipality	Audit committee			Internal audit		
		Audit committee in operation throughout the year	Audit committee operates in accordance with approved written TOR	Audit committee substantially fulfilled its responsibilities for the year as set out in section 166(2) of the MFMA	An internal audit function in operation throughout the year	Internal audit function operates in terms of an approved internal audit plan	Internal audit function substantially fulfilled its responsibilities for the year as set out in section 165(2) of the MFMA
Frances Baard	Dikgatlong	No	Yes	No	Yes	Yes	No
	Frances Baard	No	Yes	No	Yes	Yes	No
	Magareng	No	No	No	No	No	No
	Phokwane						
	Sol Plaatje	Yes	Yes	Yes	Yes	Yes	Yes
JTG	Gamagara	Yes	Yes	No	Yes	Yes	No
	Ga-Segonyana	Yes	Yes	No	Yes	Yes	Yes
	JTG	Yes	Yes	No	Yes	Yes	Yes
	Moshaweng	Yes	Yes	Yes	Yes	Yes	Yes
Namakwa	Hantam	No	No	No	No	No	No
	Kamiesberg	No	No	No	No	No	No
	Karoo Hoogland	No	No	No	No	No	No
	Khâi-Ma	No	No	No	No	No	No
	Nama Khoi						
	Namakwa	No	No	No	Yes	Yes	No
	Richtersveld	No	No	No	No	No	No
Pixley ka Seme	Emthanjeni	Yes	Yes	No	Yes	Yes	No
	Kareeberg	Yes	Yes	No	Yes	Yes	No
	Pixley ka Seme	Yes	Yes	No	Yes	Yes	No
	Renosterberg						
	Siyancuma	No	No	No	Yes	Yes	No
	Siyathemba	Yes	Yes	No	Yes	Yes	No
	Thembelihle	Yes	Yes	No	Yes	Yes	No
	Ubuntu	Yes	Yes	No	Yes	No	No
	Umsobomvu	No	No	No	No	No	No
Siyanda	!Kheis	No	No	No	No	No	No
	//Khara Hais	No	No	No	Yes	Yes	No
	Kai !Garib	No	No	No	No	No	No
	Kgatelopele	No	No	No	No	No	No
	Mier	No	No	No	No	No	No
	Siyanda	Yes	Yes	No	Yes	Yes	No
	Tsantsabane	No	No	No	Yes	No	No
Number of responses		29	24	24	24	24	24
Number of YES responses		12	14	2	18	16	4

<sup>93</sup> From the AG's report 2008/2009 on each municipality.

The Auditor General found that in 2008/2009, six municipalities, namely Frances Baard DM, Ga-Segonyana, Kareeberg, John Taolo Gaetsewe DM, Moshaweng and Sol Plaatje, performed well and had no pervasive governance findings. The lessons learned from these municipalities are (Auditor General 2008/2009, pg.22):

- The internal audit units and audit committees worked according to a written frame of reference or audit plan.
- Regular meetings were held and they worked throughout the year towards achieving the goals they had committed to in the beginning of the year.
- Risk assessments were conducted and related fraud prevention plans or plans to mitigate risks were prepared, implemented and monitored on an ongoing basis.

### **Other matters of governance**

The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. The Auditor General reports on its assessment of each municipality's processes in the annual 'Report of the Auditor-General to the Northern Cape Provincial Legislature on the Financial Statements and Performance Information'.

The following matters were highlighted for 2008/2009:

- The prior year's audit findings have been substantially addressed by only two (2) municipalities
- Only three (3) municipalities had information systems in place that were appropriate to facilitate the preparation of accurate performance reports.
- Two (2) municipalities had adequate control processes and procedures designed and implemented that ensure accuracy and completeness of reported information. Thirteen (13) municipalities prepared approved strategic plans for 2008/2009 for the purpose of monitoring the performance in relation to the budget, and delivery by the municipality against its mandate, predetermined objectives, and indicators and targets.

Table 45. Other matters of governance

	Municipality	The prior year's audit findings has been substantially addressed	Information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete	Adequate control processes and procedures are designed and implemented to ensure accuracy and completeness of reported information	A strategic plan was prepared and approved for the FY under review for the purpose of monitoring the performance in relation to the budget and delivery by the municipality against its mandate, predetermined objectives, and indicators and targets
Frances Baard	Dikgatlong	No	No	No	No
	<i>Frances Baard</i>	Yes	Yes	Yes	Yes
	Magareng	No	No	No	Yes
	Phokwane				
	Sol Plaatje	No	Yes	No	Yes
JTG	Gamagara	No	No	No	No
	Ga-Segonyana	No	Yes	Yes	Yes
	<i>JTG</i>	Yes	No	No	Yes
	Moshaweng	No	No	No	No
Namakwa	Hantam	No	No	No	No
	Kamiesberg	No	No	No	No
	Karoo Hoogland	No	No	No	No
	Khâi-Ma	No	No	No	No
	Nama Khoi				
	<i>Namakwa</i>	No	No	No	Yes
	Richtersveld	No	No	No	No
Pixley ka Seme	Emthanjeni	No	No	No	Yes
	Kareeberg	No	No	No	Yes
	<i>Pixley ka Seme</i>	No	No	No	Yes
	Renosterberg				
	Siyancuma	No	No	No	Yes
	Siyathemba	No	No	No	No
	Thembelihle	No	No	No	Yes
	Ubuntu	No	No	No	No
Umsobomvu	No	No	No	No	
Siyanda	!Kheis	No	No	No	No
	//Khara Hais	No	No	No	Yes
	Kai !Garib	No	No	No	No
	Kgatelopele	No	No	No	No
	Mier	No	No	No	No
	<i>Siyanda</i>	No	No	No	Yes
	Tsantsabane	No	No	No	No
Number of responses	29	29	29	29	
Total YES responses	2	3	2	13	

## Ward committees

### Achievements

All wards have ward committees established in Northern Cape. The numbers of wards have increased from 174 to 183, due to the recent establishment of nine wards at Mier Municipality in order to replace the town forums, and to adhere to legislation.

However, not all these committees are functional. A total of 50 ward committees are reported to be non-functional. Non-functioning ward committees are committees that do not exist because members have either resigned or are inactive. These committees will thus have to be revised and reformulated.

Table 46. Status of ward committees<sup>94</sup>

	Municipality	Numbers of wards per municipality	Status of ward committees	
			Functional	Non-Functional
Frances Baard	Dikgatlong	7 Wards	✓	
	Magareng	5 Wards	✓	
	Phokwane	9 Wards	✓	
	Sol Plaatje	28 Wards	✓	
	Total of Wards	49 Wards	49 Wards	None
JTG	Ga-Segonyana	9 Wards	✓	Ward 1 meetings poorly attended
	Gamagara	4 Wards		Ward 1
	Moshaweng	11 Wards	✓	
	Total of Wards	24 Wards	23 Wards	1 Ward
Pixley ka Seme	Emthanjeni	7 Wards	✓	
	Kareeberg	4 Wards	✓	
	Renosterberg	4 Wards	✓	
	Siyancuma	5 Wards		✓
	Siyathemba	4 Wards	✓	
	Thembelihle	4 Wards	✓	
	Ubuntu	4 Wards		✓
	Umsobomvu	5 Wards		✓
	Total of Wards	37 Wards	23 Wards	14 Wards
	Siyanda	Ka! Garib	8 Wards	
Kgatelopele		4 Wards	✓	Ward 4
Khara Hais		12 Wards		✓
!Kheis		4 Wards	✓	
Mier		9 Wards	✓	Ward 9
Tsantsabane		6 Wards	✓	
Total of Wards		43 Wards	21 Wards	22 Wards
Namakwa	Hantam	5 Wards	1 Ward	4 Wards
	Kamiesberg	4 Wards	✓	
	Karoo Hoogland	4 Wards		✓
	Khâi Ma	4 Wards		✓
	Nama Khoi	9 Wards	✓	
	Richtersveld	4 Wards	3 Wards	Ward 1
	Total of Wards	30 Wards	17 Wards	13 Wards
<b>TOTAL</b>		<b>183 Wards</b>	<b>133 Wards</b>	<b>50 Wards</b>

<sup>94</sup> Information was compiled by Agnes Paulsen. Received from Geoff Boshupeng, DH&LG on July 2008. Where possible, information was updated from the municipalities' 2008/2009 annual reports.

According to CoGHSTA there are 27 municipalities with functional ward committees in the Northern Cape.<sup>95</sup>

## Challenges

Challenges for the implementation of the ward committees include:

- Clarifications of the role and job descriptions of administration, councillors, ward committees and CDWs. This was particularly noted by Dikgatlong and Ga-Segonyana.
- Only a few municipalities, such as Moshaweng, have an allocated budget for councillors and ward committees, which often result in poor commitment from councillors. Ward Committees are not happy about not being paid while the CDWs are paid. This is problematic in an environment where many of the Ward Committee members are unemployed.
- Municipal officials are not involved in ward meeting or other processes.
- Councillors need to attend Ward Committee Meetings
- Budgets for the Ward Committees need to be available
- Ward committees should be involved in all government projects and programmes.

## Community Development Workers

### Achievements

According to CoGHSTA<sup>96</sup>:

- 28 municipalities implemented full CDW programmes.
- Ten (10) municipalities have provided office space and limited equipment to community development workers

At July 2009, there were 317 filled Community Development Worker (CDW) posts in the province. Twenty-one vacancies existed at 16 municipalities. The highest vacancy rate was at Siyathemba.

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<sup>95</sup> CoGHSTA. Annual operational plan 2009. Directorate Municipal Comp and public participation.

<sup>96</sup> CoGHSTA. Annual operational plan 2009. Directorate Municipal Comp and public participation.

Table 47. Number of CDWs, vacancies and wards as at July 2009<sup>97</sup>

	Municipality	Number of wards	Number of CDW	Vacancies
Frances Baard	Dikgatlong	7	8	
	Frances Baard			
	Magareng	5	11	1
	Phokwane	9	11	1
	Sol Plaatje	28	54	
JTG	Gamagara	4	10	2
	Ga-Segonyana	9	14	2
	JTG		3	
	Moshaweng	11	24	
Namakwa	Hantam	5	6	
	Kamiesberg	4	11	1
	Karoo Hoogland	4	6	
	Khâi-Ma	4	8	
	Nama Khoi	9	17	1
	Namakwa			
	Richtersveld	4	5	1
Pixley ka Seme	Emthanjeni	7	13	1
	Kareeberg	4	5	
	Pixley ka Seme			
	Renosterberg	4	7	1
	Siyancuma	5	10	
	Siyathemba	4	5	3
	Thembelihle	4	9	1
	Ubuntu	4	7	1
	Umsobomvu	5	10	1
Siyanda	!Kheis	4	8	1
	//Khara Hais	12	19	
	Kai !Garib	8	10	
	Kgatelopele	4	8	
	Mier	9	9	1
	Siyanda		2	
	Tsantsabane	6	7	2
	<b>TOTAL</b>	<b>183</b>	<b>317</b>	<b>21</b>

## Challenges and interventions

- There are no full time mentors at municipalities to assist with the programme, and posts for these positions are to be advertised by end 2009. Thereafter a CDW summit will be held, and CDWs will also attend training on poverty and service standards.<sup>98</sup>
- The CDW programme is new and the structure is not fully fledged. Currently, CDWs, report to the Province and not to the Council, which reduces the CDWs accountability. They need supervision on a daily basis, and should be required to draft daily and monthly work plans, and to actively monitor communities.
- Challenges for community development workers include:

<sup>97</sup> Community development workers programme, CoGHSTA. Data sheet marked July 2009.

<sup>98</sup> 2009. Quarterly report made available on 1 December 2009 by the NC Provincial MIG Unit.

- Limited office space and equipment, such as fax machines, telephones, filing cabinets, and computers.
- Access to vehicles for doing work in rural areas.

## Northern Cape Directorate of Traditional Leadership and Institutions<sup>99</sup>

With the disestablishment of the former cross-boundary municipal areas, the Northern Cape incorporated nine traditional communities and leaders situated in the John Taolo Gaetsewe district.

### Policies and Constitutional imperatives

In terms of Section 211(1) and 212(2) of Chapter 12 of the Constitution, National legislation must provide for a role for traditional leadership as an institution to deal with issues affecting local communities, also to provide for the establishment of Provincial and Local Houses of Traditional Leadership.

Based on this legislative imperative, these specific sections of the Constitution must be implemented in line with the Traditional Leadership and Governance Framework Act (Act 41 of 2003) and the Northern Cape Traditional Leadership Governance and Houses of Traditional Leadership Act (Act 2 of 2007).

### Achievements

- The traditional leadership office started operating in 2007. The Senior Manager was appointed in December 2007 and during the 2008/2009 financial year, five additional staff members were appointed at district level and three more were appointed at head office level.
- A Local House for Traditional Leaders was established in the then Kgalagadi District Municipality, now John Taolo Gaetsewe District Municipality. The House was inaugurated on 12 June 2008 in Kuruman by former Premier Peters.
- On 11 February 2009 the eight recognized traditional communities received vehicles from the Provincial Government to be used for official duties.
- On 18 February 2009 the Northern Cape Traditional Leadership, Governance and Houses of Traditional Leaders Act (Act 2 of 2007) came into operation. This legislation was drafted and finalized as a combined project between Office of the Premier, Department of Local Government and Housing, and COGTA. The Regulations have also been finalized but need some adjustments.
- On the 01 of April 2009, the Provincial House of Traditional Leaders was inaugurated. The members of this Provincial House include representatives of the Khoisan Communities. This was a historic event because although the legislation dealing with indigenous communities is not finalized yet, the Northern Cape was the first province to acknowledge these communities and include them into the provincial structure.
- The Directorate managed to acquire funds (R1.8 million) from Provincial Treasury for the upgrading of traditional council offices. The upgrading process is in progress. A

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<sup>99</sup> Report received from M van den Berg, Asst. Manager: Corporate Support Services. Traditional Leadership and Institutions

“traditional funds bank account” was opened to administer the communities’ equitable share funds transferred by the North West Province.

- The National Programme of Support was launched by COGTA. The strategic objective of this programme is to support the structures of the traditional leadership institutions in order to improve governance, performance and accountability; as well as building sustainable capacity in order to promote and enhance the involvement of the institutions in the communities’ development processes.

## Challenges

- The Anthropology section requires a vibrant and expert manager. This section is vital as it not only does the research regarding the indigenous communities, but also addresses all the succession debates, appointment of leaders, and updating of the genealogies of all the traditional leaders.
- The relevant legislation indicates that traditional communities should be adequately funded to ensure maintenance of properties, personnel and other infrastructure.
- Accommodation for the Local House of Traditional Leaders in the John Taolo Gaetsewe district, as well as electronic equipment (laptops, cell phones, printers) for both members and support staff, a large vehicle (e.g. combi) to transport members, and services of a messenger/driver, are required.
- Double taxation of traditional communities through statutory taxes and levies should be ended.
- There is currently no legislation governing indigenous communities. COGTA deals with these communities through the elected National Khoisan Committee. A visit from Minister Sicelo Shiceka in February 2009 to traditional and indigenous leaders about the finalization of legislation governing indigenous communities, resulted in the following related challenges:
  - Support indigenous communities with transport, finances, office equipment, and operational costs, without any legislation that governs this.
  - Sitting allowances for representatives of indigenous communities who are members of the house.
  - The Anthropology section needs to research the customs, customary law and traditions of the indigenous communities.
  - The process of acknowledging the leaders of the Khoisan communities needs to be set out clearly, and the consultation with the relevant communities must then be done in accordance with their customs, customary laws and traditions.
  - The unit’s strategic plan needs to be redefined to incorporate the Khoisan communities.

## Interventions of 2008/2009

The National Programme of Support was launched by DPLG. The strategic objective of this programme is to support the structures of the institution of Traditional Leadership (traditional leaders, traditional councils and houses of traditional leaders) to improve governance, performance and accountability. Also building sustainable capacity to the institution of traditional leadership to promote and enhance the involvement of the institution in the development processes of their communities.

## District Intergovernmental Structures

The Intergovernmental Framework Act (Act 13 of 2005) is an important tool to enforce integrated service delivery. One of the key functions of Intergovernmental Relations (IGR) Forums is to ensure integration across different spheres of government, in order to achieve more co-ordination, monitoring, as well as to support both provincial departments and municipalities in achieving overall objectives for the province.<sup>100</sup>

### Achievements

- Interaction between provincial and local government has been strengthened by ensuring continued support for municipalities through the Premier's Intergovernmental Forum. To date, this forum has dealt with matters such as municipal debts, The Millennium Development Goals, The African Peer Review Mechanism, the situation of gravel roads, water provisioning in the province, and the audit outcomes for the provincial administration and municipalities respectively.
- The Provincial Programme Management Unit is supporting the District IGR forums by engaging the districts on critical delivery issues. All five KPAs are addressed through this initiative. During 2008/2009, Frances Baard DM was involved in the following key intergovernmental engagements:

IDP engagements with the MEC of Local Government

SDF interaction with provincial sector departments and local municipalities

Engagement with the departments of Economic Affairs and Trade and Industry on the review of the Frances Baard DM local Economic Development Strategy and the Diamond Hub

UNISA and DTI on youth entrepreneurship

President's office and Premier's Office on NSDP alignment

DWAF and FBDM water sector engagements

Eskom and local municipalities on energy

PMU engagements on MIG and service delivery

### Challenges

- As the IGR is a political forum, it is recommended that a technical forum be established where operational issues are discussed, and that this technical forum convenes prior to the political forum.
- Although there is an IGR forum in each district, municipal sector departments do not regularly attend these meetings.
- A TOR for the forums also needs to be drafted.
- The research capacity needs to be enhanced in order to ensure that support for clusters is not limited. The Executive Council is also ensuring that the province makes contributions to debates by ensuring coordination, and consolidating the inputs of all government departments.

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<sup>100</sup> [http://www.search.gov.za/info/previewDocument.jsp?dk=%2Fdata%2Fstatic%2Finfo%2Fspeeches%2F2008%2F08061816151004.htm%40Gov&q=\(+\(northern+cape%3CIN%3ETitle\)+\)%3CAND%3E\(+Category%3Cmatc hes%3Es+\)&t=D+Peters%3A+Northern+Cape+Office+of+the+Premier+Prov+Budget+Vote+2008%2F09](http://www.search.gov.za/info/previewDocument.jsp?dk=%2Fdata%2Fstatic%2Finfo%2Fspeeches%2F2008%2F08061816151004.htm%40Gov&q=(+(northern+cape%3CIN%3ETitle)+)%3CAND%3E(+Category%3Cmatc hes%3Es+)&t=D+Peters%3A+Northern+Cape+Office+of+the+Premier+Prov+Budget+Vote+2008%2F09)

Downloaded 26 July 2009.

- In its 2008/2009 annual report, Pixley ka Seme District Municipality, indicates that the lack of regular attendance of regional heads and mayors negatively affect the implementation of resolutions of the IGR.

## Imbizos

Imbizos are arranged by COGTA, DPSA and the Premiers Office, and community development workers are called upon to mobilise people for these events.

### Achievements

- A Northern Cape Local Government Summit was held in Kimberley in 2009 to discuss the findings of the ruling party's assessment of municipal service delivery in the province.
- A 'public service week' was held from 23 June to 3 July 2009 in Richmond, Green Point, Pampierstad and Jan Kempdorp.
- The Premier held a rural development strategy in Riemvasmaak.<sup>101</sup>
- The Frances Baard DM continued with its 'Council meets the people' programme, and held meetings with the Warrenvale, Jan Kempdorp, Ganspan, Delportshoop, and Riverton communities.
- Ga-Segonyana Imbizo is teamed up with the IDP and budget road shows.

### Challenges

- The impact of Imbizos on communities should be evaluated.
- Similarly, the awareness and participation programmes implemented by the CDWs and the ward committees, should also be evaluated.

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<sup>101</sup> COGTA. 2009. *Quarterly report made available on 1 December 2009 by the NC Provincial MIG Unit.*

## 7 CROSS CUTTING INTERVENTIONS

### IDP capacity municipalities

#### Achievements

All municipalities adopted an IDP between March and June 2008<sup>102</sup>, of which five (5) produced revised IDPs between March and June 2009.

Table 48. IDPs adopted<sup>103</sup>

Municipality	Draft	Final IDP	Final IDP
	Date adopted	Date adopted	
Frances Baard DM	February 2008	27 May 2008	19 May 2009
Sol Plaatje		28 May 2008	
Magareng		30 May 2008	31 May 2009
Phokwane		30 May 2008	
Dikgatlong		07 April 2008	
JTG DM		30 May 2008	31 March 2009
Gamagara		30 May 2008	
Ga-Segonyana		30 May 2008	
Moshaweng		28 May 2008	26 May 2009
Namakwa DM		05 June 2008	
Khâi-Ma		End June	
Nama Khoi		11 June 2008	
Kamiesberg		5 June 2008	
Hantam		06 June 2008	
Karoo Hoogland		16 May 2008	
Richtersveld		30 May 2008	
Siyanda DM		13 June 2008	
//Khara !Hais		27 June 2007	
!Kheis	28 March 2008	27 May 2008	5 June 2009
Mier		30 May 2008	
Kai !Garib		12 June 2008	
Tsantsabane		30 May 2008	
Kgatelopele		16 May 2008	
Pixley ka Seme DM		20 May 2008	
Emthanjeni		30 May 2008	
Siyancuma		18 June 2008	
Siyathemba		30 May 2008	
Ubuntu		31 March 2008	
Umsobomvu		30 May 2008	
Renosterberg		23 May 2008	
Thembelihle		30 May 2008	
Kareeberg		6 June 2008	

<sup>102</sup> Northern Cape Department of Housing and Local Government. 2008. IDP Analysis And Engagement Report, July 2008

<sup>103</sup> Department of Co-operative Governance, Human Settlement and Traditional Affairs, Northern Cape Province. 2009. IDP Analysis and Engagement Report, May 2009.

An intensive effort to improve the number of credible IDPs in the Northern Cape between June 2008 and February 2009 paid off. Only one (1) municipality, Khâi Ma, did not succeed in having a credible IDP in 2009, which is a dramatic increase in credible IDPs in recent years: 28% in 2007 to 66% in 2008.<sup>104</sup> Frances Baard DM remains the best performer. Other Municipalities that scored above 85% are Sol Plaatje, Namakwa DM, Pixley ka Seme DM and Ga-Segonyana.

Table 49. IDP ratings 2009<sup>105</sup>

Municipality	Percent age 2007	Percent age 2008	Percentage 2009	Key Areas - Rating (1 to 5)				
				Service Delivery	Institutional Arrangements	Local Economic Development	Financial Viability and Management	Good Governance and Community Participation
Frances Baard DM	58.5	90	92	4	5	4	5	5
Sol Plaatje	85.7	88	88	4	5	4	4	5
Phokwane	64.2	62	66	3	4	1.5	3	5
Dikgatlong	47.1	60	68	4	4	2	2	5
Magareng	40	44	54	3	3	1	2	4.5
Namakwa DM	64.2	74	88	4	4	4	5	5
Nama Khoi	34.2	52	66	3	4	2	3	4.5
Richtersveld	74.2	80	82	4	4.5	4	3	5
Khâi Ma	31.4	44	44	1	3	1	3	3
Hantam	42.8	56	62	3.5	3	2	3	4
Kamiesberg	28.5	44	62	3	3	2.5	3	4
Karoo Hoogland	20	20	52	3	4	1	1	4
Siyanda DM	25.7	78	84	4	4.5	3.5	4	5
//Khara Hais	57.1	60	72	4	5	3	1	5
IKheis	45.7	72	74	3	4.5	3	3	5
Mier	11.4	28	60	2	3	2.5	3	4.5
Kai !Garib	20	68	76	4	4.5	2.5	3	5
Tsantsabane	34.2	60	68	2.5	4.5	2.5	3	4.5
Kgatelopele	25.7	64	72	3	4	2.5	4	4.5
Pixley ka Seme DM	88.5	80	88	4	4	4	5	5
Emthanjeni	45.7	52	74	3	4	2.5	4	5
Siyancuma	50	50	54	2.5	3	2.5	2.5	3
Siyathemba	31.4	44	64	3	3	3	2	5
Ubuntu	14.2	32	50	2	3	1	3	3.5
Umsobomvu	20	36	64	2.5	3	2.5	3	5
Renosterberg	No IDP	32	56	2.5	3	2	2	4.5
Thembelihle	28.5	40	62	2.5	4	2	2	5
Kareeberg	11.4	48	70	3	3	2	5	4.5
John Taolo Gaetsewe DM	45.7	56	80	3	4.5	3.5	4	5
Gamagara	22.8	60	76	4	3	3.5	4	4.5
Ga-Segonyana	51.4	76	86	5	4.5	3	4	5
Moshaweng	57.1	56	66	3.5	3.5	2.5	2	5

<sup>104</sup> Northern Cape Department of Housing and Local Government. 2008. IDP analysis and engagement report. July 2008

<sup>105</sup> Department of Co-operative Governance, Human Settlement & Traditional Affairs, Northern Cape Province. 2009. IDP Analysis and Engagement Report, May 2009.

## Challenges

Although most municipalities have complied with legislation in respect of drafting IDPs, the lack of human and financial capital is a constraint to implementing the IDP.

## Interventions<sup>106</sup>

Municipalities have realised that a credible IDP is the result of certain prescribed steps, that it is a strategic plan, and that the linkage between the IDP, SDBIP and the budgeting process, is important.

All Municipalities that scored below 50% during the national assessment in April 2007 were targeted for interventions to ensure that each municipality's base document complies with the criteria prescribed for a credible IDP. During 2008/2009, twenty (20) municipalities received hands-on support, while special attention was provided to Karoo Hoogland.

The next phase for IDPs would be to ensure that those municipalities with credible IDPs will be able to implement their IDPs.

## Environmental issues

### Achievements

- Environmental issues have been addressed through:
  - Integrated Waste Management Plan (IWMP) by 19 municipalities
  - Environmental Impact Assessment options considered in IWMP by 17 municipalities
  - Evaluation and implementation of environmentally friendly practices by 14 municipalities
  - Integrated Environmental Management Plan (IEMP) by 14 municipalities
- Landfill sites are registered at Ga-Segonyana, Gamagara, and John Taolo Gaetsewe.

### Challenges

- The registration of landfill sites requires attention:
  - Ga-Segonyana and Kathu are experiencing problems in complying to the minimum requirements of the Solid Waste Disposal Act
  - Moshaweng has a need to develop a landfill site, but there are no registered landfill sites in Moshaweng.
  - At Kathu the mine no longer wants to make available its landfill site to the municipality.

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<sup>106</sup> Department of Co-operative Governance, Human Settlement & Traditional Affairs, Northern Cape Province. 2009. IDP Analysis and Engagement Report, May 2009.

Table 50. Environmental plans and assessments<sup>107</sup>

Municipality	Integrated Waste Management Plan (IWMP)	Environmental Impact Assessment options considered in IWMP	Evaluation and implementation of environmentally friendly practices	Integrated Environmental Management Plan (IEMP)
Frances Baard	Yes	Yes	Yes	Yes
Dikgatlong	No	No	Yes	Yes
Magareng	NA			
Phokwane	NA			
Sol Plaatje	No	No	No	Yes
John Taolo Gaetsewe	Yes	Yes	No	Yes
Gamagara	Yes	Yes	Yes	Yes
Ga-Segonyana	Yes	Yes	Yes	Yes
Moshaweng	Yes	Yes	Yes	Yes
Namakwa	Yes	Yes	No	No
Hantam	Yes	Yes	No	No
Kamiesberg	Yes	No	Yes	No
Karoo Hoogland	NA			
Khâi-Ma	No	No	No	No
Nama Khoi	Yes	Yes	No	No
Richtersveld	Yes	Yes	Yes	No
Pixley ka Seme	Yes	Yes	Yes	Yes
Emthanjeni	Yes	No	No	Yes
Kareeberg	NA			
Renosterberg	Yes	Yes	Yes	Yes
Siyancuma	NA			
Siyathemba	Yes	Yes	Yes	Yes
Thembelihle	Yes	Yes	No	Yes
Ubuntu	No	No	Yes	No
Umsobomvu	Yes	Yes	Yes	Yes
Siyanda	No	No	No	Yes
!Kheis	Yes	Yes	No	No
//Khara Hais	Yes	Yes	Yes	Yes
Kai !Garib	No	No	No	No
Kgatelopele	Yes	Yes	Yes	No
Mier	No	No	No	No
Tsantsabane	Yes	Yes	Yes	No
<b>Total number of YES responses</b>	<b>19</b>	<b>17</b>	<b>14</b>	<b>14</b>

<sup>107</sup> Department of Co-operative Governance, Human Settlement & Traditional Affairs, Northern Cape Province. 2009. IDP Analysis and Engagement Report, May 2009.

## Disaster management<sup>108</sup>

Municipalities are required by the Municipal Systems Act (Act 32 of 2000) to prepare Disaster Management Plans as part of their IDPs.

### Achievements

- Disaster Management Centres have already been established in all five (5) of the Districts and they are fully operational.
- The CoGHSTA has funded district municipalities to upgrade disaster centres (R4,95 million)
- Frances Baard, John Taolo Gaetsewe and Pixley ka Seme have appointed Heads of Disaster Management Centres and support staff.
- The status of disaster management plans are as follows:
  - The Provincial Disaster Management Plan has not yet been developed.
  - District disaster management plans have been prepared by Frances Baard and JTG, including plans for the local municipalities in their jurisdictions.
  - In Siyanda, only//Khara Hais has a disaster management plan in place.
  - No municipality in Pixley ka Seme has a disaster management plan in place.
  - In Namakwa, only Richtersveld has a disaster management plan in place.

The status quo of the Northern Cape municipalities' state of readiness to deal with a disaster has been assessed. The findings are:

- All disaster related incidents in the Frances Baard DM were responded to in good time, and the municipality's state of readiness is regarded as fair. An annual budget allocation is available for disaster related incidents.
- JTG DM has a risk reduction plan with strategies to prevent and mitigate disasters. It was prepared through a participatory process, and provision was made in the operational budget for emergency relief assistance to local municipalities.
- Draft contingency plans are in place in Siyanda DM to deal with disasters, although the district's local municipalities have no resources.
- The Pixley ka Seme DM relies on the NEAR and Fire grants received from PDMC.
- Although the Namakwa DM's state of readiness can be described as fair, its local municipalities have not budgeted for potential disasters.

Risk assessments undertaken by the Frances Baard DM, JTG DM and Siyanda DM show that fires and droughts are the greatest disaster threats in the Northern Cape.

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<sup>108</sup> Department Co-Operative Governance, Human Settlement and Traditional Affairs (Sub-Directorate: Disaster Management) Internal Memo from Hendrik de Wee to Portia Manyane. 27 July 2010.

Table 51. Risk of disasters in Northern Cape

HIGH	MEDIUM	LOW
Fires	Floods	Air pollution
Droughts	Environmental degradation	Erosion
Aircraft accidents	Water pollution Water	Dam Failure
Hazardous materials	Hail storms	Geological
Outbreaks of anthrax, malaria, scabies, etc		Lightning

No disaster was declared for the period 01 April 2008 and 31 March 2009. Disaster related incidents recorded by the DMs are shown in Table 52 below.

Table 52. Disaster related incidents

District	Disaster Classification	Type of incident	Total	Magnitude	Severity	Effect on community	Effect from infrastructure	Cost of damage
Frances Baard	Humans Included	Dwelling Fires	04	High	High	None	Houses gutted by fire	R24 931
	Humans Included	Shack Fires	15	High	High	None	Shacks gutted by fire	R30 744
	Wild Fires	Veld Fires	07	193 Hectares	Low	None	None	NA
JTG	Wild Fires	Veld Fires	6	High	High	None	None	NA
	Residential	Shacks/houses	54	High	High	Yes	Yes	NA
Siyanda	Humans Included	Dwellings Shacks	28 28					
	Wild Fires	Veld River	8 3					
	Storms	Wind	1					R22000
	Wild Fires	Veld	1	10500 hectares		None	Grazing land damaged	R270 000
	Storms	Rain/Wind	24		moderate	100 blankets 39 mattresses	Roofs blown off	R80 000
Namakwa	Natural	High Tides	1	8 meters		Yes	Yes	R1 472 259-00
	Natural	Tornado	47			Yes	Houses roofs blown off	
	Wild Fires	Veld Veld Shacks	1 1 NA	2000 1 hectares		No Yes Yes	Trees Vegetation destroyed	R1 300 000-00

Public awareness programmes undertaken included:

- Provincial Disaster Management Centre
  - “EYE SPY” Public Awareness Programme (Veld and forest fires, floods, drought, heavy rainstorms and tornados) at schools in the province.
  - ISDR Campaign “HOSPITALS SAFE FROM DISASTERS” at hospitals in the province.
- Frances Baard District Municipality

- A training programme was presented to farmers within the District Municipal Area, which involved the training of farmers and farm workers in veld fire fighting techniques. The programme was well accepted by farmers as training was provided by an accredited service provider.
  - Volunteer committees were established in local municipal areas to keep the disaster emergency volunteer corps active and to ensure that the necessary training takes place.
- John Taolo Gaetsewe District Municipality
  - Purchased an Emergency Response Vehicle to assist local municipalities in combating veld fires.
  - One hundred and nine (109) volunteers from all three local municipalities received accredited training in Basic Fire Fighting
  - Ninety-eight (98) volunteers received accredited training in First Aid.
  - Established a satellite disaster management centre in each local municipality.
- Siyanda District Municipality
  - Disaster Risk Management Awareness programmes (bomb threats, fire drills) took place at schools in the district.
- Pixley Ka Seme District Municipality
  - The District Disaster Management Framework was approved and the District Disaster Management Committee was established.
- Namakwa District Municipality
  - A Disaster Risk Management Awareness Programme was presented to schools to educate learners on the different type of disasters, and 1,232 learners participated at four schools.
  - Forty-two (42) volunteers were trained in Basic Fire Fighting and First Aid.

## Challenges

- Although many of the municipalities have prepared these plans, very few have adopted them.
- The National Disaster Management Centre (NDMC) has supported and guided functionality in nine Provincial Disaster Management Centres. The NDMC reports that structures are not functioning effectively in the Northern Cape.<sup>109</sup>
- Local Municipalities do not budget for disaster management programmes or relief funds.
- The budget for the implementation of the Disaster Management Act in the province is limited
- Only Siyanda DM has established a District Disaster Management Advisory Forum. In Pixley ka Seme disaster management is dealt with by the Technical IGR structure that meets quarterly. The establishment of Disaster Management Forums in the other four (4)

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<sup>109</sup> DPLG. Annual Report 2008/2009.

district municipalities is a challenge due to sector departments and local municipalities not cooperating.

- Most of the local municipalities in the Frances Baard district, with the exception of Sol Plaatje, do not provide proper input with regards to disaster management activities.
- Local municipalities located in JTG district must assign a person to be the nodal point for disaster management activities in each local municipality.
- Local municipalities located in the Siyanda district must assign a person responsible for disaster management in each municipality.
- Funding for disaster management activities and fire services in the Pixley ka Seme district is insufficient.
- There is no budget for disaster relief assistance to communities who are affected in Namakwa local municipalities.
- The province has an inadequate radio communication system in place. This is a result of the downscaling by the SANDF and the challenge of getting spare parts to maintain radio equipment.
- No available, or insufficient, fire fighting equipment and personnel dedicated to fire fighting at local municipalities.

## **Municipality boundaries**

### **Realigned municipalities**

The public has been invited by the Demarcation Board to comment and make submissions on municipal proposals by 18 December 2009 and it is expected that the final ward boundaries will be handed to the IEC by 01 September 2010.<sup>110</sup>

Progress has been made with two other projects:

- The alignment of the boundaries of magisterial districts, as well as the SAPS boundaries to municipal boundaries. This project ensures that close cooperation with the Departments of Justice and SAPS is maintained.
- The project to create a credible set of boundaries for traditional areas is also in process, and involves the cooperation of CoGSTA, DLA, DWA and the provinces.

## **Urban and rural nodes**

The 13 rural and eight urban nodes in South Africa under the Integrated Sustainable Rural Development (ISRDP) and Urban Renewal (UR) programmes were announced in February 2001. These nodes are characterised by high levels of poverty, crime, unemployment, and a lack of basic services and economic opportunities. The ISRDP and UR programmes have been implemented to address these challenges. In the Northern Cape, the John Taolo Gaetsewe district was selected to be an ISRDP node, while Galeshewe was selected to be an urban renewal point.

### **ISRDP John Taolo Gaetsewe**

The following achievements are reported:

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- The JGT District Municipality uses the ISRDP Technical Forum to participate with sector departments in the IDP process. During this process, nodal projects are identified and prioritised, and anchor projects that have a potential to generate and support other projects are identified and prioritised for the next five years. One of the projects is to electrify all the villages in the node.<sup>111</sup>
- ISRDP presentations were made at Imbizos held at Maruping, Vanzylsrust, Madibeng and Dibeng, in order to target and coordinate development efforts in the district.
- The ISRDP M&E Unit submitted a national progress report in July 2008, which was discussed at the January 2009 Cabinet Lekgotla.
- Three hundred million Rand (R300 million) was allocated in the 'Neighbourhood Partnership Development Grant' to be used for the development of facilities in the country's ISRDP nodes. Ga-Segonyana LM was awarded R35 million from this allocation.<sup>112</sup>

### Galeshewe Urban node

The Galeshewe Urban Renewal Programme (GURP) was launched on 2 February 2002 and started operating in 2003. The programme is resourced through local government grants. To date the following achievements can be reported:

- In 2008, GURP was awarded the Neighbourhood Development Partnership Grant (NDPG) and research has been conducted to identify 20 projects that will have impetus on its key strategic themes: community development, economic development, and tourism opportunities.
- GURP hosted an Investment Imbizo on 15 April 2009 at the Mayibuye Multi-Purpose Centre to showcase the 20 projects to prospective investors, the private sector and the community. The imbizo further provided a networking opportunity between government, development agencies, local community representatives, and the media to engage and learn more about GURP's successes and how it can serve as a model for other areas.<sup>113</sup>
- Approximately R60 million has been spent on GURP projects, with a further ±R400 million in the pipeline over the next six years.<sup>114</sup>

Challenges and recommendations are:

- GURP has requested that the URP be a standard item on the IGR Forum agenda, but this has not been approved. As a result GURP does not have optimal coordination with provincial and national spheres of government.<sup>115</sup>
- A Galeshewe Business Development Forum should be established in order for all sectors to be fully informed and involved about developments in the area.<sup>116</sup>

### VUNA awards

No VUNA awards were undertaken during 2008/2009.

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<sup>111</sup> Back to office report by Itumeleng Kale. State of the nodes verification workshop. 28 April 2009.

<sup>112</sup> CoGTA website. (Accessed 2010-06-16)

<sup>113</sup> CoGTA website. (Accessed 2010-06-16)

<sup>114</sup> CoGTA website. (Accessed 2010-06-16)

<sup>115</sup> Back to office report by Itumeleng Kale. State of the nodes verification workshop. 28 April 2009.

<sup>116</sup> CoGTA website. (Accessed 2010-06-16)

## 8 RANKING THE PERFORMANCE OF MUNICIPALITIES

In order to rank municipalities' performance during the financial year, six key indicators were chosen and ranked on a scale of zero (0) to five (5). The indicators are:

- Number of households living on formal and informal sites in towns and villages without basic sanitation
- Sustainable free basic water policies
- Spending of the 2008/2009 MIG allocation at 30 June 2008
- Auditor General's opinion on 2008/2009 financial statement
- Number of debtors days
- Cost of employees and councillors as a percentage of total operating expenditure

A high score indicates a good performance based on the indicators selected and described above. According to the key indicators, seven municipalities scored above 20 points. The highest points were scored by Frances Baard DM, followed closely by John Taolo Gaetsewe DM, Kareeberg, Namakwa DM and Khâi-Ma. Municipalities that scored poorly, with scores of 12 or less, are Sol Plaatje, Siyancuma, Kamiesberg, Dikgatlong, Karoo Hoogland, Umsobomvu, Magareng, !Kheis and Mier.

Municipalities that significantly improved positions compared to rankings in the 2007/2008 report are Thembelihle, Emthanjeni, Kareeberg and Mier. Municipalities whose ranking worsened significantly were Siyancuma, Karoo Hoogland, Dikgatlong and Siyathemba.

Ranking municipalities performance

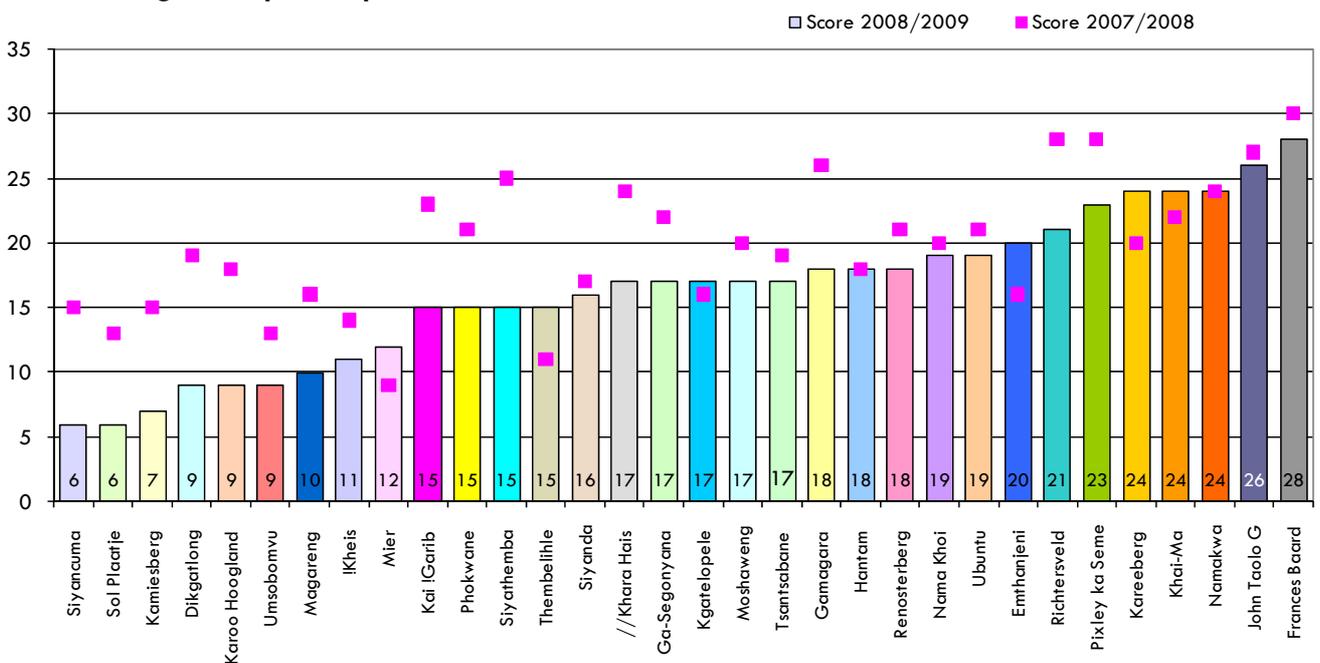


Table 53. Ranking municipalities according to key indicators

	Municipality	Basic sanitation backlog	Rating	FBS	Rating	% MIG 2008/2009 allocation spent by 30 June 2009	Rating	Debtor days (consumer debtors)	Rating	Employees & councillors cost	Rating	AG opinion on financial statements 2008/2009	Rating	TOTAL of ratings
Frances Baard	Dikgatlong	2,387	0		5	18%	0	404	0	36%	4	Disclaimer	0	9
	<i>Frances Baard</i>	0	5		5	80%	3	0	5	33%	5	Unqualified	5	28
	Magareng	1,398	0	FBW to all	3	94%	4	535	0	38%	3	Disclaimer	0	10
	Phokwane	5,377	0		5	100%	4	222	3	31%	3	Outstanding	0	15
	Sol Plaatje	2,876	0	FBW to all, >6kl	0	58%	2	240	0	37%	4	Disclaimer	0	6
JTG	Gamagara	593	2		5	0%	0	96	4	36%	4	Qualified	3	18
	Ga-Segonyana	10,414	0	FBW to all	3	100%	4	64	5	28%	5	Disclaimer	0	17
	<i>John Taolo G</i>	1	4		5	80%	3	13	5	36%	4	Unqualified	5	26
	Moshaweng	12,670	0	>6kl	3	100%	4	28	5	23%	5	Disclaimer	0	17
	Hantam	266	3		5	92%	4	215	0	40%	3	Qualified	3	18
Namakwa	Kamiesberg	26	4	FBW to all	3	14%	0	230	0	48%	0	Disclaimer	0	7
	Karoo Hoogland	37	4	FBW to all	3	60%	2	221	0	48%	0	Disclaimer	0	9
	Khâi-Ma	81	4		5	0%	0	76	5	24%	5	Unqualified	5	24
	Nama Khoi	335	3	FBW to all	3	99%	4	80	5	37%	4	Outstanding	0	19
	<i>Namakwa</i>	0	5	FBW to all	3	40%	1	0	5	31%	5	Unqualified	5	24
	Richtersveld	205	4		5	72%	3	185	1	33%	5	Qualified	3	21
	Emthanjeni	10	4		5	50%	2	95	4	24%	5	Disclaimer	0	20
	Kareeberg	107	4		5	0%	0	54	5	26%	5	Unqualified	5	24
	<i>Pixley ka Seme</i>	0	5		5	100%	4	1	5	46%	1	Qualified	3	23
	Renosterberg	54	4		5	67%	3	206	3	36%	3	Outstanding	0	18
Pixley ka Seme	Siyancuma	1,900	0	FBW to all	3	19%	0	183	1	43%	2	Disclaimer	0	6
	Siyathemba	499	3		5	57%	2	173	2	40%	3	Disclaimer	0	15
	Thembelihle	200	4		5	59%	2	208	1	38%	3	Disclaimer	0	15
	Ubuntu	675	2		5	44%	2	161	2	31%	5	Qualified	3	19
	Umsobomvu	210	4	FBW to all	3	9%	0	383	0	44%	2	Disclaimer	0	9
	!Kheis	413	3		5	75%	3	338	0	50%	0	Disclaimer	0	11
	//Khara Hais	1,583	0	>6kl	3	62%	3	51	5	40%	3	Qualified	3	17
Siyanda	Kai !Garib	836	1	FBW to all	3	100%	4	169	2	32%	5	Disclaimer	0	15
	Kgatelopele	0	5	FBW to all	3	85%	4	280	0	30%	5	Disclaimer	0	17
	Mier	129	4	FBW to all	3	33%	1	240	0	36%	4	Disclaimer	0	12
	<i>Siyanda</i>	21	4	FBW to all	3	100%	4	49	5	50%	0	Disclaimer	0	16
	Tsantsabane	275	3		5	100%	4	214	0	27%	5	Disclaimer	0	17

## 9 FUTURE INTERVENTIONS AND OUTLOOKS

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### Municipal transformation and organisational development

#### Staffing and management profile

The competency framework specifying the competencies required by key officials in municipalities must be implemented by 2011. Municipalities can already implement this framework by appointing persons who have the specified competencies, and by ensuring that existing staff have the opportunity to attend training that meets these requirements.

#### Performance management <sup>117</sup>

CoGHSTA will be re-arranging its existing or current organisational structure and capacities by introducing new capacities or functions. The five (5) Regional Offices, located in Frances Baard DM, Namakwa DM, Siyanda DM, Pixley ka Seme and John Taolo Gaetsewe, will be the coalface service delivery arms. In terms of regional office deployment, the Northern Cape EXCO indicated that all departmental regional offices should be located as close as possible to district municipalities in order to ensure that effective and efficient service delivery programmes are not interrupted. This would strengthen decentralized service delivery to the needy.

This process will be informed by the outcomes of the current processes initiated by the DPSA and Premier's office respectively, namely the HR Connect project and the Farisanani project.

The new organisational design and capability of CoGHSTA will be guided by the two projects' principles. They are:

- The structure will follow and be informed by the new functions and priorities, and will allow for organisational re-alignment
- The organization will be positioned and aligned to execute key national development priorities for 2009 – 2014
- Enable the department to conduct comprehensive skills audit
- Develop a fully functional web-enabled system through HR Connect
- Ensure a tangible, physical presence in municipalities and traditional institutions
- Provide for professionals and specialized professional/ Technical Units;
- Foster a collective management approach across the Department
- Support decentralized responsibility in the regions, while maintaining transparency and clear accountability
- Create conditions for improved coordination and team work in a “Project Management approach” across the Department
- Build a learning organization and culture of effective talent management

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<sup>117</sup> CoGHSTA. Annual Performance Plan 2010.

- Enhance the culture of outcomes-based monitoring, reporting and evaluation
- Encourage and celebrate “Performance Excellence” (*Our people deserve nothing but the best quality public service*)

CoGHSTA’s strategy will be implemented through decisive leadership to mobilise and steer a team of officials towards achieving the targets and milestones defined in the programme of action. Sound financial administration and management will also be ensured.

## Basic service delivery

### Basic services

A ‘Water and Sanitation Target Implementation Support Plan’<sup>118</sup> prepared by DWA investigates the needs to reach the water and sanitation targets by 2014. It is stated that it will require a focused approach and commitment from all role players. Specific aspects that need to be addressed are:

- DORA Allocation - As previously stated the three year funding allocations makes long term planning difficult. The allocation is also insufficient to address both the internal bulk needs as well as the household water and sanitation needs. If the MIG allocations are not increased, a separate fund to address the bulk infrastructure will be required.
- Improvement of the payment culture within municipalities - A comprehensive effort will have to be made by municipalities to improve their service delivery, and their debt and credit control procedures. Municipalities will have to become committed to cost recovery to ensure that the necessary funding is available to make contributions and address the refurbishment needs that exist within municipalities.
- Holistic approach towards planning to address infrastructure needs - Municipalities now have to achieve numerous targets within a short space of time with a limited budget. Each municipality will require a strategic session to prioritise the national targets; assess the available funding; and to develop a plan on how best to achieve the targets within time and resource limitations.

All role players should be involved during the planning session as both municipalities and responsible departments have priorities that need to be aligned to ensure that the national targets are achieved. This planning process will require high level technical assistance to guarantee that all aspects are taken into account.

The Department of Water Affairs’ support has the following focus:

- Support to ensure compliance
- Support that is focussed on priorities
- Supporters and regulations working in tandem
- Focus on core-business
- Hand-over non-core support to appropriate receiving institutions.

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<sup>118</sup> 24 May 2010.

The criteria that was used to identify WSPs that require support is listed in Table 54 below, including:

- a. Municipalities under Section 139 (administration)
- b. Municipalities with <33.3% Blue Drop score, or those who did not participate in the Blue Drop process
- c. Municipalities <33.3% Green Drop score, or who did not participate in the Green Drop process
- d. Municipalities with >CRR 15 wastewater risk profile
- e. Municipalities that have had regulatory directives issued
- f. Municipalities demonstrating a technical skills gaps
- g. Municipalities demonstrating gaps in technical skills specific to Process Controllers.

Using the criteria above, the Northern Cape has:

- 12 “high risk” level municipalities (risk factor 3-4)
- one crisis level municipality (risk factor 5-7)
- 13 municipalities as ‘high risk’ municipalities (risk factors 3-7)

In the past, these types of projects that provided this type of support to municipalities have lacked monitoring and evaluation systems to measure impact. Acknowledging this short-coming in past projects, the current support project has established a baseline against which the impacts of the support will be measured. The support will be measured for risk reduction, service provision, and regulatory compliance.

Table 54. Under capacitated municipalities as on 30 October 2009<sup>119</sup>

Local Municipality (LM)	WSP	Information – Base						Risk – Base						High risk Mun	
		Treasury (Backlogs >1000) Sanitation <sup>3</sup>	MSPs <sup>4</sup>	CGTA <sup>5</sup> (DM)	CGT A <sup>5</sup> (LM)	Drought Affected <sup>6</sup>	WMIS <sup>7</sup>	WSA under S139 administration <sup>8</sup>	Risk ratings WWTW <sup>9</sup>	Green Drop <sup>10</sup>	Blue Drop <sup>11</sup>	Regulatory HotSpots <sup>12</sup>	Technical Skills <sup>13</sup>	Process Controllers <sup>13(2)</sup>	>5 <sup>14</sup>
Moshaweng	LM	X	X				X			X	X (31.5%)				2
Ga-Segonyana	LM		X				X			X	X				2
Gamagara	LM (Sedibeng Water Board (Bulk))						X			44.50%	X (2%)		X		2
JTG DM	DM			DM			X			X	X				2
Richtersveld	LM						X			X	X				2
Nama Khoi	LM (+Namakwa Water (Bulk))						X		X	57.67%	63.30%		X		2
Kamiesberg	LM		X				X		X	87%	X (23.9%)		X		3
Hantam	LM		X				X			X	X				2
Karoo Hoogland	LM						X			X	X				2
Khâi-Ma	LM		X				X			X	X				2
Namakwa DM	DM				LM		X			X	X (9%)				2
Ubuntu	LM		X				X	X ongoing (03/09)		X	95%		X		3
Umsobomvu	LM						X			X	X		X		3
Emthanjeni	LM						X			X (10.33%)	X (29%)		X		3
Kareeberg	LM		X				X		X	X	X (6%)		X		4
Renosterberg	LM		X							X (1%)	X (0%)		X		3
Thembelihle	LM		X				X			52%	55%		X		1
Siyathemba	LM		X				X			67%	X (30.83%)		X		3
Siyancuma	LM						X			X	X		X		3
Pixley ka Seme DM	DM									X	X (0%)				2
Mier	LM		X				X			X (13%)	X (23.8%)		X		3
Kai !Garib	LM		X				X			X	X				2
//Khara Hais	LM						X			X (21.5%)	X (6.5%)				2
!Kheis	LM		X						X	X	42.10%		X		3
Tsantsabane	LM		X				X			X (13%)	X		X		3
Kgatelopele	LM		X				X			X (3%)	37.50%		X		2
Siyanda DM	DM				LM					X	X (6.4%)				2
Sol Plaatje	LM						X		X	X	X	X			4
Dikgatlong	LM		X				X			X	X				2
Magareng	LM		X				X			X (0%)	40%		X		2
Phokwane	LM						X			X (7%)	35.50%		X		2
Frances Baard DM	DM									X	X				2

<sup>119</sup> DWA. 2009. WSP support package to prioritised municipalities - implementation against the municipal indaba action plan. Annexure A. 24 November 2009.

## Free basic services<sup>120</sup>

The provision of Free Basic Services programme needs to be communicated to communities. Part of the process should include branding, marketing and other forms of dissemination of information to the public to inform of type of services provided and to whom.

## Capital spending<sup>121</sup>

The spending rate of MIG allocations by the end of the financial year is deteriorating each year. National and Provincial MIG Unit held intervention meetings on 17 and 18 September 2009 with municipalities who are still spending on the 2008/2009 allocation; and a meeting was held on 02 December 2009 with municipalities that still have not spent 40% of the 2008/2009 allocation as at end Oct 2009. At this meeting municipalities were expected to make a presentation highlighting progress made with regard to the 2008/2009 allocation and projections for the 2009/2010 allocation. The need for realistic projections was emphasised because COGTA assessed the stopping of funds of under spending municipalities in October 2009, and would review in January 2010.<sup>122</sup>

Municipalities still have problems with the interpretation of MIG conditions of approval and implementation. Projects are submitted very late for registration. A MIG guideline presentation was done at PMU meetings to address these issues.

Programme of action for the financial year 2009/2010<sup>123</sup> included:

- Implementation of municipal infrastructure projects according to project registrations and DORA allocations to municipalities
- Facilitation and support to municipalities to ensure that entire annual MIG and PIG allocations are spent on implemented projects by the end of the financial year according to the conditions of approval
- Monitor the construction of bulk, connector and LED services in line with Provincial and National priorities
- Monitoring and reporting on the expenditure and implementation of infrastructure projects.
- Regular meetings with regional offices, PMUs and municipalities to assist and advise with project registrations, draw downs and implementation of projects
- Site visits to take place more regularly
- Workshops and meetings with regional offices, PMUs, consultants, Local Municipalities and District Municipalities to keep them abreast of latest developments, policies, etc.
- Utilize and co-ordinate grant funding between MIG and PIG programmes to ensure maximum infrastructure service delivery to Municipalities
- Facilitation and support to municipalities to ensure sustainable infrastructure development
- Facilitation and support to municipalities to ensure sustainable development and capacity
- Facilitation and support to municipalities with the upgrading and replacement of new electrical systems where applicable
- Timeous intervention meetings with municipalities to assist and rectify challenges and delays with the implementation and reporting on projects

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<sup>120</sup> CoGHSTA. Annual Performance Plan 2010.

<sup>121</sup> Northern Cape CoGTA. 2009. Quarterly report made available on 1 December 2009 by the NC Provincial MIG Unit.

<sup>122</sup> COGTA, Northern Cape. Minutes of meeting held with municipalities spending the 2008/2009 allocation. Dankie Pa Guesthouse, Kimberley. 17 and 18 September 2009.

<sup>123</sup> Reports made available from the MIG office at DH&LG Northern Cape.

The Municipal Investment and Infrastructure Framework (MIIF) is an initiative promoted jointly by the Department of Cooperative Governance and Traditional Affairs (COGTA) and the Development Bank of Southern Africa (DBSA) to assess the infrastructure investment needs of municipalities required to meet government infrastructure delivery targets and to support municipalities to undertake sound infrastructure investment planning.

In Round 6 (2008-2009) emphasis was placed on commencing with large scale rolling out of support to municipalities with regards in infrastructure investment planning.

The targets set by government for eradicating backlogs are ambitious, even if extended to 2013/2014. The required level of capital spending needs to increase rapidly to enable these targets to be met. Key challenges of the MIIF include:<sup>124</sup>

- a. The capital requirements have escalated rapidly over the last five years. This has been mostly due to high price increases experienced in the construction industry.
- b. Grant funding for basic municipal infrastructure has become smaller over the last three years and thus the reliance by municipalities on their own sources of funding is becoming more important. Borrowing is increasingly significant with rapid increases required in lending. However, there is a slow rate lending and concerns over municipalities' repayment abilities.
- c. The municipal sector is, therefore, moving into a position where the availability of capital is becoming a serious constraint which will limit backlog eradication and meeting growth targets.
- d. Many municipalities do not have sufficient revenue to cover costs required to adequately operate, maintain and refurbish or replace infrastructure. This situation will worsen unless the distribution of national financial resources is improved.
- e. The situation can be improved if greater attention is paid to selecting affordable service levels, increasing equitable share allocations to those municipalities with proven low revenue raising capability and by being cost and performance efficient e.g. reducing wastage and losses.
- f. Circumstances across municipalities differ and this difference needs to be recognised in designing subsidy mechanisms and support arrangements for municipalities.
- g. Although there are concerns relating to finance, both on the operating and capital accounts, the key constraint remains organisational capacity which will allow for infrastructure to be properly planned, prioritised, implemented, operated and maintained. This implies that within municipalities, there needs to be awareness and buy-in to multi-year infrastructure investment planning particularly to allocating adequate multi-year resources by the leadership, empowered officials with and the support of communities and consumers.

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<sup>124</sup> DBSA, 2009. *Overview of the Municipal Infrastructure Investment Framework (MIIF). Miff summary v1.3 20091130.*

## Financial viability and management

### Financial performance<sup>125</sup>

Performance indicators that are outlined in the 2010 Performance Plan of CoGHSTA include:

- Compilation of, and maintenance of, annual and adjusted budgets that comply to the prescriptions of Provincial Treasury
- Budgets are submitted on the due date to Treasury
- Annual reports for the 2009/2010 year are submitted
- Internal control measures are assessed and reviewed
- Effective and efficient internal control systems are being implemented and maintained
- There is a reduction of the number of complaints and findings raised by the AG and general public
- Spending takes place within the budget and value for money is ensured
- There is a reduction in major risks faced, and improved reporting on fraud and corruption
- Annual financial statements compiled to GRAP standards and submitted by May 2010

Future interventions are detailed in CoGHSTA's annual performance plan of 2010. These include:<sup>126</sup>

- Assisting municipalities to comply with relevant legislation, such as the Municipal Finance Management Act, the Municipal Property Rates Act and the Disaster Management Act.
- Monitoring of the following through quarterly monitoring instruments:
  - Compliancy of municipality's rates policy with legislation
  - Promulgation of rates by-laws
  - Supplementary valuation implemented in 31 municipalities
  - Objection and appeal processes in 31 municipalities
  - Submission of Annual Financial Statements (2009/2010) to the Office of the Auditor-General by all 32 municipalities

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<sup>125</sup> CoGHSTA, *Northern Cape. Annual performance plan 2010.*

<sup>126</sup> CoGHSTA. *Annual Performance Plan 2010. Pg. 56.*

## Good governance and public participation<sup>127</sup>

It is a goal of CoGHSTA to support and monitor municipalities in developing a responsive, accountable, effective and efficient local government system. CoGHSTA is to assist municipalities to comply with certain sections of the relevant local government legislation. The indicators that will be monitored include:

- Number of municipalities submitted AFS by 31 August.
- Number of municipalities that are implementing MPRA
- Number of municipalities that are supported in MPRA implementation
- Number of municipalities where anti-corruption strategy is implemented
- Number of municipalities monitored on the implementation of grant funding

During 2010/2011 CoGHSTA plans to launch a ‘Good Citizenship Campaign on Governance Values’ and engage with all political parties. Implement the CDW programme will enhance participatory democracy and good governance. Indicators that will be monitored include:<sup>128</sup>

- Number of Municipalities with functional ward committees
- Number of CDWs deployed to Municipalities
- Number of Municipalities where full CDW programmes are implemented
- Number of Municipalities that signed MoU to support the CDW programmes
- Number of Municipalities that provide CDW with office accommodation
- Number of Departments & agencies implementing the CDW Master Plan

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<sup>127</sup> CoGHSTA. *Annual Performance Plan 2010*. Pp56-57.

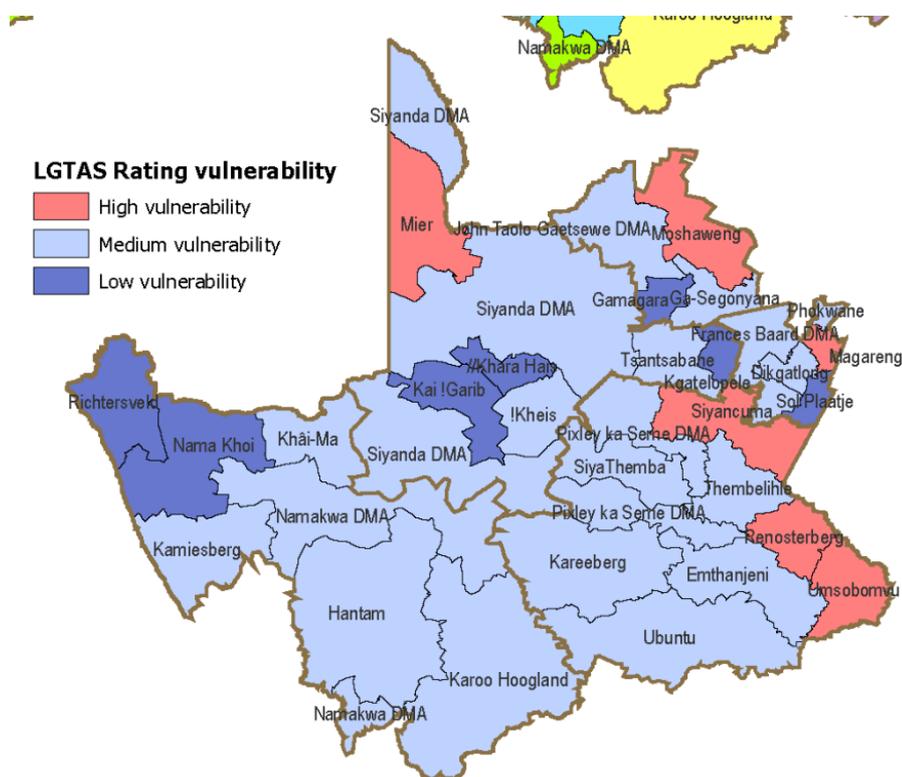
<sup>128</sup> CoGHSTA. *Annual Performance Plan 2010*. Pp 61, 70.

## Local Government Turnaround Strategy

Following an intensive consultative process that started in March 2009, the Local Government Turnaround Strategy (LGTAS) was approved by Cabinet in December 2009.

Four classes of municipalities were determined from indicators such as spatial, social, municipality capacity and economic. The National Treasury's classification of municipal capability to implement the MFMA, as well as audit opinions, are also taken into consideration. These classes are:<sup>129</sup>

- Class 1: Very high vulnerability
- Class 2: High vulnerability
- Class 3: medium vulnerability
- Class 4: Low vulnerability



The strategy is currently being rolled out to provinces in the following phases:

- Phase 1: 20 January and 9 February 2010 - Provincial Support Teams undertook visits to municipalities to identify two of the most vulnerable municipalities per province that required urgent assistance from government.

<sup>129</sup> COGTA (2009). *Local government turnaround strategy*. November 2009. Pp 10.

- Phase 2: 10 February - 30 April 2010 - The full roll-out of the Municipal Turnaround Strategies for priority targeted municipalities, as well as the completion of strategies for all 283 municipalities in the country. The consolidation of the MTAS priorities with the Integrated Development Plans (IDPs) and budgets of municipalities is critical in this phase.
- Phase 3: 1st April - 30 June 2010: Focus on provincially coordinated IDP Analysis Sessions to examine draft IDPs and the inclusion of Municipal Turnaround Strategies in IDPs. During this phase, the IDPs and the Budgets and Service Delivery Budget Implementation Plans (SDBIPs) will be adopted by municipal councils.
- Phase 4: 1st July - 31st March 2011: MECs will comment on the commitments made to the IDPs. Implementation of the IDP will go hand-in-hand with hands-on Rapid Response Support processes, leveraging of stakeholder support, and reporting and monitoring.

One of the distinguishing features of the LGTAS is that it is a citizen-centred and government-, as opposed to consultant-, driven intervention. Municipalities are scheduled to mobilise every ward within their jurisdiction to engage them about ward plans during August and September 2010. COGTA's plan is to develop enough capacity in the provinces to achieve a two-day turn-around response mechanism to community grievances by December 2010.

Areas of concern expressed in the LGTAS are:<sup>130</sup>

- There are serious leadership and governance challenges in municipalities including weak responsiveness and accountability to communities;
- The financial management of many municipalities is very poor;
- Many municipalities are unable to deliver basic services or grow their economies;
- The legacy of apartheid spatial development patterns and inequity continues; and
- There is inadequate human resource capital to ensure professional administrations, and positive relations between labour, management and councils.

Five strategic objectives are identified by the LGTAS for an interventions and support framework. These are aimed at restoring the confidence in communities of municipalities. These are:<sup>131</sup>

- Ensure that municipalities meet the basic service needs of communities
- Build clean, effective, efficient, responsive and accountable local government
- Improve performance and professionalism in municipalities
- Improve national and provincial policy, oversight and support
- Strengthen partnerships between local government, communities and civil society

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<sup>130</sup> COGTA (2009). *Local government turnaround strategy*. November 2009. Pp 18.

<sup>131</sup> COGTA (2009). *Local government turnaround strategy*. November 2009. Pp 19.

Instruments that are identified by COGTA to implement the LGTAS are: <sup>132</sup>

- A number of working structures to guide and steer the LGTAS, i.e. establishment of a special Ministerial Advisory and Monitoring Structure, a national co-ordinating unit, an intergovernmental working group, technical services units for each province, and a rapid response team
- A working group for donor relations, stakeholder management, resource acquisition, contract management and monitoring
- Re-organizing the way the MSIG is structured, and complementing this re-organization with the establishment of Rapid Response Teams and Technical Support Units
- Implementing the MIG policy review proposals including:
  - Institutional arrangements to support infrastructure planning, project preparation and management, and contract management
  - Leveraging of MIG allocations to fund and finance infrastructure at required scale
- Establishment of a national Communications Task Team for coherent, coordinated messaging campaign.

The LGTAS also has expectations that municipalities develop their own turnaround strategies involving communities, and that these strategies will be done by end March 2010. Each municipality should develop its own strategy based on own priorities, local circumstances, and financial and administrative capacities, while taking into consideration the relevant plans of national and provincial departments. Municipalities are expected to review weaknesses in their policies, systems, structures approaches and operations, and seek ways to improve and advance national aims and objectives.

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<sup>132</sup> COGTA (2009). *Local government turnaround strategy*. November 2009. Pp 25.

## 10 TRENDS OVER THE PAST THREE YEARS

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Trends over the past three years show that there have been improvements in certain areas, such as a decrease in backlogs, while in other areas no improvement has been made, e.g. level of MIG spending. Based on the key performance indicators, improvements noted are:

- ✓ Buckets have been eradicated on all formal stands in towns and villages
- ✓ Water backlogs are being addressed
- ✓ Greater provision for bad debt is being made and provision for bad debt as a percentage of total outstanding debt is decreasing
- ✓ Average percentage of creditors' accounts outstanding remains constant
- ✓ Average number of debtor days are decreasing
- ✓ More municipalities are containing salaries to less than 35% of gross operating expenditure
- ✓ Number of municipalities receiving an unqualified audit opinion from the Auditor General has increased, and the number of municipalities receiving disclaimers on financial statements is reducing, however this still remains a great concern
- ✓ Progress is being made on LED
- ✓ Number of operational audit committees is increasing

Areas where no improvement was made over the past three years are:

- ✗ Although sanitation backlogs are being addressed, the backlog is not decreasing
- ✗ More households are being registered as indigent households each year, and two (2) municipalities still have to prepare indigent registers
- ✗ Every year more municipalities deliver FBW to all households, not only indigent households
- ✗ Percentage MIG allocations spent by the end of a financial year is not improving
- ✗ More municipalities are relying on subsidies and grants for income and for an increasing percentage contribution to income
- ✗ Total consumer debt is rising
- ✗ Fewer municipalities are implementing the recommendations of the Auditor General

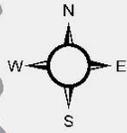
Table 55. Comparison of actual performance achieved in past three years

	Actual performance achieved 2008/2009	Actual performance achieved 2007/2008	Actual performance achieved 2006/2007
<b>Municipal transformation and organisational development</b>			
Workplace skills plans submitted		All 32 municipalities submitted WSPs One was late	23 out of 32 municipalities timeously submitted signed WSP
% of employment equity targeted groups in 3 highest levels of management	26% of municipal staff are women, >1% disabled 17% vacant posts overall	5 out of 32 mayors are women 16% vacant posts overall	10% of s57 posts filled by women 14% vacant posts overall
Number of municipal functions performed with some capacity	Average for LM 21 functions Average for DM 13 functions	Average for LM 21 functions Average for DM 13 functions	Average for LM 20 functions Average for DM 14 functions
<b>Access to basic services targets</b>			
2007 Bucket sanitation eradicated	All bucket projects on formal stands completed	2,191 buckets still remain on formal stands at May 2008	5,619 buckets still remain on formal stands at end Nov 2007
2014 Basic water supply backlog eradicated	6,287 households in towns and villages do not have basic water within 200 meters of their dwelling	11,258 households in towns and villages do not have basic water within 200 meters of their dwelling	10,712 households in settlements do not have basic water within 200 meters of their dwelling
2014 Sanitation backlog eradicated	43,578 households in towns and villages have not been served with at least a basic facility	42,227 households in towns and villages have not been served with at least a basic facility	36,285 households in settlements have not been served with at least a basic facility
2012 Basic electricity supply	46,608 households do not have electricity connections (formal towns and villages)	46,608 households do not have electricity connections (formal towns and villages)	An estimated 55,974 households do not have electricity connections
<b>Access to free basic services targets</b>			
Percentage of HH with imputed expenditure of less than R1100 pm that have access to all free basic services	All municipalities deliver FBS to indigent households in towns and villages. 107,634 households are registered as indigent who live in towns & villages (average 39%). Indigent registers are still outstanding at Moshaweng and all its households are assumed indigent.	All municipalities deliver FBS to indigent households in towns and villages. 87,891 households are registered as indigent who live in towns & villages (average 32%). Indigent registers are still outstanding at Moshaweng and Ga-Segonyana, although 20,000 and 1,610 indigents are reflected in this total.	All municipalities deliver FBS to indigent households in settlements. 88,679 households are registered as indigent who live in towns & settlements (average 49%) and another 22,500 households living in Moshaweng where there is no indigent register
Free basic water 6 kl	All municipalities deliver FBW to indigent HH living in settlements. 12 municipalities deliver to ALL HH. 2 municipalities deliver more than 6 kl.	All municipalities deliver FBW to indigent HH living in settlements. 11 municipalities deliver to ALL HH. 2 municipalities deliver more than 6 kl.	All municipalities deliver FBW to indigent HH living in settlements. 9 municipalities deliver to ALL HH. 5 municipalities deliver more than 6 kl.
Free basic sanitation	All, but 4, municipalities deliver to indigent HH	All, but 4, municipalities deliver to indigent HH	All, but 2, municipalities deliver to indigent HH
Free basic electricity	All municipalities deliver to 92,673 indigent HH	All municipalities deliver to 92,673 indigent HH	All, except 1, municipalities deliver to indigent HH
Refuse removal	4 out of 32 municipalities do not deliver to indigent HH	All municipalities deliver to 62,332 indigent HH	2 out of 32 municipalities do not deliver to indigent HH
<b>Expenditure on capital projects</b>			
Percentage of capital budget spent on projects identified in terms of the IDP	MIG allocation for 2008/2009 amounted to R209 million of which 68% was spent by 30 June 2009	MIG allocation for 2007/2008 amounted to R222 million of which 72% was spent by 30 June 2008	MIG allocation for 2006/2007 amounted to R121 million of which 90% was spent by 30 June 2007

	Actual performance achieved 2008/2009	Actual performance achieved 2007/2008	Actual performance achieved 2006/2007
<b>Local economic development</b>			
Jobs created through local economic development initiatives supported by the municipality	2,249 jobs through LED projects recorded at 9 municipalities	3,472 jobs through LED projects recorded at 10 municipalities	Data not reported.
LED strategy in place	District LED strategies in place and district LED forums except at Siyanda	District LED strategies in place and district LED forums except at Siyanda	District LED strategies in place and district LED forums
<b>Financial viability and management</b>			
Bank balances – cash on hand	R280 million cash on hand (less overdraft), with 13 municipalities in a deficit position. Average cash on hand (less overdraft) accounts for 71% of current liabilities.	R365 million cash on hand (less overdraft), with 8 municipalities in a deficit position. Average cash on hand (less overdraft) accounts for 81% of current liabilities.	R374 million cash on hand (less overdraft), with 14 municipalities in a deficit position. Average cash on hand (less overdraft) accounts for 84% of current liabilities.
Outstanding debtors to revenue	Total consumer debt was R1,18 billion. Total recoverable debtors amounted to R660 million, which represents 24% of total revenue. Average debtor days are 88.	Total consumer debt was R932 million. Total recoverable debtors amounted to R482 million, which represents 26% of total revenue. Average debtor days are 95.	Total consumer debt was R973 million. Total recoverable debtors amounted to R569 million, which represents 30% of total revenue. Average debtor days are 109.
Aggregate of bad debt	All, but 1 municipality, made provision for bad debt amounting to a total of R619 million. Provision for bad debt comprised 114% of total outstanding debt.	All, but 1 municipality, made provision for bad debt amounting to a total of R451 million. Provision for bad debt comprised 44% of total outstanding debt.	All, but 2 municipalities, made provision for bad debt amounting to a total of R496 million. Provision for bad debt comprised 47% of total outstanding debt.
Creditor payments	Creditors amount to R311 million. 5 municipalities' creditors account for over 30% of operating expenditure. The average is 12%.	Creditors amount to R291 million. 8 municipalities' creditors account for over 30% of operating expenditure. The average is 14%.	Creditors amount to R257 million. 8 municipalities' creditors account for over 30% of operating expenditure. The average is 14%.
External loans	External loans amounted to R358 million, which accounts for 12.4% of fixed assets.	External loans amounted to R306 million, which accounts for 24% of fixed assets.	External loans amounted to R256 million, which accounts for 22% of fixed assets.
Salaries to total expenditure	18 municipalities spent 35% or less on salaries (including councillors remuneration), whilst no municipality exceeded 50%.	15 municipalities spent 35% or less on salaries (including councillors remuneration), whilst 1 municipality exceeded 50%.	10 municipalities spent 35% or less on salaries (including councillors remuneration), whilst 4 municipalities exceeded 50%.
Reliance on subsidies & grant income	R962 million was received in grants and subsidies comprising 36% of total revenue. 15 municipalities rely on subsidies & grants for more than 40% of income.	R749 million was received in grants and subsidies comprising 36% of total revenue. 13 municipalities rely on subsidies & grants for more than 40% of income.	R571 million was received in grants and subsidies comprising 30% of total revenue. 12 municipalities rely on subsidies & grants for more than 40% of income.
Audit outcome/opinion	0 Adverse 19 Disclaimer 4 Qualified 4 Unqualified with other matters 2 Unqualified with NO other matters 29 Municipalities audited	0 Adverse 20 Disclaimer 9 Qualified 2 Unqualified with other matters 31 Municipalities audited	1 Adverse 25 Disclaimer 4 Qualified 2 Unqualified with other matters 32 Municipalities audited
<b>Good governance &amp; public participation</b>			
Community development workers	All 183 wards have ward committees established although 50 are not functional 317 CDW employed	All 183 wards have ward committees established although 47 are not functional 317 CDW employed House of Traditional Leaders established in JTG	All wards have ward committees established although not all are functional 320 CDW employed House of Traditional Leaders planned in JTG
Imbizos held	0 Presidential Imbizos 4 'Council meets the people' meetings	4 Presidential Imbizos 14 'Council meets the people' meetings	11 Imbizos 6 'Council meets the people' meetings
Audit committees operational throughout the year	12 audit committees operational 18 internal audit committees operational	10 audit committees operational 16 internal audit committees operational	

	<b>Actual performance achieved 2008/2009</b>	<b>Actual performance achieved 2007/2008</b>	<b>Actual performance achieved 2006/2007</b>
Substantially implemented the recommendations of the external auditor	2 municipalities did so	6 municipalities did so	

# NORTHERN CAPE PROVINCE



NAMIBIA

BOTSWANA

BOTSWANA

NORTH WEST PROVINCE

**KGALAGADI**

**SIYANDA**

**FRANCES BAARD**

FREE STATE

**NAMAKWA**

**PIXLEY KA SEME**

EASTERN CAPE

WESTERN CAPE

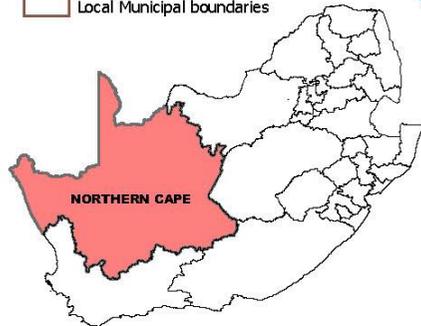
## Administrative Boundaries

### District Municipalities

- Kgalagadi
- Namakwa
- Pixley ka Seme
- Siyanda
- Frances Baard

### Local Municipalities

- Local Municipal boundaries



ATLANTIC OCEAN

