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PROVINCIAL NOTICE

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PROVINCIAL NOTICE

The following Provincial Notice is published for general information.

DR HC MALILA,
DIRECTOR-GENERAL

Provincial Legislature Building,
Wale Street,
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22 September 2025



**Annual Consolidated Municipal
Performance Report
2023/24**

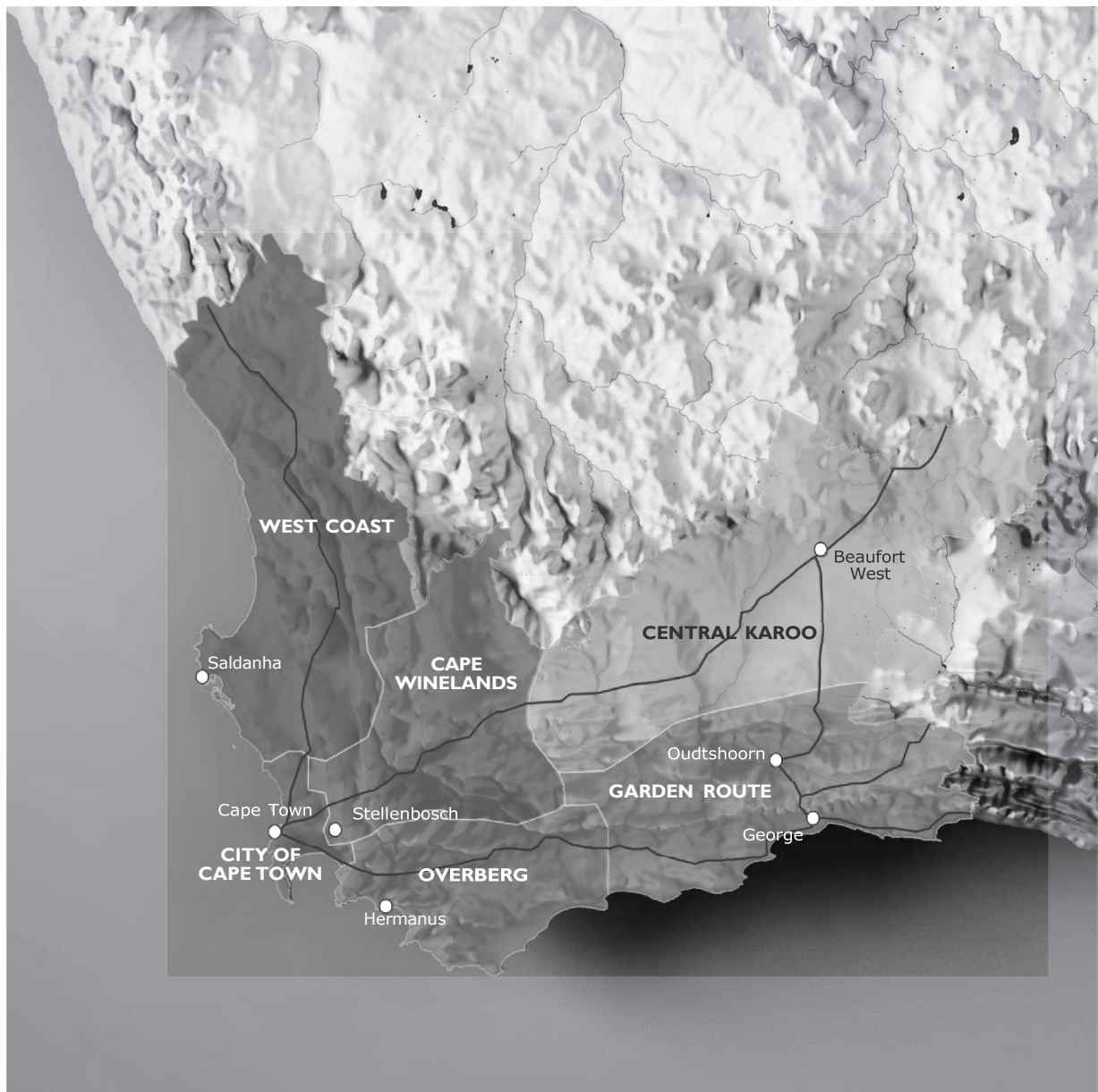


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ABBREVIATIONS

ABBREVIATION	
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APR	Annual Performance Report
BPO	Business Process Outsourcing
CDW	Community Development Worker
CoGTA	Department of Cooperative Governance and Traditional Affairs
Constitution	Constitution of the Republic of South Africa, 1996
DDM	National District Development Model
DEA&DP	Department of Environmental Affairs and Development Planning
DLG	Western Cape Department of Local Government
EPWP	Expanded Public Works Programme
FBS	Free Basic Services
G4J	Growth for Jobs Strategy
GDPR	Gross Domestic Product by Region
HSDG	Human Settlements Development Grant
ICT	Information Communication Technology
IDP	Integrated Development Plan
JDMA	Joint District and Metro Approach
KPI	Key Performance Indicators
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
MERO	Municipal and Economic Review and Outlook
MFMA	Local Government: Municipal Finance Management Act, No. 56 of 2003
MSA	Local Government: Municipal Systems Act, No. 32 of 2000
MIG	Municipal Infrastructure Grant
MISA	Municipal Infrastructure Support Agent
MGRO	Municipal Governance Review and Outlook
PERO	Provincial Economic Review and Outlook
PT	Provincial Treasury
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SIME	Strategic Integrated Municipal Engagements
Structures Act	Local Government: Municipal Structures Act, No. 117 of 1998
TIME	Technical Integrated Municipal Engagement
UIF&W	Unauthorised, Irregular and Fruitless and Wasteful Expenditure
WC: PDMC	Western Cape: Provincial Disaster Management Centre
WC: SRAM	Western Cape: Standardised Risk Assessment Methodology
WCG	Western Cape Government
WSPs	Workplace Skills Plans

MINISTER'S FOREWORD



The South African economy has been on a path to recovery following the severe impact of the COVID-19 pandemic. Municipalities, being closest to the people, felt this impact most acutely. While we acknowledge the challenges faced, it is equally important to recognise that much has been done to safeguard service delivery. The Department has made significant strides in supporting municipalities to deliver on their mandates, and these efforts are beginning to show tangible results.

This progress is reflected in various performance reports. Notably, the Financial Sustainability Index published by Ratings Africa highlights that five of the most financially stable municipalities in the country are located in the Western Cape. The index assessed the financial performance of approximately 104 of South Africa's largest municipalities, including all eight metros, for the year ending June 2022. According to the report, these municipalities benefit from well-established financial policies, sound long-term financial strategies, adherence to robust budgetary processes, strict financial controls, and efficient revenue collection, even under challenging economic conditions.

In addition, the 2022/23 report by the Auditor-General of South Africa (AGSA) affirms that 20 of the 34 municipalities nationwide that achieved clean audit outcomes are in the Western Cape. While clean audits do not in themselves guarantee service delivery, it is well understood that poor management of municipal performance, finances, and infrastructure can significantly hinder the delivery of essential services that are critical to improving the lives of residents. Thus, the Department's monitoring and support initiatives will continue to provide requisite initiatives based on lessons learned.

During the 2023/24 financial year, notable progress was made in strengthening ward committee functionality and citizen participation across municipalities. The Community Development Worker Programme played a critical role in bridging communities with government services. Community Development Workers supported vulnerable groups in accessing essential documentation, facilitated youth development opportunities, and helped convey community needs to municipalities, thereby promoting inclusive governance and service delivery.

Furthermore, the Blue Drop and No Drop reports released by the National Department of Water and Sanitation in December 2023 show that water service authorities in the Western Cape have demonstrated excellence in drinking water quality and water resource management. The province emerged as the overall winner, dominating across all categories. These certification programmes aim to improve water quality management by water services authorities, and their

results are a clear indication that households in the Western Cape can have confidence in the safety and quality of their drinking water.

However, the reality of climate change demands a new approach. A series of weather-related events in 2023, characterised by heavy rains, gale-force winds, and sea surges, led to severe flooding and infrastructure damage across the province. The province's resilience during these disasters is a direct result of continued investment in disaster management systems, which enabled the effective coordination of multi-sectoral responses.

Our experience in managing disasters over the years has taught us that the successful resolution of challenges requires the strengthening of implementation plans through collaboration among all key stakeholders. As we face the growing challenges brought by climate realities, all sectors operating in the municipal space should intensify their efforts and work together to ensure the safety and improved lived experiences of our communities.

While much remains to be done, I am encouraged by the fact that municipalities in the Western Cape continue to rank among the best performing in the country.

EXECUTIVE SUMMARY

The Section 47 Report provides an assessment of the state of municipal governance and performance for the 2023/24 financial year. The report draws on oversight findings, statutory submissions, and sector engagements to highlight progress, persistent challenges, and areas requiring targeted support to strengthen local government functionality and service delivery.

Overall, the assessment reflects a mixed picture: while there are pockets of improvement in financial management, institutional capacity, and governance, many municipalities continue to face systemic challenges that hinder effective service delivery. These challenges include financial distress, inadequate revenue collection, infrastructure backlogs, skills shortages, and governance instability.

Governance and Political Stability

Governance remains a core determinant of municipal performance. The year under review showed ongoing instability in several councils, primarily due to political tensions, coalition fragility, and frequent changes in leadership. This has weakened council functionality and oversight, often diverting focus away from service delivery priorities. Instances of poor adherence to legislative frameworks, weak consequence management, and delays in finalising critical decisions were noted. However, some municipalities demonstrated improved governance practices through stronger council leadership, compliance with statutory requirements, and efforts to stabilise administrations.

Financial Management and Viability

Financial performance continues to be a major area of concern. Several municipalities are in financial distress, struggling with liquidity challenges, high debt levels, and dependence on equitable share allocations. Eskom and water board debt remain critical risks, with certain municipalities carrying overdue accounts extending beyond 30 days. Revenue collection rates remain suboptimal, undermined by weak billing systems, a limited rates base, and poor enforcement of credit control policies. On a positive note, municipalities that implemented revenue enhancement strategies and strengthened internal controls reported gradual improvements in their audit outcomes and fiscal discipline.

Institutional Capacity and Skills

Human resource capacity directly impacts service delivery outcomes. The reporting period highlighted persistent skills shortages, particularly in engineering, financial management, and technical services. Recruitment processes are often lengthy, compounded by difficulties in attracting skilled professionals to rural municipalities. Training and development initiatives, secondments, and partnerships with provincial and national departments have been

introduced to address these gaps. Nevertheless, staff turnover and reliance on consultants continue to undermine institutional stability and long-term sustainability.

Service Delivery and Infrastructure

Service delivery remains uneven across municipalities. While some have made progress in improving access to water, sanitation, housing, and electricity, infrastructure backlogs and maintenance deficits continue to hinder consistent delivery. Ageing infrastructure, high levels of non-revenue water, and electricity distribution losses contribute to inefficiencies. Municipalities that invested in infrastructure maintenance plans and adopted integrated development approaches were better able to sustain service levels. However, service delivery protests indicate that citizen dissatisfaction remains widespread, often linked to unreliable or poor-quality services.

Planning, Performance, and Oversight

The report notes mixed compliance with statutory planning instruments, including Integrated Development Plans (IDPs), Service Delivery and Budget Implementation Plans (SDBIPs), and performance management frameworks. While most municipalities submitted plans within required timelines, the quality of these documents varies, often lacking credible targets, realistic budgets, and measurable performance indicators. Oversight structures, including audit committees and municipal public accounts committees, are functional in many municipalities but require greater independence, capacity, and authority to enforce accountability.

Support and Interventions

The provincial government has continued to provide targeted support through capacity-building programmes, financial advisory services, and infrastructure grants. Interventions have included assistance with governance frameworks, revenue enhancement initiatives, and technical support for infrastructure planning. While these efforts have yielded results in some municipalities, the scale of challenges suggests that more comprehensive, coordinated, and sustained interventions are necessary.

The Section 47 Report underscores the urgent need to address systemic weaknesses in governance, financial viability, institutional capacity, and service delivery. Strengthening political and administrative stability, enforcing accountability, enhancing revenue management, and investing in infrastructure maintenance are critical to improving municipal performance.

Moving forward, a stronger focus must be placed on:

- Enhancing governance stability through improved council functionality and consequence management.

- Addressing financial distress by implementing revenue collection strategies and managing debt responsibly.
- Building institutional capacity through targeted skills development and retention strategies.
- Prioritising infrastructure maintenance and sustainable service delivery solutions.
- Strengthening oversight mechanisms to ensure accountability and improved performance monitoring.

In conclusion, while progress has been made in certain areas, the state of local government remains fragile. Achieving sustainable improvements will require collective effort, decisive leadership, and continuous support from all spheres of government.



Part A: Background and purpose of the report

A. BACKGROUND AND PURPOSE OF THE REPORT

1. Introduction

The 2023/24 Consolidated Annual Municipal Performance Report has been prepared in accordance with Section 47 of the Local Government: Municipal Systems Act, No. 32 of 2000 (MSA). This section places a legal obligation on the MEC for Local Government to compile and submit an annual consolidated report on municipal performance to both the Provincial Legislature and the National Minister responsible for local government.

The primary purpose of the report is to identify underperforming municipalities and recommend appropriate remedial actions. It also provides a comprehensive overview of the province's operational, social, and environmental performance, highlighting both achievements and challenges encountered during the 2023/24 financial year.

This consolidated report is largely informed by individual municipal performance reports, prepared in line with Section 46 of the MSA. In terms of this provision, each municipality must compile an annual performance report that outlines its performance against set targets, compares results with those of previous financial years, and details any measures taken to improve performance.

Furthermore, Section 47 of the MSA requires that the Consolidated Annual Municipal Performance Report be published in the Provincial Gazette, and that a copy be submitted to the National Council of Provinces.

Following the issuance of Circular No. 44 of 2025 by the Department of Cooperative Governance (CoGTA) on 12 May 2025, the following provisions and dates must be adhered to as provided for in the Local Government: Municipal Finance Management Act, No. 56 of 2003 (MFMA).

Table 1 below summarizes the key processes to be followed in accordance with the MFMA and in response to the directives set out in Circular No. 44.

Table 1: Statutory annual reporting process

ACTION	LEGISLATION	RESPONSIBLE ENTITY / PERSON	BY WHEN
Tabling of municipal Annual Report to Council	MFMA Section 127(2)	Mayor	31 January (within 7 months after the end of the financial year)
Consider Annual Report and adopt Oversight Report containing Council's comments on the Annual Report by no later than two months from date on which annual report was tabled in Council	MFMA Section 129(1)	Council	By no later than 31 March (within 2 months after tabling)
The Annual Performance Report (APR) must be finalised by 31 December and become part of the Annual Report. Annual Report still subject to public engagement, may result in		Accounting Officer	31 March to finalise APR (9 months after the end of the financial year)

ACTION	LEGISLATION	RESPONSIBLE ENTITY / PERSON	BY WHEN
changes and revisions thereto, including the APR			
Compile annual consolidated performance report of the municipalities in the province	Circular No. 44 of 2025	MEC for Local Government	30 June
Compile consolidated report of local government performance, and submit it to Parliament and to the MEC's	MSA Section 47	Minister	30 September

2. Western Cape population and socio-economic overview

Situated at the southwestern tip of the African continent, the Western Cape is one of South Africa's nine provinces. Celebrated as one of the world's premier tourist destinations, it is renowned for its breathtaking natural scenery, rich cultural diversity, warm hospitality, world-class wines, and vibrant cuisine.

The Province shares its northern and eastern borders with the Northern Cape and Eastern Cape respectively, while the Atlantic Ocean lies to the west and the Indian Ocean to the south.

Geographically, the Western Cape is highly diverse, encompassing distinct districts such as the Cape Metropole, West Coast, Garden Route, Overberg, Cape Winelands and the Karoo. Administratively, the Province is structured into one metro, and five district municipalities, which are further divided into 24 local municipalities.

According to the 2023 Provincial Economic Review and Outlook (PERO), the Western Cape is proactively positioning itself for accelerated recovery and long-term socio-economic growth amid an unstable global economic climate. International headwinds, including sluggish growth, high inflation, geopolitical tensions, and supply chain disruptions, continue to affect all regions. However, the Western Cape is leveraging its growing population, energetic workforce, strong infrastructure, and focus on innovation to turn these challenges into opportunities.

At the core of this strategy is the Growth for Jobs Strategy (G4J), which identifies the private sector as the main driver of job creation. The Western Cape Government (WCG) is focused on stimulating inclusive market growth and building an enabling environment in which both individuals and businesses can thrive.

The Province's population growth, second only to Gauteng, is primarily driven by in-migration. Young, motivated job seekers, mid-career professionals, and retirees are relocating to the Western Cape, drawn by its good governance and consistent service delivery, particularly in water infrastructure. However, this rising population places increased pressure on healthcare systems, education services, housing availability, and public safety infrastructure. Managing this growth requires strategic planning across all sectors.

Economically, the Western Cape has achieved moderate but steady growth over the past decade, largely due to the Finance and Agriculture sectors. However, persistent issues such as

South Africa's energy crisis, inefficiencies at the Port of Cape Town, and logistical transport bottlenecks continue to limit the Province's growth potential. The renewable energy sector presents a significant opportunity, though limited grid capacity remains a critical constraint.

Despite a slowdown in overall investment, particularly in the Construction sector, business sentiment improved by mid-2023. While growth for 2023 is expected to remain modest at 0.5%, a rebound to 2.1% is projected for 2024, indicating growing confidence in the Province's economic trajectory.

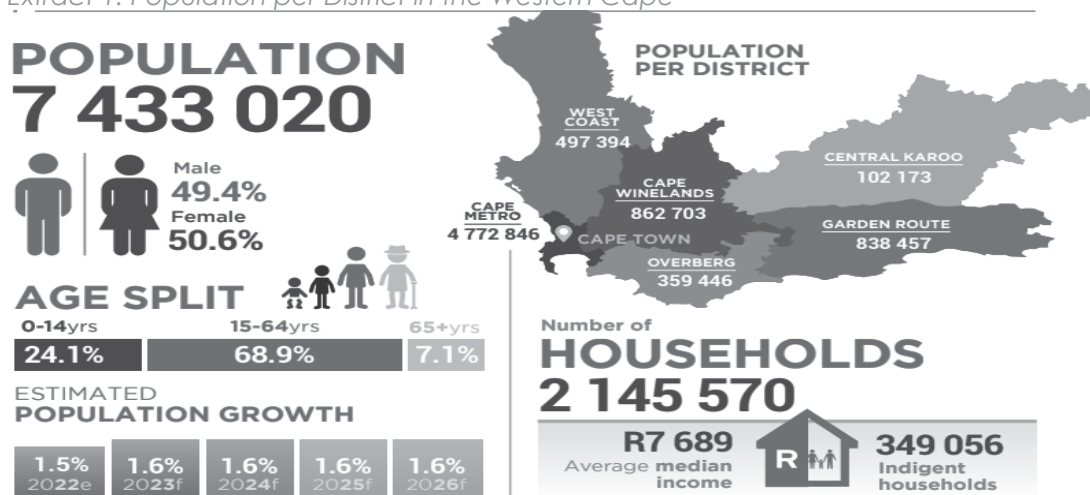
A significant socio-economic challenge remains youth unemployment. Although the Western Cape has a large and energetic youth population, job creation for this demographic continues to lag behind overall employment trends. The declining relationship between tertiary education and employment highlights the need for a broader approach. This includes support for work readiness, practical training, skills development, and improving mobility. Geographic and economic data should be used to ensure interventions are targeted and effective.

The Province is affected by national and global constraints. South Africa's broader economic stagnation has reduced national tax revenues, leading to tighter budgets for provinces like the Western Cape. This is compounded by national infrastructure failures in electricity, rail, and port operations, which threaten to prolong the Province's modest growth trend.

To respond, the WCG must continue to innovate, doing more with less by embracing automation, Artificial Intelligence, and digital transformation. It must also implement evidence-based, spatially targeted programmes that focus resources where they are most needed, such as health services in the Central Karoo or employment and housing support in the Cape Metro.

In conclusion, while the Western Cape faces considerable socio-economic challenges, its proactive governance, strategic planning, and focus on innovation and inclusivity place it in a strong position to achieve breakout growth and long-term prosperity.

Extract 1: Population per District in the Western Cape



Source: Stats SA, Census 2022 Provinces at a glance, 2023

3. Western Cape regional contribution to provincial employment

According to the Municipal and Economic Review and Outlook (MERO) for 2023/2024, municipalities across the Western Cape played a vital role in strengthening provincial employment.

In 2023, the Western Cape continued to demonstrate resilience in key economic sectors, building on gains made in the aftermath of the COVID-19 pandemic.

Thanks to the strong performance of the agriculture sector in 2021, Gross Domestic Product by Region (GDPR) across the Province's districts had already begun recovering by 2022.

The Cape Metro, which had initially lagged behind its 2019 levels, recorded an estimated 2.2% GDPR growth in 2022, surpassing its pre-pandemic performance and contributing 1.7 percentage points to overall Provincial growth.

The Cape Winelands District and the Garden Route District added 0.3 and 0.2% points respectively. However, this economic growth did not translate fully into employment recovery, as job creation in the Cape Metro, Cape Winelands, and Garden Route District in 2022 still fell short of compensating for the significant losses sustained in 2020 and 2021.

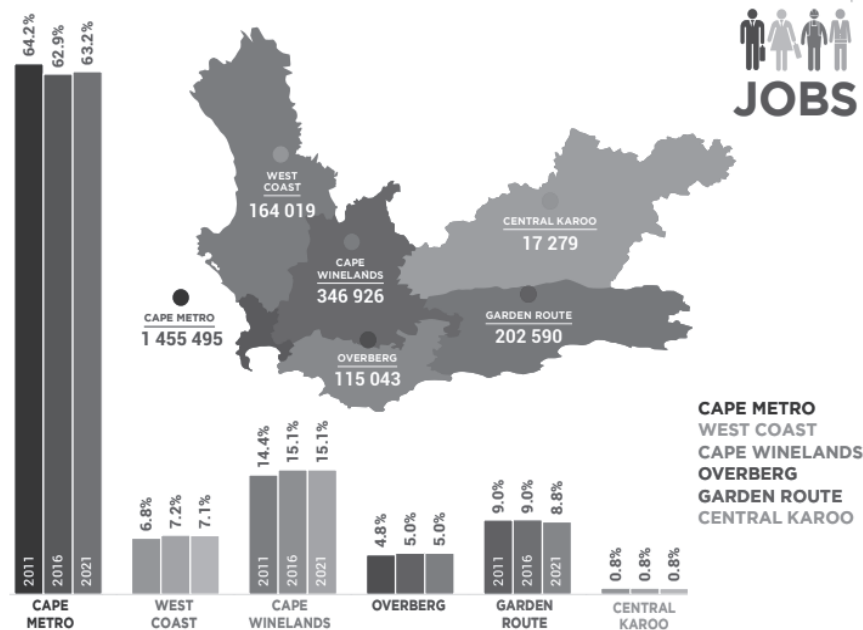
By 2023, projections indicated a slowdown in GDPR growth across districts, with the Central Karoo District expected to contract by 0.2%. Factors such as inflation, interest rate hikes, and persistent load-shedding dampened consumer and business confidence.

The regional economy in 2023 continued its shift towards services, underpinned by established agriculture and agro-processing industries. Sectors like finance, transport, personal services, and trade remained key contributors to GDPR. The trade sector played a notable role in employment, with 6,513 new formal full-time jobs created for retail workers in 2022, 99.8% of them in the Cape Metro.

Despite job gains in some industries, others continued to shed employment, a reflection of broader national economic challenges. Rising food and fuel prices, coupled with high interest rates, placed additional strain on households. This led to weakened domestic tourism demand, resulting in the loss of 4,493 formal jobs in short-term accommodation services, mainly in the Cape Metro, Garden Route District, and Overberg District. An exception was the Central Karoo District, which gained 43 jobs in this sector, suggesting a modest resurgence in business travel through the region.

Cape Town International Airport, the Province's key travel hub, continued its post-pandemic recovery. By April 2023, international arrivals had returned to pre-COVID levels, while domestic arrivals reached 80% of the 2019 figure. These trends support a positive outlook for the tourism sector in 2023.

Extract 2: Regional contribution to provincial employment

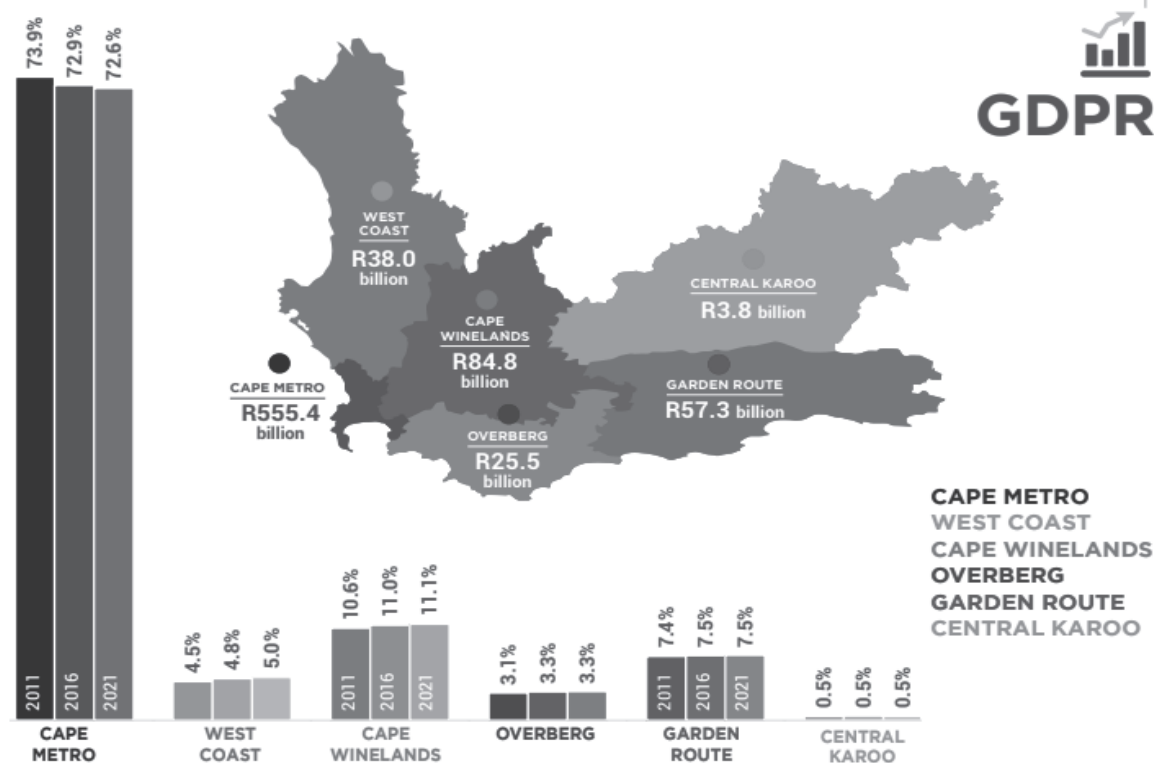
REGIONAL CONTRIBUTIONS TO PROVINCIAL EMPLOYMENT,
2012 – 2021

Source: Quantec research, 2023

While the Western Cape's prospects in trade, tourism, and investment remain encouraging, its economic performance cannot be decoupled from national dynamics. Ongoing uncertainty regarding energy security and subdued business confidence at the national level could present ongoing risks to Provincial growth.

The finance, trade, personal services, and manufacturing sectors in the Cape Metro make a significant contribution to both Provincial GDP and employment. Recognised as a major trade hub, the Metro is particularly known for its technology and business process outsourcing (BPO) industries. Key manufacturing sectors include clothing and textiles, food and beverages, and electronics. The BPO industry, in particular, is playing an increasingly important role in job creation and attracting foreign investment, having generated 3,257 new jobs in 2022. The Cape Metro also serves as the centre of the Western Cape's growing film and media industry.

Extract 3: Regional contribution to GDP

**REGIONAL CONTRIBUTIONS TO PROVINCIAL GDP (CURRENT PRICES),
2012 – 2021**

Source: Quantec research, 2023

Among regional areas, the expanding urban centres of Paarl and Stellenbosch in the Cape Winelands District are driving growth, primarily through the trade, finance, and personal services sectors. Simultaneously, the increasing role of George as a tertiary service hub for the Garden Route District is strengthening its contribution to the Provincial GDP. Meanwhile, despite holding potential in mining and renewable energy, the sparsely populated Central Karoo District remains the smallest contributor to both the Provincial economy and employment.



Part B: Municipal Performance for 2023/24 Financial Year

B. MUNICIPAL PERFORMANCE FOR 2023/24 FINANCIAL YEAR

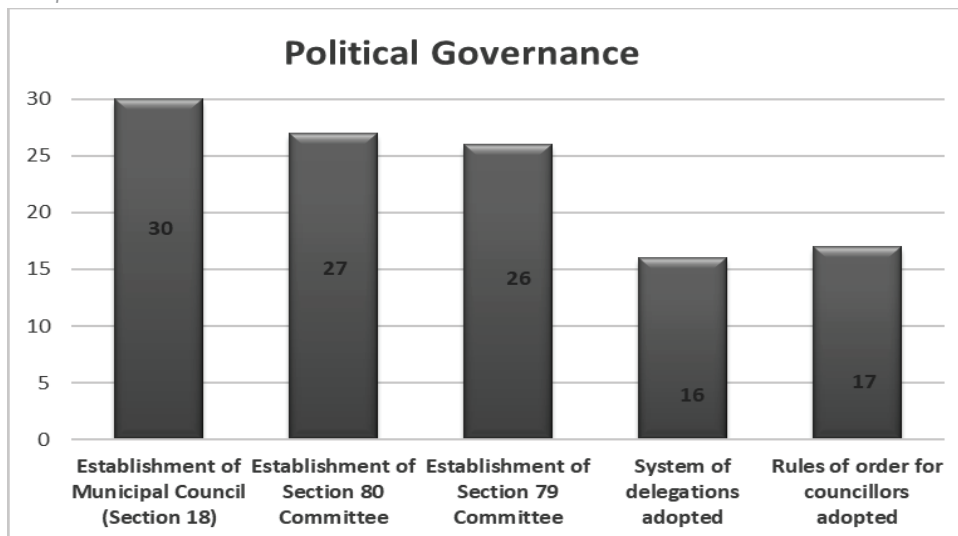
CHAPTER 1: GOVERNANCE

1.1 Political Governance

- The MEC for Local Government may establish a municipality through a Section 12 notice, as provided for in the Local Government: Municipal Structures Act, No. 117 of 1998 (Structures Act). This notice outlines key governance choices, such as whether the municipality will have an Executive Mayor, an Executive Committee, or no separate executive structure. The Section 12 notice is often regarded as the municipality's founding document or constitution. In the Western Cape, the City of Cape Town being a Category A municipality, is a municipality with a mayor executive system combined with both a sub council and a ward participatory system, whilst the Category B municipalities are a mayoral executive system combined with a ward participatory system and the Category C municipalities are based on a mayoral executive system.
- According to Section 151(2) of the Constitution of the Republic of South Africa, 1996 (the Constitution), municipal councils hold both legislative and executive authority, they can pass by-laws and ensure their implementation. The council is the source of executive power and is responsible for overseeing the executive. Section 53 of the MSA requires municipalities to clearly define the roles and responsibilities of each political structure and office bearer.
- Section 151(3) of the Constitution affirms the council's right to govern local affairs independently, in a democratic and accountable manner. It empowers councils to carry out legislative and executive functions and fulfil their constitutional responsibilities. As the highest authority within the municipality, the council also acts as the employer of all senior managers, as mandated by the MSA.
- Section 160(3) of the Constitution outlines how a municipal council must make decisions. A quorum of councillors must be present for any decision to be valid, and in most cases, a simple majority of votes cast is sufficient. However, there are specific matters that require a supporting vote of the majority of all council members to be legally adopted. These exceptions ensure that critical financial and legislative decisions reflect the collective agreement of the full council, and include the:
 - passing of by-laws;
 - approval of budgets;
 - imposition of rates and other taxes, levies, and duties; and
 - raising of loans.

- In Western Cape municipalities, executive functions have been delegated to the Executive Mayor, who governs with the support of a Mayoral Committee. Each member of the committee is assigned a specific portfolio with defined responsibilities. The Executive Mayor may further delegate certain tasks to individual committee members.
- However, any powers and duties delegated to the Executive Mayor by the Municipal Council must be carried out collectively, with the involvement of the Mayoral Committee. This ensures that executive decisions are made in a collaborative and accountable manner.
- The Structures Act empowers municipal councils to establish Section 79 and Section 80 committees.
- Section 79 committees assist the council in fulfilling its responsibilities by handling specific delegated functions. These committees are usually temporary and are set up to focus on particular tasks or issues.
- Section 80 committees, on the other hand, are designed to support the Executive Mayor or Executive Committee by providing advice on policy matters and making recommendations to the council. These committees may also be granted limited decision-making powers.
- During the 2023/24 financial year, all municipalities in the Western Cape had established municipal councils. While municipalities such as Kannaland and Swellendam faced administrative challenges, these did not prevent the formation and functioning of their councils.
- According to the annual reports, sixteen (16) municipalities have adopted their system of delegations in line with Section 59 of the MSA, ensuring the improvement of administrative and operational efficiency. Seventeen (17) municipalities have formally adopted their Rules of Order.
- The following graph depicts the political governance in the Western Cape municipalities.

Graph 1: Political Governance



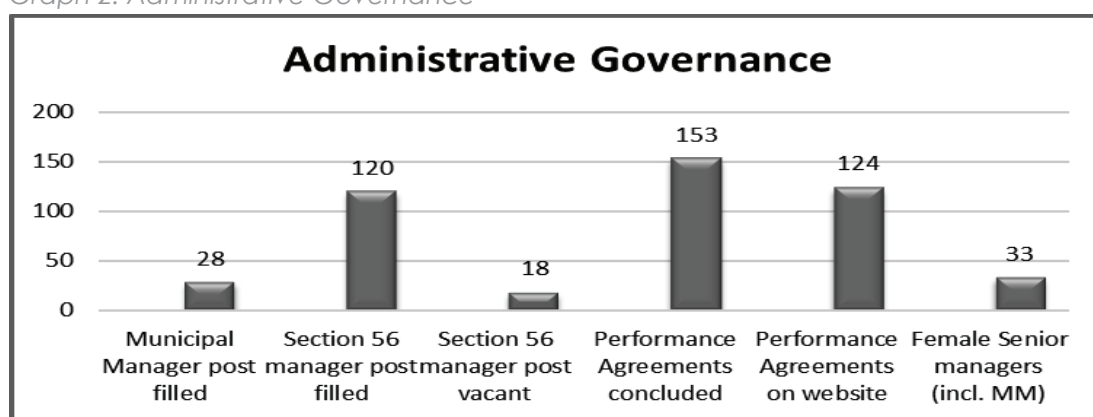
Source: Municipal Annual Reports 2023/24

1.2 Administrative Governance

- Administrative governance in municipalities refers to the systems, structures, and processes that guide how local governments are managed and operated. These municipalities function under the framework of key legislation, including the Constitution, the Structures Act, the MSA, and the MFMA.
- The Municipal Manager serves as the Accounting Officer of the municipality and head of administration. Their primary responsibility is to ensure that council decisions are implemented and that the municipality operates in a legally compliant and accountable manner.
- In the Western Cape, there is a strong emphasis on good governance. Municipalities are expected to uphold clean governance, drive service delivery, and manage political and administrative tensions professionally, within the limits of their administrative and financial capacity.
- Municipal Managers are also responsible for governance, recruiting, training, and managing of municipal staff. In line with the MSA, and the Municipal Performance Regulation (2006), both the Municipal Manager and the senior managers reporting directly to them must enter into Annual Performance Agreements. These agreements set clear expectations and goals, assisting the council to monitor performance and accountability.
- Section 57 of the MSA requires that these performance agreements be concluded within a reasonable time after an appointment, and thereafter within one month of the start of the municipality's financial year.

- Additionally, section 53(3)(b) of the MFMA mandates that these performance agreements be made public no later than 14 days after the approval of the municipality's SDBIP. Copies must also be submitted to the council and the MEC for Local Government in the province.
- The below graph below illustrates the status of administrative positions and municipal governance processes for the 2023/24 financial year.
- During the 2023/24 financial year, 28 municipalities in the Western Cape have filled their Municipal Manager positions. Theewaterskloof and Kannaland municipalities had acting Municipal Managers.

Graph 2: Administrative Governance



Source: Municipal Annual Reports 2023/24

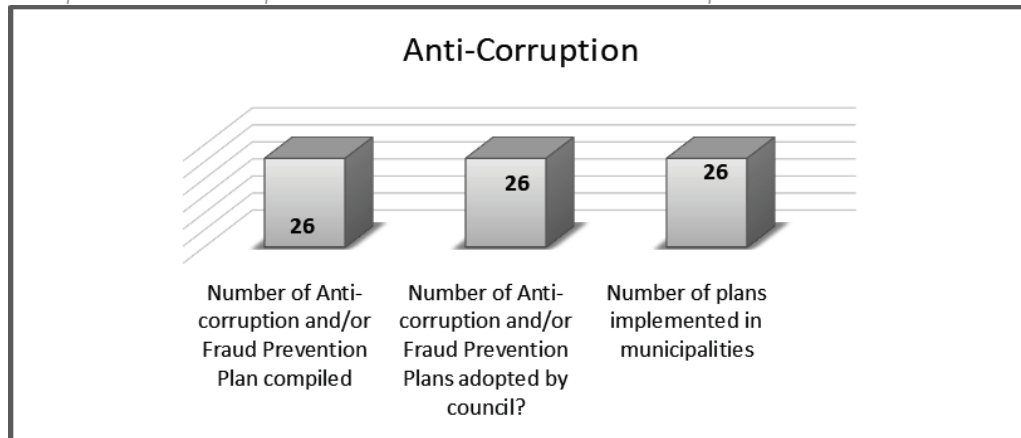
- There were 18 vacant Section 56 senior management positions, while most senior manager posts were filled. These vacancies represented a significant gap in key administrative leadership.
- Most managers have signed Performance Agreements, but a notable concern was that 29 of these agreements have not been published on municipal websites. This raised concerns regarding transparency and delays to update online platforms.
- In terms of gender representation, female participation at senior management level remained low compared to the number of filled Municipal Manager and senior management posts. This highlights a significant gender imbalance in leadership roles across municipalities in the 2023/24 financial year.
- Transparency should be improved by mandating the public disclosure of performance agreements for senior officials, reinforcing accountability within the municipal leadership. In addition, policies promoting gender equity in senior management should be introduced to ensure more inclusive and representative leadership.

1.3 Corporate Governance

1.3.1 Anti-Corruption and Fraud Prevention

- Anti-corruption and fraud prevention encompass a set of strategies, policies and practices implemented by organisations to ensure integrity in governance and protect public resources. These measures are aimed at:
 - detecting, preventing and responding to corrupt activities and fraudulent acts;
 - promoting ethical conduct, transparency and accountability within public institutions; and
 - safeguarding public resources and upholding the trust of citizens.
- In South Africa, all municipalities are expected to adopt a Fraud Prevention Plan and Anti-Corruption Strategy as part of their governance framework. These efforts are supported by a robust legislative foundation, including:
 - The Constitution, which in Section 195 outlines the basic principles governing public administration, emphasizing accountability, transparency, and ethical conduct, and in Section 217, mandates that public procurement systems must be fair, equitable, transparent, competitive, and cost-effective.
 - The Prevention and Combating of Corrupt Activities Act, No. 12 of 2004, which defines corruption, outlines the obligations of public officials, and criminalizes corrupt behaviour.
 - The MFMA, which requires municipalities to implement effective, efficient, and transparent systems for financial management, risk mitigation, and internal controls.
 - The MSA, which promotes ethical governance and requires adherence to a code of conduct that upholds transparency, accountability, and good governance.
- Together, these legal instruments provide the necessary framework to combat corruption and fraud, ensuring that municipalities remain accountable to their communities and committed to ethical, service-driven leadership.
- The graph below illustrates the status of Anti-Corruption and Fraud Prevention Plan implementation across municipalities.

Graph 3: Anti-Corruption and Fraud Prevention Plan implementation



Source: Municipal Annual Reports 2023/24

- The graph above outlines municipal compliance across three key areas related to Anti-Corruption and Fraud Prevention Plans, whether the:
 - municipality has developed an Anti-Corruption and/or Fraud Prevention Plan;
 - plan has been officially adopted by the municipal council; and
 - plan is currently being implemented within the municipality.
- Most municipalities are fully compliant across all three categories, reflecting a strong commitment to ethical governance and risk management. However, Kannaland, Hessequa, Oudtshoorn and Garden Route District Municipality were identified as non-compliant, indicating gaps in either the development, adoption, or implementation of their plans.

1.3.2 Risk Management

- Risk management is a critical governance process through which municipalities identify, assess, manage, and monitor potential risks that could impact their operations and service delivery. Effective risk management enables municipalities to anticipate potential threats, implement appropriate control measures, and ensure continuous improvement in governance and accountability.
- For municipalities, risk areas typically include:
 - Financial risks, such as fraud, unauthorised, irregular, fruitless, and wasteful expenditure;
 - Compliance risks, such as breaches of legislation and regulatory frameworks;
 - Service delivery risks, including the failure to provide basic and free basic services to communities;
 - Reputational risks, which can erode public trust and confidence;
 - Environmental and operational risks, which may arise from natural disasters, infrastructure failure, or poor planning.

- The requirement for municipalities to implement risk management is grounded in a strong legislative and policy framework, including:
 - Section 195 of the Constitution, which outlines principles of public administration, including accountability, transparency, and sound management practices;
 - Section 62(1)(c) of the MFMA, which obliges the Municipal Manager to ensure that the municipality maintains an effective, efficient, and transparent system of financial and risk management and internal control;
 - The MSA, which establishes a framework for performance management and integrated development planning, both of which are supported by identifying and mitigating risks that may hinder service delivery;
 - The Public Sector Risk Management Framework (2009), issued by National Treasury, which provides detailed guidance on the structure and functioning of risk management systems within public institutions.
- According to this framework, municipalities are typically expected to:
 - Have a Risk Management Policy in place;
 - Conduct an annual risk assessment;
 - Maintain an up-to-date risk register;
 - Establish a functioning Risk Committee; and
 - Appoint a Chief Risk Officer or designate a Risk Champion.
- The graph below illustrates the extent to which municipalities are fulfilling these risk management responsibilities, highlighting areas of compliance and opportunities for improvement.

Graph 4: Risk Management



Source: Municipal Annual Reports 2023/24

- The above graph indicates that municipalities are in full compliance with all key components of risk management. Municipalities have confirmed the following:
 - The appointment of a Chief Risk Officer or designated Risk Champion;
 - The functionality of a Risk Committee to oversee risk governance processes;
 - The maintenance of a Risk Register to document and monitor identified risks;

- The existence of a Risk Management Policy or Strategy guiding the municipality's risk management approach; and
- This level of compliance reflects a strong commitment to proactive risk governance, accountability, and effective service delivery.

1.4 Information and Communication Technology (ICT) Compliance

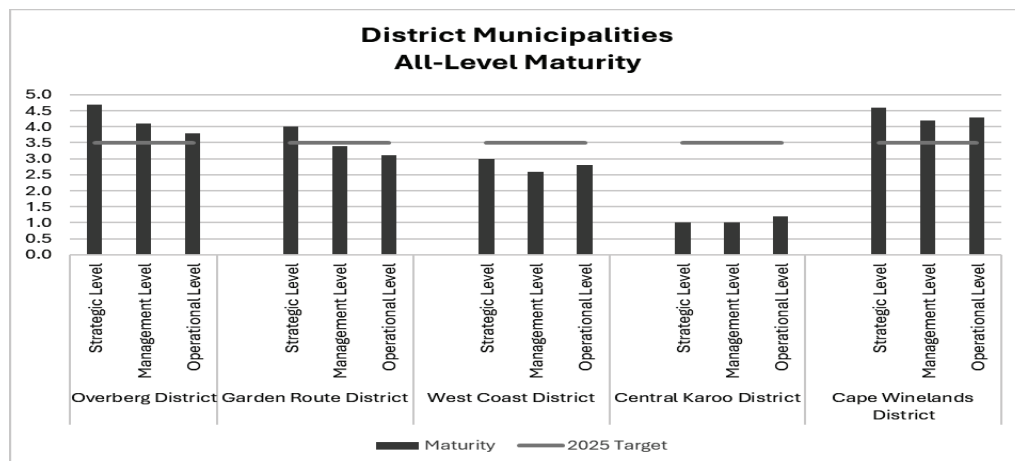
- In response to the expansion of national and provincial initiatives to enhance the ICT governance maturity in the Local sphere of government the Department of Local Government (DLG) sought to establish a permanent Municipal ICT Support and Capacity Building unit. This bold stance was also backed by the numerous requests advanced by municipalities to the LGMTEC and MGRO processes highlighting a need for focused ICT support in municipalities.
- The unit was established in the main firstly, to develop municipal ICT policy framework in compliance with national and provincial legislation for implementation by municipalities. Secondly, to ensure the alignment and the linkage between the current provincial and national initiatives and translate those to the infrastructure, the systems and processes at local level. And finally, to provide technical support, capacity building and advice regarding ICT strategy, ICT governance and ICT technical environments in municipalities.
- The ICT Support and Capacity Building unit continues to support municipalities on requests at the instance of the municipalities themselves, and support initiatives identified and proposed by the unit itself. A need was realised for regular assessment of the ICT maturity at each municipality, outcomes of which will guide the support to be rendered. Accordingly, a maturity assessment tool was developed to zoom into the following areas:
 - ICT Policy and Strategy,
 - Governance structures,
 - Risk and Innovation, especially from a continuity perspective,
 - Infrastructure, and
 - Investment.
- The tool (see Table 2 below) is based on a scale of 1 to 5 to determine the Municipality's maturity assessment model, with 3.5 signifying a somewhat stable environment. In this regard table 1.1 below provides the legend.
- Municipalities whose assessment was not conducted will not be reported on in this section. There are three key categories informing an assessment, Strategic level, Management level and Operational level.

Table 2: ICT Maturity Assessment Tool

CONTROL MATURITY LEVEL	CONTROL NAME	SHORT DESCRIPTION	CONTROL DESCRIPTION
1	Control established	Policy and/or management rule defined	The policy or management rule documents exist, outlining the high-level principles, objectives, and guidelines to establish the control as a practice. The focus is on creating awareness of the governance system.
2	Control applied	The control is functionally implemented	The related policy or management principles and practices are implemented and checked for compliance but are not consistently applied. The emphasis is on adherence to the policy, but gaps may exist. This includes application in and by business enabling information systems applied by the business.
3	Control applied comprehensively	The control is applied to the full related ecosystem	Controls are consistently applied throughout the applicable business enabling the ICT ecosystem. This includes application in and by business enabling information systems applied by the business.
4	Control is managed	The application of the control is managed	A structured approach, including approved plans and processes, is implemented to monitor comprehensive and effective control application. This may involve automated monitoring and reporting mechanisms. This includes established processes to ensure the consistent application of the control within the ecosystem. This includes dashboards to reflect on performance and performance anomalies.
5	Control is improved	Continuous improvement of the control is achieved	The policy or management rule ecosystem is adaptive to the changing municipal context and systems and technology development. Lessons learned and/or artificial intelligence are utilised to improve the governance ecosystem and application.

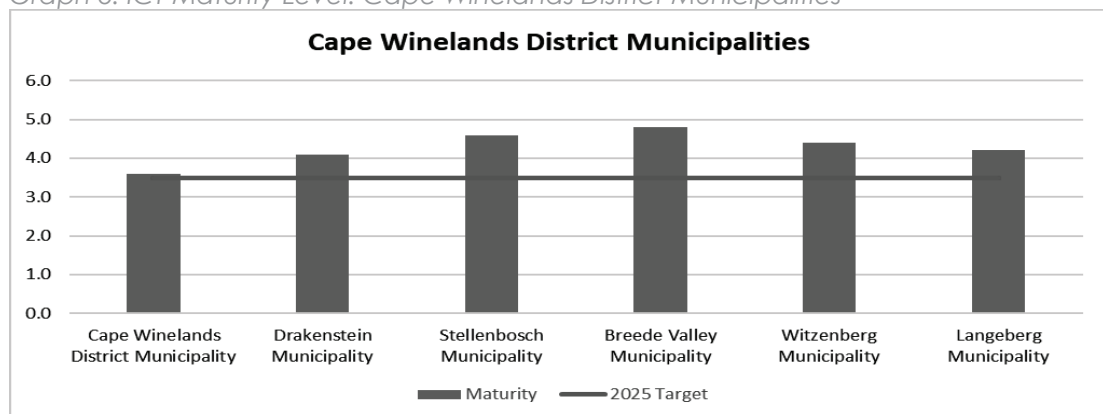
- The following graph exhibits the overall state of ICT across the province, by District. The individual districts will be elaborated upon in detail below.

Graph 5: ICT Maturity Level



- The Cape Winelands and Overberg districts are the top performing districts across all categories, followed by Garden Route, West Coast, and Central Karoo.
- The municipalities in the **Cape Winelands District** have all participated in the assessment exercise and accordingly exhibit a stable ICT environment. All the municipalities in this district have vision synergies, which means they are at a stage where they can easily accommodate new service demands. The graph below indicates that all municipalities within the District have achieved more than the minimum target score of 3.5, commanding a commendable ICT maturity in the district.

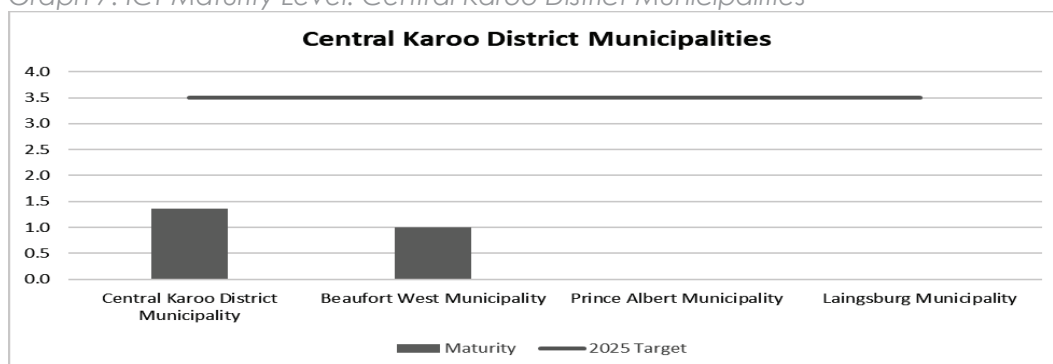
Graph 6: ICT Maturity Level: Cape Winelands District Municipalities



- The **Central Karoo District** is the lowest-performing district based on this metric. As illustrated in the graph below, it scored poorly across all indices—Strategic, Management, and Operational. The district continues to face persistent challenges in revenue collection, resulting in ongoing competition for limited resources between building skills capacity and delivering essential services.

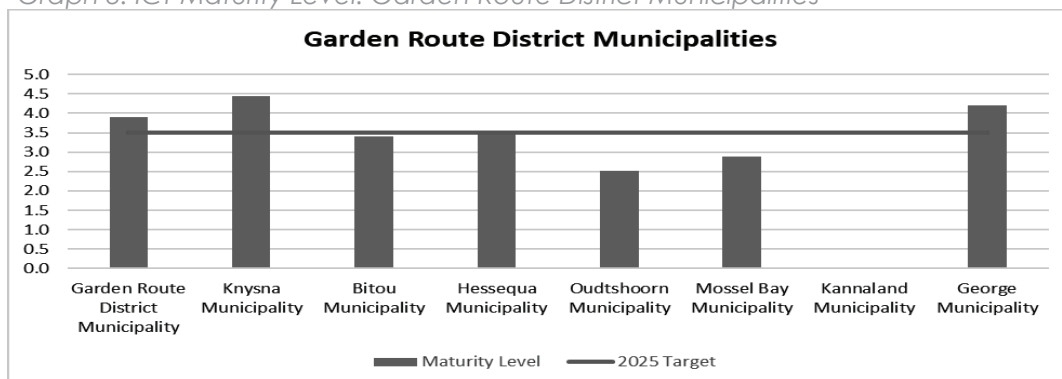
- For instance, Beaufort West Municipality is the only one in the district with partially funded ICT positions, including the role of ICT Manager. All other municipalities lack funding for ICT structures entirely.
- A key strategic-level challenge is the fast-paced evolution of the ICT field, which is often not fully understood or appreciated in terms of its strategic importance. As a result, even though ICT governance structures exist within the municipalities, defining a clear vision and translating it into practical, actionable plans remains a significant hurdle.

Graph 7: ICT Maturity Level: Central Karoo District Municipalities



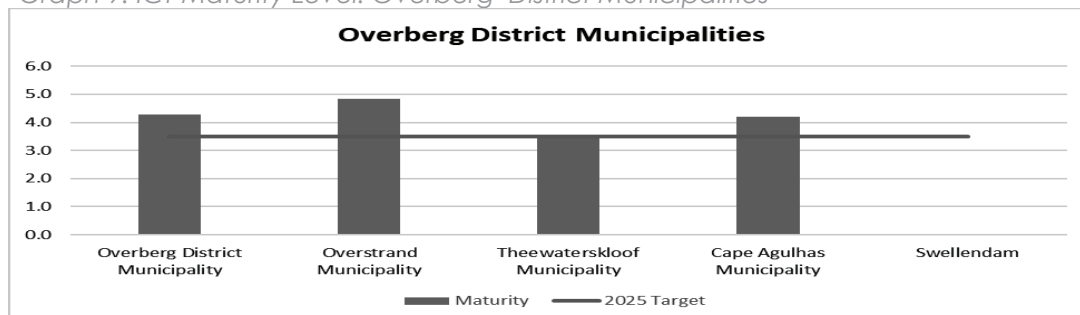
- The **Garden Route District** ranks third in performance among the districts assessed. Seven out of its eight municipalities were included in the evaluation. Notably, there is a variation in maturity levels across the region, with municipal performance differing significantly.
- Another factor influencing the results is that several municipalities, Oudtshoorn, Knysna, Mossel Bay, and George, have experienced periods without a dedicated ICT Manager. While these positions have since been filled in all municipalities but Oudtshoorn, the absence likely impacted on performance. Kannaland Municipality, on the other hand, has faced numerous challenges over the past decade and did not provide input during the assessment process.

Graph 8: ICT Maturity Level: Garden Route District Municipalities



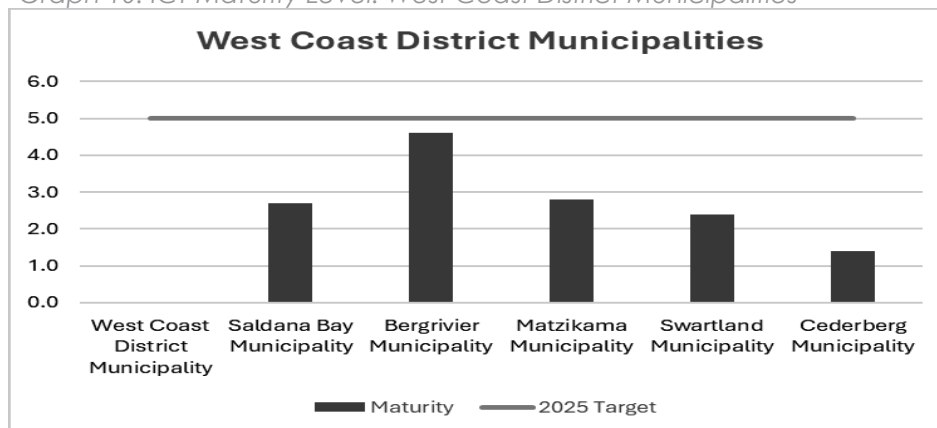
- The **Overberg District** continues to demonstrate satisfactory performance across all key measures. Notably, most municipalities in the district consistently perform above expectation, with the exception of Swellendam, which could not be assessed due to a vacancy in its ICT unit. Ongoing engagements are underway with the Overberg municipalities to identify and address their specific support needs.

Graph 9: ICT Maturity Level: Overberg District Municipalities



- The **West Coast District** is among the lower-performing regions based on the assessment results. Berggrivier Municipality stands out as the only Municipality who has achieved an above-average score by a significant margin. While most municipalities in the district are functional and relatively stable, there are ongoing concerns and a need to closely monitor progress in Matzikama, Cederberg, and Berggrivier. Meanwhile, Saldanha Bay, Swartland, and the district municipality are showing signs of stabilisation.

Graph 10: ICT Maturity Level: West Coast District Municipalities



- ICT remains a rapidly evolving field with boundless growth potential. However, persistent resource constraints within the public service environment continue to hinder innovation capacity in municipalities. As a result, many are often placed in a reactive position, constantly working to catch up. The high cost of technology, along with challenges in retaining skilled professionals due to uncompetitive public sector remuneration, further compounds the issue.

- There is also a fragmented understanding of the role ICT plays within the broader organisational framework. While ICT governance structures exist, the strategic direction and integration of ICT into organisational planning is inconsistently applied. In some cases, the benefits of effective ICT governance are evident, while in others, the lack of alignment contributes to lagging performance.
- Ongoing engagement efforts are in place to strengthen cooperation and identify tailored support needs across municipalities. Support has been extended to several municipalities through grant funding aimed at reinforcing ICT infrastructure, with continuity and resilience as key priorities.
- To help address capacity challenges, funding from the Growth for Jobs (G4J) is also used to position ICT strategically across the municipalities. An initiative is being crafted to support the development of technical capacity where existing gaps have been identified.
- Efforts continue to support those municipalities that are not yet at an adequate maturity level, with the aim of achieving greater parity in ICT performance across the region. In support of this, the Municipal Governance of ICT Policy Framework has been reviewed to promote a more dynamic and resilient ICT environment. The updated framework is designed to support innovation, service delivery, and alignment with broader provincial and national ICT initiatives.
- To facilitate implementation, the DLG ICT Unit is preparing a series of engagements across the local government landscape. These sessions will focus on the updated framework, placing emphasis on delivering value through ICT rather than focusing solely on compliance.
- DLG provides continuous support to municipalities to institutionalise ICT governance in order to address ICT related Audit findings through:
 - Developing and implementing ICT audit support plans.
 - Developing Corporate Governance of ICT Policy roll out to all municipalities.
 - Conducting ICT maturity assessments at municipalities and provide professional advice on ICT matters.
 - Hosting of quarterly Municipal ICT Managers Forums where pertinent matters such implementation of MSCOA, ICT Audit outcomes, POPIA requirements and Broadband implementation, amongst others are discussed.
 - Providing support to municipalities with ICT forensic investigation in collaboration with the Ce-I unit within Western Cape Department of the Premier.

CHAPTER 2: ACCOUNTABILITY

2.1 Community Participation

- Community participation, also referred to as public or citizen participation, is a fundamental democratic process through which local residents engage in municipal decision-making. This form of participation ensures that governance at the local level reflects the needs, interests, and aspirations of the people. In South Africa, public participation is not just encouraged, it is a constitutional obligation.
- The Structures Act furthermore provides for the establishment of ward committees, which serve as formal mechanisms to ensure that community concerns are conveyed to the municipal council and considered in decision-making. While the MSA requires municipalities to foster a culture of participatory governance.
- Public participation is a key pillar of good governance and is essential for various municipal processes, including the:
 - preparation, implementation, and review of the Integrated Development Plan (IDP);
 - design and evaluation of the municipality's performance management system;
 - monitoring and review of service delivery performance, including outcomes and impacts; and
 - formulation of municipal budgets.
- Effective public participation empowers citizens to hold their elected representatives accountable and ensures that governance remains transparent, inclusive, and responsive. It allows communities to actively contribute to the planning and performance of their municipality, providing a platform to evaluate whether public services align with their priorities and expectations.
- At the local level, ward committees established under the Structures Act are vital in facilitating this engagement. These committees act as a bridge between communities and municipal councils, ensuring that citizen voices are heard and considered in policy and service delivery.
- In essence, public participation is a cornerstone of South African democracy, not only enhancing accountability and transparency but also strengthening the quality of local governance and service delivery.

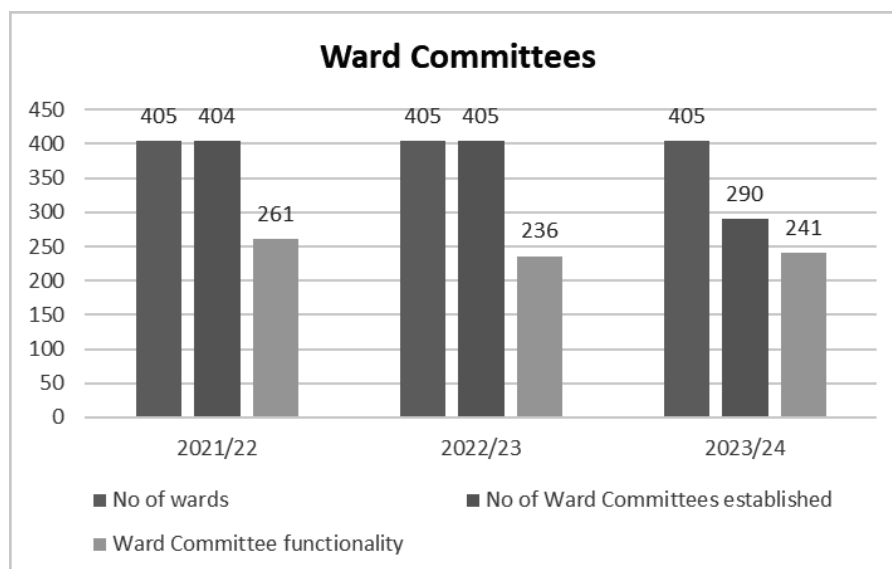
2.1.1 Ward Committees

- Local Government represents the sphere of government that is closest to the people, playing a crucial role in addressing community needs and delivering essential services.

To enhance participatory democracy and strengthen the relationship between municipalities and residents, ward committees were introduced as a mechanism for community involvement in local governance.

- Ward committees are intended to deepen democratic engagement by creating structured platforms through which communities can participate in municipal affairs. Their core function is to advise municipal councils on local needs, priorities, and service delivery issues, ensuring that community voices are reflected in planning and decision-making processes.
- The graph below presents data on the establishment and functionality of ward committees across municipalities, highlighting their role and effectiveness in facilitating community participation.

Graph 11: Ward Committees



Source: Municipal Annual Reports 2023/24

- In order for ward committees to be considered fully functional, they are expected to meet at least four times per year, ensuring consistent communication between municipalities and their communities. Regular meetings are essential for effectively disseminating information and promoting active public participation.
- Recent assessments indicate a notable improvement in the overall functionality of ward committees across municipalities. However, performance varies significantly between different regions.
- Municipalities such as the City of Cape Town, Cederberg, Saldanha Bay, Swartland, Witzenberg, Drakenstein, Stellenbosch, Breede Valley, Langeberg, Overstrand, Cape Agulhas, Swellendam, Kannaland, Mossel Bay, George, Bitou, Laingsburg,

Prince Albert, and Beaufort West have demonstrated consistent functionality, with ward committees meeting regularly and fulfilling their roles effectively.

- In contrast, municipalities including Matzikama, Bergrivier, Theewaterskloof, Hessequa, Knysna, and Oudtshoorn have shown low or inconsistent functionality in some years, despite having formally established ward committees. This suggests challenges in sustaining committee engagement and effectiveness in those areas.

2.1.2 Citizen Participation and Community Development Workers Programme

- The Community Development Worker (CDW) Programme was established to bridge the gap between government and communities. Its core objective is to deploy trained and equipped community development workers directly within communities to improve access to services and promote grassroots participation in governance.
- By the end of the 2023/24 financial year, the CDWs continued to fulfil these objectives through various activities. These activities included helping elderly residents apply for social grants, assisting families in obtaining birth certificates and identity documents, supporting youth in accessing skills development opportunities, gathering community concerns for municipal planning, and facilitating dialogue between communities and municipal officials.

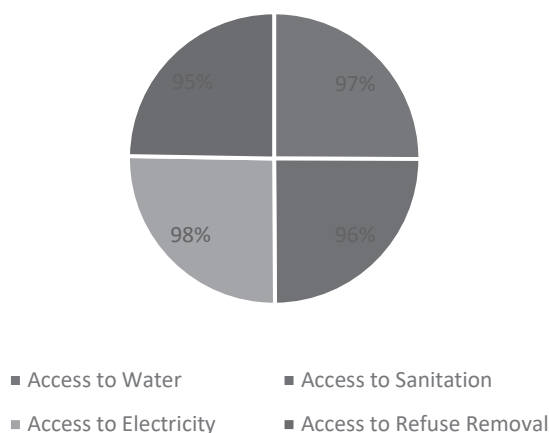


CHAPTER 3: SERVICE DELIVERY

3.1 Service Delivery Performance

- The South African Constitution places the responsibility on municipalities to ensure that all residents have access to essential services and basic necessities. These services, such as energy, waste collection, sanitation, and clean drinking water, are crucial to maintaining a decent standard of living and have a direct impact on people's quality of life.
- To address the historical shortfall in basic infrastructure, municipalities must strike a careful balance between maintaining and expanding existing infrastructure, while also improving and extending the services they currently provide.
- The demand for public services, especially basic and free basic services, remains high due to significant in-migration and is further intensified by rapid population growth.
- The graph below illustrates the overall provision of basic services by municipalities to households in the Western Cape.

Graph 12: Provision of basic services within the Western Cape



Source: Municipal Annual Reports 2023/24

3.1.1 Provision of Basic Services

- Providing basic services is a core responsibility of local government, as it plays a critical role in helping underprivileged households break the cycle of poverty. Essential services, such as electricity, water, sanitation, and waste collection, are fundamental to ensuring a safe and healthy living environment.
- However, the delivery of these services is increasingly challenged by factors such as land invasions, rapid urbanisation, infrastructure vandalism, illegal electricity connections, and rising levels of immigration.

- The tables below present data on the provision of basic services across municipalities in the Western Cape.

Graph 13: Access to Basic Services



Source: Municipal Annual Reports 2023/24

- Access to Water** in the province averages at **97%**, with the majority of municipalities reporting 100% coverage. However, certain municipalities, such as Cederberg (86%), Stellenbosch (86%), Swartland (93%), and Kannaland (96%), recorded slightly lower levels of access compared to the provincial average. Notably, municipalities such as Matzikama, Bergrivier, Saldanha Bay, Witzenberg, Breede Valley, Theewaterskloof, Overstrand, and Laingsburg achieved full coverage.
- Access to Sanitation** is similarly strong, averaging **96%** across the province. Municipalities like Cederberg (76%), Cape Agulhas (92%), and Knysna (90%) reported lower figures, while others, including Matzikama, Bergrivier, Saldanha Bay, Witzenberg, Breede Valley, Overstrand, and Laingsburg, achieved 100% access.
- Access to Electricity** shows a provincial average of **98%**. While most municipalities maintained high access levels, there are notable outliers such as Laingsburg (84%), and Oudtshoorn (87%) with significantly lower coverage. Many municipalities,

including Matzikama, Bergrivier, Witzenberg, Breede Valley, Overstrand, and Prince Albert, reported universal electricity access.

- **Access to Refuse Removal** in the Western Cape averages at **95%**, though disparities exist between municipalities. Several municipalities achieved full coverage, including Matzikama, Bergrivier, Witzenberg, Breede Valley, Overstrand, Cape Agulhas, and Prince Albert.
- Overall, the data illustrates that while the Western Cape demonstrates strong performance in providing basic services, there remain specific municipalities particularly in electricity and refuse removal that require targeted interventions to ensure equitable access across the province. The consistently high averages for water and sanitation provision reflect ongoing efforts to maintain essential infrastructure, though the few municipalities falling below provincial averages may require dedicated support to close service delivery gaps.

3.1.2 Provision of Free Basic Services

- The Free Basic Services Programme was introduced by the National Government to reduce the burden on impoverished households and ensure that all citizens have access to essential services. In 2005, as part of its efforts to combat poverty, the government announced that certain basic services would be provided at no cost to qualifying households. This gave rise to the National Indigent Policy, which required municipalities to develop indigent household registers and implement relevant support policies.
- The policy provides a social package that includes free weekly refuse removal, 50 kWh of electricity, free sanitation services, and 6 kiloliters of water per household per month.
- Municipalities in the Western Cape have continued to deliver these free basic services to registered indigent households. In many cases, municipalities have gone beyond the minimum national standards by adopting local policies that offer additional support to their residents.
- The following graph illustrates the extent of free basic service provision by municipalities across the Western Cape.
- The provision of free basic services across municipalities in the Western Cape for the 2023/2024 financial year reveals significant disparities in access to water, sanitation, electricity, and refuse removal. At the provincial level, the average access rates stand at 63% for water, 64% for sanitation, 66% for electricity, and 64% for refuse removal.

Graph 14: Access to Free Basic Services



Source: Municipal Annual Reports 2023/24

- Several municipalities, such as the City of Cape Town, Cederberg, Swartland, Drakenstein, Stellenbosch, Breede Valley, Langeberg, and Kannaland, report full (100%) access to water, sanitation, and refuse removal, with high or complete electricity coverage. In some cases, like Drakenstein, electricity access exceeds 100%, indicating coverage for areas beyond their boundaries or over-target service provision. This is due to electricity being provided to informal settlements. The number disclosed in the annual report takes into account the electricity delivered directly to informal dwellings as those to individual indigent formal dwellings. Other services (water, sanitation & refuse) to informal settlements are delivered on a communal basis and thus not included in the indigent figures, thus the water, sanitation and refuse ratio of 100% refers to registered indigent households with direct access to these services at their individual dwellings.
- Conversely, municipalities such as Matzikama, Overstrand, Cape Agulhas, George, and Knysna record alarmingly low access rates, with some services reaching only 10 to 30% of the target population. Rural municipalities like Laingsburg, Prince Albert, and Beaufort West also show mixed performance, often with near-complete water and sanitation access but lower electricity and refuse removal coverage.

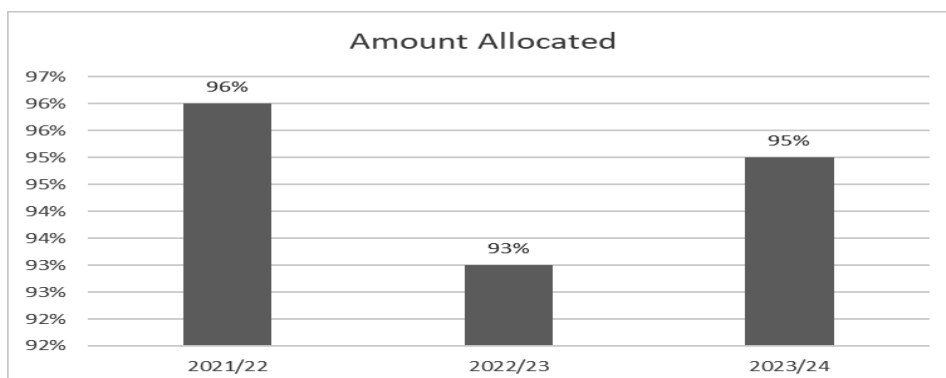
- Certain municipalities demonstrate strong performance in specific services but lag in others. For instance, Hessequa reports over 90% coverage in water, sanitation, and electricity, yet refuse removal drops slightly to 97%. Mossel Bay similarly shows high electricity coverage but lower refuse removal at 78%.

3.1.3 Municipal Infrastructure Grant

- The Municipal Infrastructure Grant (MIG) is a national funding mechanism aimed at supporting municipalities in implementing capital infrastructure projects and extending the lifespan of municipal assets. As one of South Africa's major service delivery reforms, the MIG promotes a coordinated approach to infrastructure development.
- Key Principles of the MIG Programme include:
 - Provision of Basic Services: The grant is intended to fund only the infrastructure required to deliver basic levels of service.
 - Targeting Poor Communities: MIG funds are specifically directed toward providing infrastructure for poor and underserved communities.
 - Maximising Economic Impact: The programme is structured to stimulate local economic development, particularly through job creation and the growth of local enterprises during infrastructure delivery.
 - Equity in Funding Allocation: The allocation methodology ensures fair access to funds, particularly for poorer municipalities, to address infrastructure backlogs consistently.
 - Decentralised Spending within National Guidelines: While municipalities are given spending authority, this is exercised within the framework of national norms and standards.
 - Local Prioritisation of Infrastructure Projects: Decisions on infrastructure investment are best made at the municipal level, provided that adequate operational financing and management systems are in place; that the grant promotes sound financial practices; and national and provincial oversight is maintained through defined standards and requirements.
 - Efficient Use of Resources: The programme aims to maximise service delivery impact at minimal cost, supported by (i) Incentives and conditions to ensure integration of MIG funds with other resources and prevent misuse; (ii) a simple, transparent fund allocation process that is easy to monitor; and (iii) clear and measurable outcomes for municipal spending.
 - Predictability and Transparency: In line with the medium-term budget framework, allocations to municipalities are made on a three-year cycle. Changes to funding should be limited and based only on clearly defined criteria.

- The following graph depicts the MIG performance in the Western Cape for the last three years.

Graph 15: MIG performance in the Western Cape



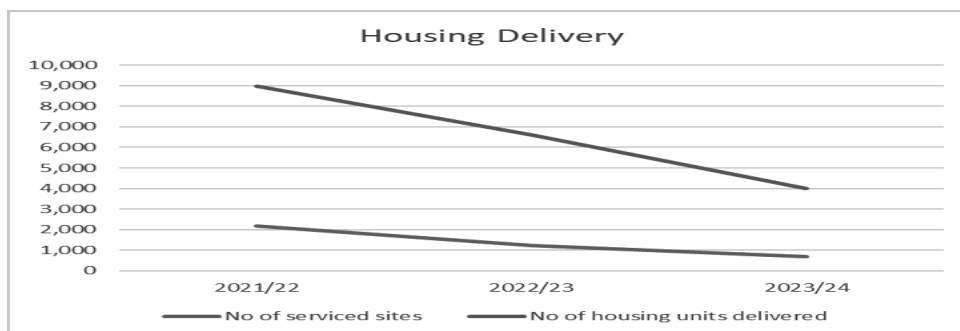
Source: Western Cape MIG Expenditure Report as of June 2024

- The original MIG allocation for the Western Cape was promulgated in the 2023/24 DoRA at an amount of R482 402 000. The cumulative year-to-date overall provincial expenditure achieved is 95% as at the end of June 2024.

3.1.4 Provision of Human Settlements

- Housing is designated as a concurrent national and provincial function under Part A of Schedule 4 of the Constitution. The Housing Act, No. 107 of 1997 further defines the role of municipalities in housing delivery.
- As housing is closely linked to the provision of basic services, it remains a complex area that demands coordinated efforts across all spheres of government, local, provincial, and national, particularly in collaboration with the respective Human Settlements departments.
- The Western Cape has consistently shown strong performance in this sector, regularly exceeding its Human Settlements Development Grant (HSDG) allocation by spending more than 100% of the funds. This achievement highlights the effectiveness of the Department of Infrastructure in creating housing opportunities through a range of targeted initiatives. Graph 16 below illustrates the delivery of housing units and serviced sites in the province.

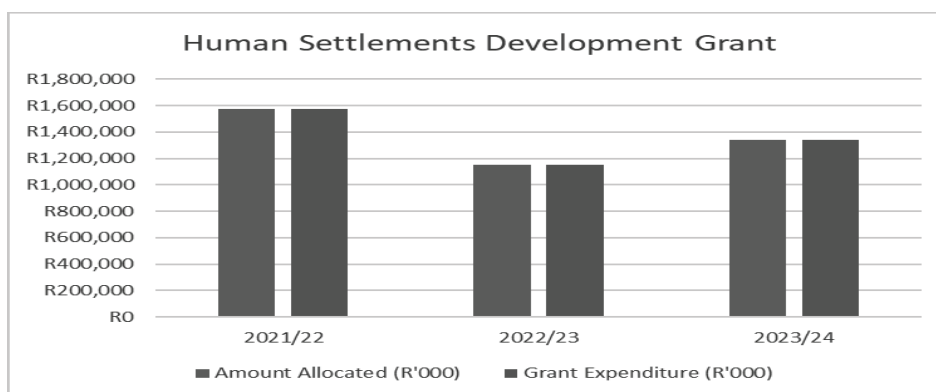
Graph 16: Housing Delivery



Source: Department of Human Settlements Annual Report 2023/24.

- Graph 17 below depicts the changes in expenditure year-on-year with an increase in the allocation for the 2023/24 financial year.

Graph 17: Human Settlements Grant Expenditure



Source: Department of Human Settlements Annual Report 2023/24

- The Department of Infrastructure delivered 693 service sites out of a target of 1000 and further transferred 604 title deeds out of a target of 1000. Procurement delays and the relocation of beneficiaries contributed to the underperformance in terms of delivering serviced sites.
- The purpose of the HSDG is to fund the provision of basic infrastructure, top structures, and essential social and economic amenities that support the creation of sustainable human settlements.
- Despite facing significant challenges, including poor contractor performance, procurement delays, community unrest, limited cooperation from key stakeholders, and instances of extortion on project sites, the Department of Infrastructure has consistently managed to spend the full allocation of its HSDG funds. Nonetheless, these issues continue to affect overall project performance and delay delivery timelines.

3.2 Disaster Management

- The Western Cape: Provincial Disaster Management Centre (WC:PDMC) operates under the Western Cape Disaster Management Framework, which guides the implementation of the Disaster Management Act, No. 57 of 2002 and aligns with the National Disaster Management Framework of 2005.
- The WC: PDMC has entered the fourth phase of reviewing and updating the provincial framework to reflect the amendments introduced by the Disaster Management Amendment Act, No. 16 of 2015.
- During the 2023/24 financial year, the Western Cape Disaster Management and Fire Rescue Services provided comprehensive capacity-building, operational, and financial support to municipalities to strengthen local disaster management, fire services, and community resilience. This support is delivered across multiple programme areas, integrating prevention, preparedness, response, and recovery measures tailored to the needs of municipalities.

3.2.1 Capacity Building and Skills Development

- To address the chronic shortage of skilled disaster management personnel in municipalities, the Department continued its Graduate Disaster Management Internship Programme, funding the appointment of six interns in district municipalities, bringing the total to eighteen since inception. This initiative provides municipalities with immediate operational support while creating a skilled pipeline of future disaster management professionals.
- Specialised fire and life safety capacity enhanced through Fire Service Capacity Grants allocated to multiple municipalities, including Witzenberg, Drakenstein, Breede Valley, Oudtshoorn, Garden Route, West Coast, Bergrivier, Swartland, Cape Winelands, Overberg, and Central Karoo.
- Training courses delivered to municipal personnel included Fire and Risk Assessment, Fire Safety Legislation, Building Plan Examination, Planning Section Chief, Situational Unit Leader, and Logistics Section Chief training.

3.2.2 Legislative and Policy Support

- The Department advanced the Swimming Pool Safety By-law, derived from the Western Cape Drowning Prevention and Water Safety Strategy. The draft was circulated to municipalities for comment before legal vetting. Municipalities were engaged to ensure alignment with local safety strategies.

- Municipalities also benefited from guidance and evaluation for the Disaster Management Chapter in the IDP, supported by a guideline developed during the Disaster Risk Reduction Plan project. George Municipality completed its chapter, and Stellenbosch Municipality began the process.

3.2.3 Disaster Risk Reduction Planning and Risk Assessments

- Support was provided to George and Stellenbosch Municipalities to develop Disaster Risk Reduction Plans, integrating mitigation strategies into local planning. The updated Western Cape Standardised Risk Assessment Methodology (WC: SRAM) was rolled out, enabling municipalities to conduct risk assessments independently. Bitou and Bergrivier Municipalities piloted this updated methodology.
- A full Disaster Risk Assessment was completed for Overberg District, while dedicated technical assistance was provided to Bitou Municipality for hazard-specific risk assessments, mapping, and vulnerability analyses.

3.2.4 Operational Support during major disaster events

- The Provincial Disaster Management Centre was activated twice in 2023/24 to support municipalities during major flooding in June 2023 and September 2023.
- The June floods impacted the City of Cape Town, West Coast, Overberg, and Cape Winelands Districts. A forward command post in Cederberg coordinated humanitarian relief to cut-off communities. Verified municipal damages amounted to R21.5 million.
- The September floods and storm surge impacted Overberg, Cape Winelands, City of Town, and Garden Route. Municipal damages are estimated at R324.7 million with a shortfall of R283 million pending national verification.

3.2.5 Community Awareness and Education Support

- Municipalities received awareness materials, including pamphlets, posters, school activity books, rulers, and pencils for community distribution. Notable initiatives included:
 - Industrial Theatre for primary schools in Bitou and Knysna Municipalities and Hawston Primary, teaching fire and flood safety.
 - High School Debating Competition with Working on Fire, promoting climate change awareness among Grade 9 learners.
 - Support to the West Coast District for International Day for Disaster Risk Reduction activities.

3.2.6 Fire Prevention, Preparedness, and Response

- The Smoke Alarm Project expanded into high fire-risk municipalities (Overstrand, Saldanha Bay, Drakenstein, Langeberg, Garden Route and Swartland) and was funded through the Municipal Services Capacity Grant.
- Aerial firefighting and ground support resources were deployed across municipal areas via NCC Environmental Services and Kishugu Aviation, enabling rapid wildfire suppression.
- Municipalities also benefited from Fire Risk Assessments and Pre-Attack Plans for high-risk zones such as Algeria and Wuppertal, with plans extended to all provincial airstrips.
- The Fire Station App was used to catalogue municipal firefighting resources, enabling benchmarking against the SANS 10090 national code.



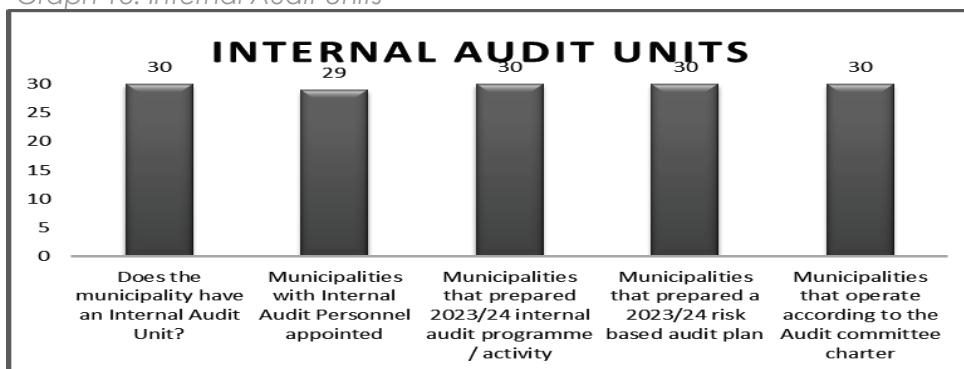
CHAPTER 4: FINANCIAL MANAGEMENT

4.1 Financial Governance

4.1.1 Internal Audit Units and Audit Committees

- In accordance with Section 165 of the MFMA, every municipality is legally required to establish an Internal Audit Unit.
- Key responsibilities of the Internal Audit Unit include:
 - Prepare a risk-based audit plan and internal audit program for each financial year;
 - Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan, and matters related to
 - Internal audit;
 - Internal controls;
 - Accounting procedures and practices;
 - Risk and risk management;
 - Performance management;
 - Loss control;
 - compliance with the MFMA as well as other legislation; and
 - perform duties as assigned by the accounting officer.
- The following graph indicates that all municipalities are fully compliant with the legislative requirements regarding audit committees.

Graph 18: Internal Audit Units



Source: Municipal Annual Reports 2023/24

4.1.2 Council Oversight

- The MFMA requires all municipalities to table and adopt an Oversight Report on their Annual Report, in accordance with Section 129(1). This process must take place within two months of the AR being tabled in Council, as outlined in Section 127(2).

- The Oversight Report must include the Council's comments on the Annual Report and must indicate whether the Council has:
 - Approved the Annual Report with or without reservations;
 - Rejected the Annual Report; or
 - Referred the Annual Report back for revision of components that can be amended.
- The table below reflects the compliance status of all municipalities with the abovementioned requirements.

Table 3: Annual Report tabling and Oversight Report adoption

MUNICIPALITY	FINANCIAL YEAR	ANNUAL REPORT TABLING	OVERSIGHT REPORT ADOPTION	AR APPROVED WITHOUT RESERVATION	AR APPROVED WITH RESERVATION	AR REJECTED
City of Cape Town	2021/2022	27-Jan-22	31-Mar-22			
	2022/2023	26-Jan-23	29-Mar-23			
	2023/2024	30-Jan-25	27-Mar-25			
West Coast DM	2021/2022	25-Aug-21	20-Jan-22			
	2022/2023	24-Aug-22	18-Oct-22			
	2023/2024	21-Aug-24	4-Dec-24			
Matzikama	2021/2022	25-Jan-22	29-Mar-22	No info		
	2022/2023	31-Jan-23	23-Mar-23			
	2023/2024	30-Jan-25	20-Mar-25			
Cederberg	2021/2022	31-May-22	5-Apr-22			
	2022/2023	13-Mar-23	31-May-23			
	2023/2024	29-Jan-25	31-Mar-25			
Bergrivier	2021/2022	29-Mar-21	31-May-22			
	2022/2023	24-Jan-23	28-Mar-23			
	2023/2024	21-Jan-25	25-Mar-24			
Saldanha Bay	2021/2022	27-Jan-22	23-Mar-22			
	2022/2023	30-Jan-23	22-Mar-23			
	2023/2024	23-Jan-25	11-Mar-25			
Swartland	2021/2022	27-Jan-22	31-Mar-22			
	2022/2023	26-Jan-23	30-Mar-23			
	2023/2024	30-Jan-25	31-Mar-25			
Cape Winelands DM	2021/2022	27-Jan-22	24-Mar-22			
	2022/2023	26-Jan-23	23-Mar-23	No info		
	2023/2024	23-Jan-25	6-Mar-25			
Witzenberg	2021/2022	No info	No info			
	2022/2023	25-Jan-23	25-Jan-23	No info		
	2023/2024	No info	8-Jan-25			
Drakenstein	2021/2022	31-Jan-23	29-Mar-23			
	2022/2023	30-Jan-24	27-Mar-24			
	2023/2024	28-Jan-25	28-Mar-25			
Stellenbosch	2021/2022	31-Jan-23	3-Mar-23			
	2022/2023	24-Jan-24	27-Mar-24			
	2023/2024	29-Jan-25	3-Mar-25			
Breede Valley	2021/2022	1-Dec-21	7-Dec-21			

MUNICIPALITY	FINANCIAL YEAR	ANNUAL REPORT TABLING	OVERSIGHT REPORT ADOPTION	AR APPROVED WITHOUT RESERVATION	AR APPROVED WITH RESERVATION	AR REJECTED
	2022/2023	25-Nov-22	15-Dec-22			
	2023/2024	4-Dec-24	12-Dec-24			
Langeberg	2021/2022	22-Feb-22	22-Feb-22			
	2022/2023	6-Dec-22	8-Feb-23			
	2023/2024	10-Dec-24	23-Jan-25			
Overberg District	2021/2022	31-Jan-22	28-Mar-22			
	2022/2023	30-Jan-23	27-Mar-23			
	2023/2024	27-Jan-25	14-Mar-25			
Theewaterskloof	2021/2022	25-Jan-22	30-Mar-22			
	2022/2023	25-Jan-23	23-Mar-23			
	2023/2024	23-Jan-25	19-Mar-25			
Overstrand	2021/2022	26-Jan-22	30-Mar-22			
	2022/2023	31-Jan-23	29-Mar-23			
	2023/2024	29-Jan-25	26-Mar-25			
Cape Agulhas	2021/2022	14-Dec-21	17-Mar-22			
	2022/2023	31-Jan-23	24-Mar-23			
	2023/2024	12-Dec-24	28-Jan-25			
Swellendam	2021/2022	31-Jan-22	23-Mar-22			
	2022/2023	24-Jan-23	24-Mar-23	No info		
	2023/2024	30-Jan-25	24-Mar-25			
Garden Route District	2021/2022	28-Sep-21	10-Dec-21			
	2022/2023	24-Aug-22	14-Dec-22			
	2023/2024	21-Aug-24	30-Jan-25			
Kannaland	2021/2022	28-Feb-22	No info	No info	No info	No info
	2022/2023	31-Jan-23	No info	No info	No info	No info
	2023/2024	31-Jan-25	26-Mar-25			
Hessequa	2021/2022	7-Feb-22	22-Mar-22			
	2022/2023	25-Jan-23	13-Mar-23			
	2023/2024	29-Jan-25	20-Mar-25			
Mossel Bay	2021/2022	25-Jan-22	31-Mar-22			
	2022/2023	3-Feb-23	27-Mar-23			
	2023/2024	30-Jan-25	19-Mar-25			
George	2021/2022	31-Jan-22	28-Mar-22			
	2022/2023	31-Jan-23	30-Mar-23			
	2023/2024	30-Jan-25	27-Mar-25			
Oudtshoorn	2021/2022	31-Jan-22	24-Mar-22			
	2022/2023	31-Jan-23	29-Mar-23			
	2023/2024	30-Jan-25	10-Mar-25			
Bitou	2021/2022	31-Mar-22	31-Mar-22	No info		
	2022/2023	31-Jan-23	31-Mar-23	No info		
	2023/2024	27-Jan-25	31-Mar-25			
Knysna	2021/2022	28-Feb-22	28-Apr-22			
	2022/2023	31-Jan-23	23-Mar-23			
	2023/2024	29-Jan-25	24-Mar-25			
Central Karoo District	2021/2022	28-Jan-22	No info	No info	No info	No info
	2022/2023	25-Jan-23	16-Mar-23	No info	No info	No info

MUNICIPALITY	FINANCIAL YEAR	ANNUAL REPORT TABLING	OVERSIGHT REPORT ADOPTION	AR APPROVED WITHOUT RESERVATION	AR APPROVED WITH RESERVATION	AR REJECTED
	2023/2024	22-Jan-25	No info	No info	No info	No info
Laingsburg	2021/2022	24-Jan-22	25-Mar-22			
	2022/2023	31-Jan-23	29-Mar-23			
	2023/2024	4-Feb-25	20-Mar-25			
Prince Albert	2021/2022	28-Jan-22	29-Mar-22	No info	No info	No info
	2022/2023	28-Jan-23	31-Mar-23	No info	No info	No info
	2023/2024	17 Jan 2025	11-Mar-25			
Beaufort West	2021/2022	30-Jan-22	28-Mar-22			
	2022/2023	31-Jan-23	No info	No info	No info	No info
	2023/2024	28-Jan-25	31-Mar-25			

Source: *Municipal Annual Oversight Reports 2023/24*

- As noted, all municipal Annual Reports and Oversight Reports were adopted in line with the provisions of Section 129(1) of the MFMA. Of the total, 28 municipalities approved their Annual Reports without reservations. Beaufort West Municipality approved its Annual Report with reservations, while the Central Karoo District Municipality did not provide any indication of whether its Annual Report was adopted.

4.2 Financial Performance

- Financial performance reflects how effectively financial resources are managed and the extent to which financial goals are achieved. Analysing financial performance typically involves assessing financial ratios, identifying trends over time, and benchmarking against comparable municipalities. This process enables stakeholders to make informed decisions and implement necessary measures to strengthen financial governance.
- This section of the report provides an analysis of the financial performance and governance of municipalities in the Western Cape for the financial year ended 30 June 2024.
- The objective of this analysis is to evaluate the fiscal health and accountability of the province's local government sector. To achieve this the analysis will delve into a detailed comparison of budgeted versus actual operating revenue and expenditure, as well as an assessment of capital expenditure against budgeted allocations.
- Furthermore, the analysis will extend to a review of key financial indicators, including revenue, expenditure, and asset management. A central component of this section is a year-on-year comparative analysis of the audit outcomes provided by the AGSA, highlighting the changes in audit opinions across municipalities.

4.2.1 Operating Revenue and Expenditure Analysis

- The financial performance of Western Cape municipalities in the 2023/24 financial year reflects a generally well-managed fiscal environment, particularly when compared to national trends.

Comparative Analysis of Budgeted vs. Actual Operating Revenue for Western Cape Municipalities (FY2023/24)

- For the financial year ended 30 June 2024, Western Cape municipalities demonstrated a strong performance in revenue collection. This indicates a high degree of realism in budgeting and effectiveness in revenue collection efforts across the province.
- The table below presents a comparative analysis of budgeted versus actual total revenue for various Western Cape municipalities for the years 2024 and 2023. The data is also analysed on a year-on-year basis, showing whether the percentage of actual revenue collected compared to the budget increased or decreased.

Table 4: Western Cape Municipalities Aggregate Operating Revenue: Budget vs. Actual (FY2023/24)

	2024			2023			
MUNICIPALITY	TOTAL REVENUE			TOTAL REVENUE			Year on Year Comparison
	BUDGET	ACTUAL	%	BUDGET	ACTUAL	%	
City of Cape Town	60 197 019	61 471 875	97,93%	54 193 325	54 382 273	99,65%	DECREASE
Matzikama	499 486	471 395	105,96%	431 899	400 966	107,71%	DECREASE
Cederberg	461 326	453 971	101,62%	372 876	371 542	100,36%	INCREASE
Bergrivier	518 997	522 117	99,40%	471 477	465 585	101,27%	DECREASE
Saldanha Bay	1 411 329	1 439 804	98,02%	1 369 780	1 381 821	99,13%	DECREASE
Swartland	1 132 514	1 179 044	96,05%	1 098 018	1 072 743	102,36%	DECREASE
West Coast DM	574 143	533 747	107,57%	562 278	552 816	101,71%	INCREASE
Witzenberg	907 478	915 166	99,16%	757 624	796 274	95,15%	INCREASE
Drakenstein	3 093 956	3 116 283	99,28%	2 720 211	2 761 006	98,52%	INCREASE
Stellenbosch	2 320 261	2 352 726	98,62%	2 089 954	2 100 788	99,48%	DECREASE
Breede Valley	1 365 400	1 353 773	100,86%	1 408 012	1 272 244	110,67%	DECREASE
Langeberg	1 042 590	1 023 616	101,85%	985 012	944 468	104,29%	DECREASE
Cape Winelands DM	510 870	486 120	105,09%	459 381	450 291	102,02%	INCREASE
Theewaterskloof	732 370	708 476	103,37%	678 898	664 099	102,23%	INCREASE
Overstrand	1 765 885	1 767 573	99,90%	1 509 017	1 550 984	97,29%	INCREASE
Cape Agulhas	482 171	469 639	102,67%	425 121	431 099	98,61%	INCREASE
Swellendam	472 221	448 024	105,40%	357 225	332 192	107,54%	DECREASE
Overberg DM	279 862	283 463	98,73%	266 561	268 097	99,43%	DECREASE
Kannaland	267 247	267 494	99,91%	192 123	229 619	83,67%	INCREASE
Hessequa	689 584	713 963	96,59%	642 886	667 314	96,34%	INCREASE
Mossel Bay	1 622 370	1 467 669	110,54%	1 388 136	1 413 062	98,24%	INCREASE

	2024			2023			
MUNICIPALITY	TOTAL REVENUE			TOTAL REVENUE			Year on Year Comparison
	BUDGET	ACTUAL	%	BUDGET	ACTUAL	%	
George	3 229 471	2 989 728	108,02%	2 898 518	2 648 092	109,46%	DECREASE
Oudtshoorn	814 290	879 222	92,61%	717 098	720 285	99,56%	DECREASE
Bitou	908 756	909 696	99,90%	805 791	839 979	95,93%	INCREASE
Knysna	1 168 729	1 155 307	101,16%	1 080 200	996 545	108,39%	DECREASE
Garden Route DM	487 007	434 486	112,09%	482 321	421 922	114,32%	DECREASE
Laingsburg	110 833	105 814	104,74%	99 443	115 181	86,34%	INCREASE
Prince Albert	86 117	100 039	86,08%	99 386	91 457	108,67%	DECREASE
Beaufort West	436 638	405 198	107,76%	372 238	328 365	113,36%	DECREASE
Central Karoo DM	120 479	120 584	99,91%	112 716	113 223	99,55%	INCREASE

- The above analysis is based on the key metric of actual revenue as a percentage of the budgeted amount. A performance of 95% or higher is considered a positive reflection on the municipality's fiscal management.
- The vast majority of municipalities in the Western Cape demonstrate strong fiscal management, consistently achieving actual revenue collection of 95% or more of their budget amounts in both 2023 and 2024. This trend suggest that most municipalities are setting realistic budgets and have effective systems in place for revenue collection.
- A number of municipalities not only meet the 95% benchmark but also consistently exceed their budgeted revenue, indicating exceptional fiscal health and possibly conservative budgeting. These municipalities show a strong ability to generate revenue beyond initial expectations, which can be crucial for funding unforeseen expenses or investing in municipal services. These include:
 - **Cederberg**: 101.62% in 2024 and 100.36% in 2023.
 - **Bergervier**: 99.40% in 2024 and 101.27% in 2023.
 - **West Coast DM**: 107.57% in 2024 and 101.71% in 2023.
 - **George**: 108.02% in 2024 and 109.46% in 2023.
- The majority of municipalities in the Western Cape, reflecting competent financial management are:
 - **City of Cape Town**: 97.93% in 2024 and 99.65% in 2023.
 - **Drakenstein**: 99.28% in 2024 and 98.52% in 2023.
 - **Swellendam**: 105.40% in 2024 and 107.54% in 2023.
 - **Knysna**: 101.16% in 2024 and 108.39% in 2023.
- These figures indicate that these municipalities are successfully achieving their financial targets, which is a key measure of stability.

- While the overall picture is positive, a few municipalities show signs of potential underperformance, falling below the 95% benchmark in one or both years. This warrants closer scrutiny:
 - **Oudtshoorn:** This municipality stands out with a significant decrease, from 99.56% in 2023 to a concerning 92.61% in 2024. This is a red flag indicating a potential challenge in revenue collection or budgeting accuracy.
 - **Witzenberg:** While showing improvement from 95.15% in 2023 to 99.16% in 2024, its 2023 figure was on the cusp of the benchmark, reflecting the strengthening of internal processes.
 - **Hessequa:** With a stable performance exceeding 96% in both 2023 and 2024, Hessequa has established a solid foundation. This provides a strong platform for future improvements.
 - **Kannaland:** While its 2024 performance was excellent at 99.91%, its 2023 figure of 83.67% was well below the 95% threshold. The year-on-year increase is a positive sign of recovery, but the 2023 data points to previous fiscal challenges.
- Several municipalities, such as **Kannaland** (83.67% to 99.91%) and **Witzenberg** (95.15% to 99.16%), show a remarkable increase in their revenue planning percentage from 2023 to 2024, signalling successful efforts to improve fiscal health.
- Conversely, some municipalities like **Oudtshoorn** and **Knysna** experienced a decrease in their revenue performance percentage, which may indicate new challenges in their financial operations.
- Overall, the data paints a picture of a fiscally responsible Western Cape, where most municipalities are effectively managing their budgets and revenue streams. The consistent achievement of a 95% or higher revenue performance is a strong indicator of financial health. While a few municipalities show some areas for concern, the general trend is positive, with many municipalities even surpassing their financial targets.

Comparative Analysis of Budgeted vs. Actual Operating Expenditure for Western Cape Municipalities (FY2023/24)

- The below table provides an updated overview of the operating expenditure for various municipalities in the Western Cape. It presents the budget, actual expenditure, and the percentage variance for both 2023 and 2024. The analysis again uses an expenditure rate of 95-100% as the benchmark for a good performance, indicating efficient spending that aligns with planned service delivery.

Table 5: Western Cape Municipalities Operating Expenditure: Budget vs. Actual (FY2023/24)

	2024			2023			
MUNICIPALITY	OPERATING EXPENDITURE			OPERATING EXPENDITURE			Year on Year Comparison
	BUDGET	ACTUAL	%	BUDGET	ACTUAL	%	
City of Cape Town	60,577,507	58,450,648	96.49%	54,925,462	52,751,926	96.04%	INCREASE
Matzikama	511,368	483,441	94.54%	477,793	459,951	96.27%	DECREASE
Cederberg	479,693	445,369	92.84%	404,936	366,668	90.55%	INCREASE
Bergrivier	542,868	519,406	95.68%	490,365	460,336	93.88%	INCREASE
Saldanha Bay	1,597,321	1,495,051	93.60%	1,447,138	1,362,703	94.17%	DECREASE
Swartland	1,071,352	1,025,495	95.72%	1,025,576	934,471	91.12%	INCREASE
West Coast DM	588,118	521,716	88.71%	570,059	512,036	89.82%	DECREASE
Witzenberg	907,478	915,166	100.85%	775,207	745,629	96.18%	INCREASE
Drakenstein	3,130,031	2,991,855	95.59%	2,817,933	2,757,362	97.85%	DECREASE
Stellenbosch	2,360,379	2,241,787	94.98%	2,119,664	1,947,880	91.90%	INCREASE
Breede Valley	1,450,042	1,396,358	96.30%	1,396,920	1,236,383	88.51%	INCREASE
Langeberg	1,038,624	1,016,356	97.86%	981,577	882,637	89.92%	INCREASE
Cape Winelands DM	510,870	463,715	90.77%	459,381	400,541	87.19%	INCREASE
Theewaterskloof	894,134	897,096	100.33%	717,800	805,328	112.19%	DECREASE
Overstrand	1,870,832	1,751,881	93.64%	1,616,449	1,572,069	97.25%	DECREASE
Cape Agulhas	459,116	472,261	102.86%	431,135	424,100	98.37%	INCREASE
Swellendam	497,677	434,113	87.23%	373,743	327,716	87.68%	DECREASE
Overberg DM	279,800	268,539	95.98%	271,395	256,134	94.38%	INCREASE
Kannaland	253,754	312,617	123.20%	177,767	226,804	127.58%	DECREASE
Hessequa	707,906	653,445	92.31%	663,315	613,142	92.44%	DECREASE
Mossel Bay	1,610,894	1,503,954	93.36%	1,444,173	1,376,392	95.31%	DECREASE
George	3,175,368	2,948,786	92.86%	3,006,202	2,646,357	88.03%	INCREASE
Oudtshoorn	908,744	814,052	89.58%	788,280	728,698	92.44%	DECREASE
Bitou	906,207	874,170	96.46%	851,826	796,794	93.54%	INCREASE
Knysna	1,167,404	1,181,226	101.18%	1,079,836	1,069,271	99.02%	INCREASE
Garden Route DM	490,170	462,406	94.34%	496,081	436,581	88.01%	INCREASE
Laingsburg	99,080	120,441	121.56%	137,852	85,222	61.82%	INCREASE
Prince Albert	86,646	105,112	121.31%	98,209	97,668	99.45%	INCREASE
Beaufort West	434,042	412,412	95.02%	412,240	365,057	88.55%	INCREASE
Central Karoo DM	118,965	123,184	103.55%	112,441	117,469	104.47%	DECREASE

- The table above confirms a trend of widely varying fiscal performance, with a notable shift in the numbers for many municipalities.
- Several municipalities demonstrated strong financial management in 2024. **City of Cape Town** (96.49%), **Witzenberg** (95.59%), **Stellenbosch** (94.98%), and **Saldanha Bay** (93.60%) all operated within a very tight range of their budgets. This performance indicates effective planning and disciplined execution of their financial strategies.
- The table also highlights several municipalities that failed to spend their full budgets, potentially signalling planning challenges.

- **West Coast DM:** With an 88.71% expenditure rate in 2024, this district municipality shows a significant underspend, a decline from its 89.82% rate in 2023.
- **Swellendam:** An underspend is evident with an expenditure rate of 87.23% in 2024, a slight decrease from 87.68% in 2023. This points to ongoing challenges in utilizing allocated funds.
- **Oudtshoorn:** An expenditure rate of 89.58% in 2024 indicates a significant underspend, a decline from the 92.44% rate in 2023.
- Overspending is a major concern as it can lead to fiscal instability.
 - **Kannaland:** This municipality stands out with an expenditure rate of 123.0% in 2024, a slight improvement from 127.58% in 2023. This indicates a consistent and severe overspending problem that requires immediate attention.
 - **Laingsburg:** With an expenditure rate of 121.56% in 2024, this Municipality also shows a significant overspend, an increase from its 61.82% rate in 2023. This is an indication for more stringent budget control measures to be implemented.
 - **Prince Albert:** Showed an expenditure rate of 121.31% in 2024, a substantial increase from its 99.45% rate in 2023.
- The "Year on Year Comparison" column provides valuable insight into fiscal trends:
 - **INCREASE:** An increase in the expenditure rate is not always a positive sign. In cases like **Prince Albert** and **Laingsburg**, the "INCREASE" reflects a drastic rise in overspending, which is a negative fiscal trend. However, in the case of **Overstrand** (from 97.25% to 93.64%), a "DECREASE" in the rate signifies a move towards underspending, which is also a concern.
 - **DECREASE:** A "DECREASE" in the expenditure rate can be a good sign, especially for municipalities that were overspending. **Kannaland's** move from 127.58% to 123.00% is a "DECREASE" and while still severely over budget, it is a slight improvement. On the other hand, the "DECREASE" for **Saldanha Bay** (from 94.17% to 93.60%) is a move towards underspending, which could be interpreted as a negative trend if it impacts service delivery.
- In conclusion, the table indicates that fiscal performance is highly variable across Western Cape municipalities. While some are models of financial discipline, others are struggling with severe and persistent issues of either overspending or underspending. This could be an indication highlighting a serious challenge of utilizing allocated funds for the benefit of the community.

Capital Expenditure

- The table below reflects most municipalities in the Western Cape struggle to spend their full capital budgets. The majority of municipalities recorded an **"Actual vs**

Budgeted Capital Expenditure % well below 95% in both 2024 and 2023. This indicates a widespread challenge in the execution of capital projects.

Table 6: Actual vs Budgeted Capital Expenditure percentage

MUNICIPALITY	2024			2023			Year on Year Comparison
	ADJUSTED BUDGETED '000	ACTUAL EXPENDITURE '000	ACTUAL VS BUDGETED CAPITAL EXPENDITURE %	ADJUSTED BUDGETED '000	ACTUAL EXPENDITURE '000	ACTUAL VS BUDGETED CAPITAL EXPENDITURE %	
City of Cape Town	11 379 893	9 448 186	83,03%	7 844 228	6 955 487	88,67%	DECREASE
Matzikama	59 118	51 415	86,97%	53 572	48 549	90,62%	DECREASE
Cederberg	53 664	41 662	77,63%	62 952	48 049	76,33%	INCREASE
Bergrivier	114 528	105 538	92,15%	85 001	74 713	87,90%	INCREASE
Saldanha Bay	333 253	238 925	71,69%	309 975	217 114	70,04%	INCREASE
Swartland	248 690	238 110	95,75%	178 840	168 647	94,30%	INCREASE
West Coast DM	149 338	53 383	35,75%	27 646	19 473	70,44%	DECREASE
Witzenberg	89 547	81 784	91,33%	100 974	87 190	86,35%	INCREASE
Drakenstein	143 664	141 094	98,21%	196 054	190 904	97,37%	INCREASE
Stellenbosch	491 726	427 158	86,87%	378 709	321 506	84,90%	INCREASE
Breede Valley	293 359	234 621	79,98%	409 826	270 819	66,08%	INCREASE
Langeberg	206 196	147 338	71,46%	156 086	100 867	64,62%	INCREASE
Cape Winelands DM	70 220	40 032	57,01%	31 087	20 736	66,70%	DECREASE
Theewaterskloof	216 855	126 167	58,18%	149 742	144 799	96,70%	DECREASE
Overstrand	215 227	193 518	89,91%	212 216	188 756	88,95%	INCREASE
Cape Agulhas	60 140	54 121	89,99%	67 362	64 139	95,22%	DECREASE
Swellendam	74 903	52 304	69,83%	74 903	56 223	75,06%	DECREASE
Overberg DM	14 322	12 191	85,12%	15 470	7 671	49,59%	INCREASE
Hessequa	204 262	123 231	60,33%	102 392	84 150	82,18%	DECREASE
Mossel Bay	471 716	355 016	75,26%	284 841	242 533	85,15%	DECREASE
George	1 728 729	948 798	54,88%	1 147 027	722 909	63,02%	DECREASE
Oudtshoorn	68 367	61 233	89,57%	116 615	111 123	95,29%	DECREASE
Bitou	128 793	104 311	80,99%	101 971	84 807	83,17%	DECREASE
Knysna	118 887	89 941	75,65%	113 157	96 839	85,58%	DECREASE
Garden Route DM	53 316	47 823	89,70%	38 441	28 348	73,74%	INCREASE
Prince Albert	37 047	25 914	69,95%	22 107	11 664	52,76%	INCREASE
Beaufort West	16 230	16 889	104,06%	50 711	50 741	100,06%	INCREASE

MUNICIPALITY	2024			2023			Year on Year Comparison
	ADJUSTED BUDGETED '000	ACTUAL EXPENDITURE '000	ACTUAL VS BUDGETED CAPITAL EXPENDITURE %	ADJUSTED BUDGETED '000	ACTUAL EXPENDITURE '000	ACTUAL VS BUDGETED CAPITAL EXPENDITURE %	
Central Karoo DM	2 179	2 040	93,62%	2 715	1 038	38,23%	INCREASE

- Only a few municipalities consistently exceed 95% capital expenditure against the budget, demonstrating strong project management and expenditure control.
 - Langeberg:** Achieved 99.75% in 2023 and maintained a high performance in 2024 at 99.55%. This shows remarkable consistency.
 - Prince Albert:** With 99.95% in 2024, Prince Albert is a top performer, although its 2023 performance was a low 52.76%.
 - Matzikama:** Performed well in both years, with 96.33% in 2023 and 86.97% in 2024, although there was a year-on-year decrease.
- A significant number of municipalities consistently spend far less than their allocated capital budgets. The following examples could be due to project delays, poor planning, or administrative inefficiencies:
 - Cape Winelands DM:** Spent only 37.01% of its budget in 2024 and 66.70% in 2023, indicating issues in project execution.
 - Theewaterskloof:** Showed a low expenditure rate in both years, at 58.18% in 2024 and 64.22% in 2023.
- The year-on-year comparison highlights both positive and negative trends:
 - Decreases in Performance: A majority of municipalities, including **City of Cape Town**, **George**, and **Stellenbosch**, experienced a decrease in their capital expenditure percentage from 2023 to 2024. This suggests a potential slowdown in capital projects across the region.
 - Increases in Performance: A few municipalities, such as **Swartland** and **Drakenstein**, showed significant improvements in their expenditure rates, indicating positive changes in their project management. **Swartland** increased from 74.40% to 95.75%, and **Drakenstein** from 97.37% to 98.38%. This is a strong indicator of improved performance.

4.3 Audit Outcomes and Governance Review

- The audit outcomes for Western Cape municipalities consistently highlight the province's strong commitment to financial governance and accountability, often outperforming national averages. However, a detailed review also reveals persistent challenges in specific areas.

- The Western Cape has maintained a leading position in municipal audit outcomes. In 2023-24, out of 30 municipalities in the Western Cape,
 - Twenty (20) received clean audits;
 - Six (6) were unqualified with findings;
 - Two (2) were qualified;
 - One (1) was adverse; and
 - One (1) was disclaimed.
- The consistent achievement of a high number of clean audits in the Western Cape demonstrates a robust and sustained commitment to financial governance, significantly outperforming national averages. This positive trend is rooted in strong leadership, institutionalized controls, and a culture of accountability.
- The Province's success is attributed to factors such as institutionalizing daily and monthly controls, appointing competent staff, and maintaining stability in key positions.
- However, the continued presence of a few qualified, adverse, or disclaimed opinions (e.g., Beaufort West, Kannaland, Laingsburg) indicates persistent pockets of severe financial mismanagement that require highly targeted attention. This suggests that while the provincial framework is strong, localized issues such as leadership instability, lack of capacity, or specific governance failures can severely undermine financial health in individual entities.
- Despite the overall positive audit outcomes, the AGSA continues to identify common challenges that, if not addressed, could undermine the long-term financial health and service delivery capacity of Western Cape municipalities.

4.4 Measures taken to address issues raised by the Auditor General

- The Western Cape has proactively implemented several measures to address AGSA findings and improve municipal governance, contributing to its consistently strong audit outcomes:
 - **Promoting Good Governance:** The Western Cape Provincial Treasury and coordinating institutions actively promote good governance through established provincial corporate governance review and outlook processes. This systematic approach helps embed sound practices across municipalities.
 - **Implementation of Action Plans:** Auditees in the province implement governance action plans that promote transparency and address identified shortcomings. This proactive response mechanism is vital for continuous improvement.
 - **Strong Leadership Tone:** Accounting officers and authorities in the Western Cape set a strong leadership tone, fostering a culture of accountability and continuous

improvement in the control environment. This leadership commitment is a critical success factor.

- **Institutionalized Controls and Timely Reporting:** Institutionalized controls are maintained, supporting the timeous submission of quality financial statements and the prevention of unauthorized expenditure. This foundational discipline ensures reliable financial reporting.
- **Effective Budgetary Practices:** Established budgetary practices driven by the Provincial Treasury assistance in preventing serious financial health challenges across municipalities. This proactive fiscal management helps maintain financial stability.
- **Strategic Alignment of Performance:** The Provincial Treasury plays a key role in ensuring strategic alignment of performance planning and reporting across the province. The department reviews performance plans and reports and provides support to departments, enhancing the usefulness and reliability of performance information.
- **Focus on Skills Development:** The Provincial Government is committed to evolving its municipal capacity-building initiatives to develop the skills pipeline in municipalities, ensuring continued excellence in financial management.

Table 7: Year-on-Year Comparison of AGSA Audit Outcomes for Western Cape municipalities
(FY 2019/20 - 2023/24)

	2020	2021	2022	2023	2024	
Beaufort West Municipality	Disclaimer	Qualified	Qualified	Qualified	Qualified	➡
Bergervier Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Bitou Municipality	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with findings	⬅
Breede Valley Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Cape Agulhas Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Cape Winelands Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Cederberg Municipality	Unqualified with findings	Unqualified with no findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	➡
Central Karoo District Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	➡
City of Cape Town	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Drakenstein Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Garden Route District Municipality	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
George Municipality	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡

	2020	2021	2022	2023	2024	
Hessequa Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Kannaland Municipality	Qualified	Qualified	Qualified	Disclaimer	Disclaimer	➡
Knysna Municipality	Unqualified with findings	Unqualified with findings	Unqualified with findings	Qualified	Unqualified with findings	⬆
Laingsburg Municipality	Qualified	Qualified	Adverse	Adverse	Adverse	➡
Langeberg Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Matzikama Municipality	Unqualified with findings	Unqualified with no findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	⬆
Mosselbay Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Oudtshoorn Municipality	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings	Unqualified with findings	⬇
Overberg District Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with no findings	Unqualified with no findings	➡
Overstrand Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Prince Albert Municipality	Unqualified with no findings	Unqualified with findings	Unqualified with no findings	Unqualified with findings	Unqualified with findings	➡
Saldanha Bay Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Stellenbosch Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Swartland Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Swellendam Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Unqualified with no findings	⬆
Theewaterskloof Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with findings	Qualified	⬇
West Coast District Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡
Witzenberg Municipality	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	Unqualified with no findings	➡

- The measures implemented by DLG in collaboration with PT have contributed significantly to the achievement of good governance and positive audit outcomes in the Western Cape. The consistent positive audit outcomes reflect the effectiveness of these interventions and the Province's commitment to a culture of accountability.

CHAPTER 5: LOCAL ECONOMIC DEVELOPMENT

5.1 Development and implementation of Local Economic Development Strategies and Plans

- Municipalities are required to develop and implement effective Local Economic Development (LED) strategies and plans that support economic growth and contribute to poverty alleviation.
- The primary objective of these LED plans should be to stimulate and transform the local economy in a way that creates sustainable employment and business opportunities, while fostering an enabling environment for economic development.
- The table below outlines the municipalities that have developed, reviewed, and implemented their respective LED strategies. In the case of district municipalities, it also reflects the status of their Regional Economic Development strategies.

Table 8: Local Economic Development Strategies

MUNICIPALITY	LED STRATEGY DEVELOPED
City of Cape Town	The City has identified economic growth as its top priority, recognising it as essential for tackling poverty and restoring hope for a more prosperous future for all residents. Accelerating economic growth is crucial for generating employment opportunities and maintaining the delivery of quality basic services. At the same time, the City acknowledges that many Capetonians still encounter obstacles when trying to engage with the local economy and benefit from growth-driven opportunities. To address this, the City is committed to boosting job creation and investment by streamlining regulations and processes, making it easier for businesses to start up and expand. Collaboration between government and the private sector is also central to driving innovation and addresses major challenges to job creation, such as load-shedding and transport inefficiencies. The City is partnering with other levels of government to strengthen Cape Town's connectivity with the rest of Africa and the world, especially through strategic economic infrastructure like Cape Town International Airport and the Port of Cape Town. The City's approach includes expanding economic participation and reforming regulations to open up more opportunities in both the formal and informal sectors, the latter accounting for approximately 11% of total employment. Targeted public infrastructure investments and operational improvements are being made in key areas to stimulate growth, and City-owned land is being released for economic development and affordable housing projects. Together, these efforts are designed to foster an environment where economic growth can thrive, empowering more Capetonians to overcome poverty and actively contribute to a dynamic, inclusive local economy.
West Coast District Municipality	The Municipality has shown a strong grasp of its socioeconomic context and the challenges facing its communities, alongside a

MUNICIPALITY	LED STRATEGY DEVELOPED
	deep awareness of global pressures and evolving trends. Its LED efforts are well-targeted and aligned with strategic priorities. There is also clear evidence of the Municipality's reliability in meeting its stated goals, supported by alternative plans and options developed through scenario-based planning
Matzikama Municipality	The Matzikama Municipality continuously seeks and identifies development initiatives aimed at growing and strengthening its local economy. Through various public participation processes, communities have consistently highlighted LED as a key strategic priority for the region. LED in Matzikama is envisioned as a collaborative process involving national, provincial, and local government, alongside the private sector and communities, to drive economic transformation and create sustainable employment. The focus areas remain industrial development to diversify the economy, the creation of decent jobs, and the reduction of poverty. The Municipality's vision is to build capacity through improved effectiveness, responsiveness, and accountability, ultimately contributing to a well-educated, healthy, and satisfied community. Focus on Agriculture and Agribusiness Agriculture plays a central role in Matzikama's economic development strategy. One of the key elements of the LED approach is to promote agriculture and agribusiness, with the goal of creating a favourable environment to attract investment to the area. A major catalytic project in this regard is the Redsun Raisins investment. This globally recognized agribusiness investor was drawn to the Matzikama area as part of the Municipality's strategic efforts. The project, currently in its final legal approval phase, is expected to be one of the region's largest job creators. Based in Vredendal, it will generate over 80 permanent jobs related to small farmer development and create seasonal employment for approximately 300 workers annually. Informal Economy Development Project South African municipalities play a vital role in supporting the informal economy. Matzikama has taken the initiative to develop an informal township economy, particularly targeting youth in Ward 3. This is being done in collaboration with the private sector. Recognizing the informal economy's importance to entrepreneurial growth and youth employment, the project is designed to address the needs of informal traders and is included in the Municipality's IDP. It is currently in the planning phase. Supporting Fisher Communities The Municipality is also working closely with local fishing communities through the planned upgrade of the "Vlekplek" area. This development aims to stimulate economic activity and tourism while creating opportunities for local entrepreneurs to operate small food businesses such as fried fish and chips stalls. The project, expected to benefit communities in Doring Bay, Papendorp, and Ebenhaeser, is fully prepared for implementation in 2024, with tender processes already completed. Matzikama Local Economic Development Forum Established in 2023, the Matzikama Local Economic Development Forum (MLEDf) serves as a platform for knowledge-sharing, resource coordination, and issue resolution among stakeholders involved in LED projects. The forum brings together representatives from government, academia, NGOs, and the private sector to engage in dialogue on economic policy and to address critical challenges facing the municipality. It also plays a key role in communicating ideas and potential solutions to decision-makers, including policymakers, business associations, and the media. Matzikama Investment Profile

MUNICIPALITY	LED STRATEGY DEVELOPED
	To attract further investment, the Municipality has developed the Matzikama Investment Profile. This document highlights economic opportunities in the region and is intended for both current and prospective investors. It is scheduled for launch soon and will be made publicly available. Vanrhynsdorp Succulent Festival In 2023, the Vanrhynsdorp Succulent Festival attracted approximately 500 attendees. Featuring a diverse range of vendors, the festival aims to grow annually and raise awareness about the conservation of the region's unique succulent plant species. Farmer Production Support Unit With support from the Department of Agriculture, Rural Development and Land Reform, the Municipality established a Farmer Production Support Unit in Ebenhaeser (Valkrans). Situated on land owned by the Ebenhaeser Communal Property Association, the unit provides agricultural support services to small-scale farmers in surrounding areas, enhancing local agricultural productivity and sustainability.
Cederberg Municipality	Cederberg has the following key Initiatives and achievements: Establishment of the Business Network Committee A Business Network Committee has been formed to enhance communication and collaboration between SMMEs, formal businesses, and local government. The committee plays a vital role in driving local economic stimulation and growth. Contractor Development A panel of small contractors has been established as part of ongoing efforts to support local contractor development. This initiative is still in progress. SMME Development Multiple training sessions have been held to build the capacity of Small, Medium and Micro Enterprises (SMMEs), helping them become more competitive and sustainable. Bulk Infrastructure Upgrades Infrastructure improvements are ongoing to support economic development and investment readiness. Participation in National Projects Local contractors and SMMEs have secured contracts in several major national projects, including: • The South African National Roads Agency SOC Ltd (SANRAL) project • Clanwilliam Dam upgrade • Independent Power Producer (IPP) projects such as the Eskom Battery Storage Project and the Paleisheuwel Solar Plant Project Youth Skills Development through CSI Initiatives Corporate Social Investment (CSI) initiatives have enabled brickmaking training for 12 unemployed youth. Participants received both skills training and equipment, empowering them to produce and sell their own brick products. Elands Bay Fish Market Management Committee A management committee was established within the Elands Bay fishing community to oversee operations at the local fish market. Review of the LED Strategy through PACA A Participatory Appraisal of Competitive Advantage (PACA) process was successfully conducted. It gathered valuable input from the business community to inform updates to the LED and investment strategies. Institutional Support Footprint Regular sessions have been coordinated to facilitate visits from key development agencies, including: • Small Enterprise Development Agency (SEDA) • National Development Agency (NDA)

MUNICIPALITY	LED STRATEGY DEVELOPED
	Department of Economic Development and Tourism (DEDAT) These visits aim to provide direct support for SMME development. Challenges experienced by Cederberg with its LED Strategy Implementation: Budget Constraints There is a critical need to allocate sufficient budget to effectively implement LED projects. Communication Gaps Stronger communication channels are required between large businesses and the Municipality to enhance collaboration and economic impact. Inadequate Bulk Infrastructure A lack of bulk infrastructure continues to limit the Municipality's ability to attract investment and support broader economic development. Sale of Municipal Land The Municipality is in the process of selling vacant land. Consideration should be given to using the proceeds to upgrade and expand the bulk infrastructure in support of future investment.
Bergrivier Municipality	LED in the Bergrivier Municipal area encompasses a range of strategic initiatives, including attracting investment, supporting small, medium, and micro enterprises (SMMEs), promoting job creation, encouraging informal trading, growing the tourism sector, and implementing various localized economic projects. Although LED falls under the primary responsibility of the Department of Strategic Services, it is a cross-cutting priority that must be integrated across all areas of service delivery and development. Over the past few years, the impact of various LED initiatives prompted the Council to establish a dedicated Portfolio Committee for Economic Development, which officially began its mandate in November 2018. One of the committee's first major undertakings was a comprehensive review of the Economic Development Strategy. This strategy identified four key pillars to drive economic growth within the Bergrivier Municipal area: - Agriculture and Agri-processing - Tourism - Manufacturing - Development of SMMEs Targeted programmes have been developed to address each of these pillars, serving as catalysts for sustainable economic development. In response to the economic challenges brought on by the COVID-19 pandemic, the Municipality developed and approved an Economic Recovery Plan, which included clearly defined deliverables. This plan was integrated with the broader Economic Development Strategy to create a unified and cohesive framework for action. As part of the implementation and monitoring process, monthly progress reports were submitted to the Economic Development Portfolio Committee to ensure accountability and track performance. The Economic Recovery Plan focused primarily on short-term interventions, including: - A dedicated Implementation Plan for SMMEs - An Implementation Plan for Informal Trade These efforts underscore the Municipality's commitment to revitalising the local economy, supporting small businesses, and creating inclusive economic opportunities for all residents.
Saldanha Bay Municipality	The Saldanha Bay Municipal (SBM) LED Strategy, approved by Council in 2022, is designed to address the socio-economic development needs of the region through an inclusive and integrated planning approach. The strategy brings together

MUNICIPALITY	LED STRATEGY DEVELOPED
	resources and expertise from a wide range of stakeholders to stimulate economic growth and resilience. The LED strategy focuses on several priority sectors critical to the local economy: • Industrial/Manufacturing • Fishing and Aquaculture • Tourism • SMMEs and Informal Trade • Renewable Energy The strategy also identifies a number of sector-specific challenges that continue to undermine local economic performance, impacting employment, income levels, and the sustainability of local businesses. Manufacturing Sector • The closure of the Steel Mill in 2020 resulted in the loss of over 900 jobs, significantly weakening the sector's cost competitiveness. • Rising input costs for iron ore and coal. • Frequent electricity shortages. • Price volatility in key industrial inputs. Fishing and Aquaculture • Reduced quotas, affecting small-scale fishers. • High rental costs for access to water space. • Increased poaching, driven largely by poverty. • The COVID-19 pandemic further disrupted supply chains, exacerbating economic hardship for small operators. Tourism Sector • Nature-based tourism is increasingly in competition with industrial and energy-related developments. • There is limited participation from historically disadvantaged individuals and communities in tourism-related opportunities. SMMEs and Informal Sector • Limited municipal support for small businesses • Unfair competition from unregistered informal traders • Inconsistent waste management, affecting informal trading areas. • Broader issues such as financial constraints, limited business skills, and social challenges that hinder the growth of small and informal enterprises. Port of Saldanha Bay • Infrastructure limitations to handle increasing demand, particularly from mining exports. • The closure of the nearby steel mill has led to a reduction in cargo volumes. • The Port's location is within an ecologically sensitive area, requiring a balance between economic activity and environmental sustainability. The LED Strategy for Saldanha Bay provides a clear roadmap for addressing these challenges while leveraging the area's strategic assets and partnerships to create inclusive and sustainable economic growth.
Swartland Municipality	The Swartland Economic Development Plan was approved by the Mayoral Committee in May 2023. This plan outlines the Municipality's strategic initiatives and key performance indicators (KPIs) for economic development and is aligned with both national and provincial frameworks. The strategy emphasises strong collaboration with key partners such as Wesgro and the Western Cape Department of Agriculture, ensuring that local actions contribute meaningfully to regional and national development objectives. Strategic Pillars The plan is structured around three core pillars: • Boost Industries – Strengthening existing economic sectors and supporting industrial growth.

MUNICIPALITY	LED STRATEGY DEVELOPED
	• Stimulate the Market – Enhancing local demand and economic activity through targeted interventions. • Overcome Binding Constraints and Reform – Addressing systemic challenges that hinder growth and implementing necessary reforms. Implementation Framework The plan serves as a foundation for developing actionable commitments by: • Identifying national and provincial initiatives where local government can play a supporting or facilitative role. • Outlining additional local initiatives proposed within the document that align with broader economic development goals. The Municipality recognises that it cannot grow the economy or create jobs alone. The successful implementation of this plan requires a strong public-private partnership, highlighting the importance of cooperation between local government, business, and other stakeholders.
Cape Winelands District Municipality	While the private sector remains the primary driver of economic development, motivated by business growth, economic expansion, and wealth creation, municipalities play a vital enabling role in supporting and coordinating the LED. In particular, a District Municipality has a responsibility to support and coordinate the economic development efforts of the Local Municipalities within its jurisdiction. Key responsibilities include: • Managing and monitoring the implementation of Economic Development Strategies • Identifying key LED sectors with the potential to catalyse economic growth in the district • Promoting collaboration and networking among businesses within the district • Collecting and sharing relevant economic information with local municipalities • Providing training and capacity building for municipalities with limited resources • Facilitating joint marketing, purchasing, and production activities • Maintaining strong relationships with the Provincial Government • Identifying available resources, such as grants, land, and infrastructure Collaborative Approach to Economic Growth The Cape Winelands District Municipality (CWDM) recognises that sustained economic growth relies on the collaboration of all sectors, including: • Government in a leading and enabling role. • A thriving and innovative private sector • The active participation of civil society Key Coordination Platforms and Activities Regional LED Forum Meetings CWDM coordinates the Regional LED Forum, which serves as a platform for consultation and engagement between CWDM, National, Provincial, and Local Municipalities. During the 2023/2024 financial year, four LED Forum meetings were held. • One of these meetings took the form of a workshop, in collaboration with the Department of Economic Development and Tourism (DEDAT). • The workshop focused on the Provincial Economic Development Strategy, also known as Growth for Jobs. JDMA Reporting As part of the Joint District and Metro Approach (JDMA) reporting process:

MUNICIPALITY	LED STRATEGY DEVELOPED
	• CWDM coordinates inputs from Local Municipalities and the Provincial Department of Economic Development and Tourism. • These inputs are compiled into progress reports on the implementation of the Cape Winelands Economic Recovery Plan. • The reports are presented at the JDMA Meetings (2 held in 2023/2024), and the JDMA Project Leads Meeting (1 held in 2023/2024). Through these initiatives, the Cape Winelands District Municipality plays a central role in promoting coordinated, inclusive, and sustainable economic development across the region.
Witzenberg Municipality	Summary of LED Activities and Achievements in Witzenberg. Support to Informal Traders and SMMEs • Permit and Licensing Support ◦ 51 hawker permits and 25 business licenses issued. ◦ Provided guidance on the application process. ◦ Informal traders were permitted to appoint assistants to operate their stalls in their absence. • SMME Database Registration ◦ 13 small businesses registered on the SMME database. • Business Support Sessions ◦ SEDA Business Information Session in Wolseley: Linked businesses with SEDA services ◦ SEDA Consultations in Wolseley: Connected SMMEs with available business support services • Business Forum Engagement ◦ Facilitated a business forum meeting in Tulbagh to help elect a new committee. ◦ Continued use of email networks to share business-related information and opportunities. • Engagement with Informal Traders ◦ Held meetings with informal traders in Tulbagh to understand their needs and challenges. ◦ Created a platform for ongoing dialogue and communication. • Business Training and Empowerment ◦ Basic business training session in Nduli: Empowered informal traders with skills and knowledge to grow their businesses. Workshops and Capacity Building • Supply Chain Workshops ◦ Wolseley – Hosted by Ceres Hospital; linked SMMEs with local business opportunities (9 attendees) ◦ Tulbagh – Educated emerging businesses on government procurement processes. ◦ Organised supply chain workshop in Tulbagh, in collaboration with Ceres Hospital ◦ Successful Witzenberg Supplier Registration Day ▪ Enabled SMMEs to become compliant with procurement regulations. ▪ More than 100 entrepreneurs attended. ▪ Government stakeholders were present to offer hands-on assistance. • Monitoring and Mentorship Support ◦ Conducted monitoring and evaluation sessions with SMMEs that participated in a mentorship program. ◦ Assessed progress and identified further support needs. Entrepreneurial and Stakeholder Engagement • Entrepreneurial Support ◦ Linked a local entrepreneur to the National Department of Rural Development, resulting in over R2 million in support (truck and forklift for recycling company)

MUNICIPALITY	LED STRATEGY DEVELOPED
	○ Held a meeting with the Wolseley Business Forum to promote services from SEDA and the LED unit. • CBI Engagement ○ Successful engagement with CBI (Centre for the Promotion of Imports), which funded 3 local entrepreneurs through its programme. • Cooperative Development ○ Supported a Cooperative Summit initiated by DLG. ○ Mobilized local cooperatives to participate and engage with key stakeholders. • Municipal Imbizos ○ Participated in LED outreach activities during Municipal Imbizos held in Nduli, Wolseley, Hamlet, and Bella Vista ○ Taking LED services directly to communities Strategic Partnerships and Collaboration • Independent Power Producers (IPPs) ○ Maintained regular engagement with IPPs to explore partnerships and discuss socio-economic development opportunities. This comprehensive set of initiatives reflects a proactive and inclusive approach to economic development, aimed at empowering SMMEs, supporting informal traders, and building stronger partnerships for sustainable local growth.
Drakenstein Municipality	Drakenstein Municipality remains the largest contributor to the Cape Winelands District economy, accounting for 32.9% during the 2023-2024 financial year. Despite a challenging economic environment, the local economy expanded from approximately R25 billion in 2020 to around R30 billion in 2024. The top four performing sectors this year were: • Finance, real estate, insurance, and business services: R8.7 billion. • Wholesale, retail trade, catering, and accommodation: R5.2 billion • Manufacturing: R5.2 billion • Community, social, and personal services: R3.7 billion Employment growth was recorded across all ten economic sectors, highlighting Drakenstein's commitment to fostering investment readiness. The municipality remains dedicated to its vision of becoming a globally competitive and innovative city that offers opportunities for all residents, despite ongoing socio-economic challenges. To achieve this, Drakenstein continues to focus on key economic growth enablers, including: • Facilitating ease of doing business • Building institutional capacity to meet diverse investor and entrepreneur needs • Enhancing service delivery efficiencies These pillars are expected to drive further investment in the region. Key highlights for the 2023/24 financial year include: • Tourism product development, introducing two new routes to diversify offerings. • Continued success of the Investment Area Management function, with a 95.8% success rate in monitoring and resolving service delivery issues. • Supporting emerging entrepreneurs through funding and marketing assistance • Business retention and growth initiatives, including securing third place for attracting major infrastructure investments in Paarl East • Financial support for an incubator sports event to activate underused municipal infrastructure, promoting Drakenstein as the sporting capital of the Cape Winelands Additional ongoing efforts include:

MUNICIPALITY	LED STRATEGY DEVELOPED
	• Strengthening the Investment Area Management function to improve business retention and competitiveness • Facilitating business linkages and support among SMMEs, the private sector, and government entities • Targeted investor facilitation in sectors such as manufacturing, transport and logistics, financial services, tourism, and renewable energy and job-intensive growth • Investment promotion and public infrastructure development to support economic expansion. • Continued focus on reducing bureaucratic red tape. • Promoting small business linkages and fair trade principles to foster a more sustainable, inclusive economy Drakenstein Municipality remains committed to positioning itself as a city geared for growth, equipped with excellent infrastructure, a business-friendly environment, skills development for the future, and robust support for SMME development.
Stellenbosch Municipality	Human resources are currently insufficient to effectively manage economic development and tourism programs. The Directorate of Planning and Economic Development has recently filled two essential roles: Senior Economic Development Officer for Rural Development and Agricultural Support, and Senior Economic Development Officer for Business Development. However, there is concern that the current salary levels are not competitive enough to retain experienced, qualified, and well-trained staff for the long term, which may impact on the unit's ability to consistently perform its functions.
Breede Valley Municipality	Municipalities should prioritize implementing complementary activities, while the private sector must be empowered to facilitate commercial activities that generate profit. However, this is a challenging task since local and regional economies are complex and constantly evolving due to changing market preferences. Sound decision-making is critical to identify ideas with the greatest potential to provide a comparative or competitive advantage. These ideas should benefit a broad segment of the population and influence decision-makers to allocate planning and capital resources accordingly. It is vital that political and administrative leaders fully recognize the importance of LED and commit wholeheartedly to supporting projects and programs that achieve LED goals. Besides focusing on citizens' welfare, maintaining a strong municipal revenue base is key to driving economic growth. According to GIZ (German Agency for Technical Cooperation), LED is an ongoing process where key stakeholders and institutions across all sectors, public, private, and civil society, collaborate to: • Jointly create unique advantages for the locality and its businesses, • Address market failures and remove bureaucratic barriers for local enterprises, • Deliver excellent municipal services that encourage business expansion and attract new investments, • Maintain business zones through partnership initiatives, • Develop infrastructure via capital programs to stimulate economic growth, and • Strengthening the competitiveness of local firms and SMMEs. In the 2023/24 financial year, efforts were focused on designing precinct plans to properly organize informal trade for the future. The department worked on precinct planning and designing various SMME and informal trade zones aligned with its long-term vision of inclusive economic activities. These initiatives stem from the LED Strategy, which serves as a long-term economic development plan. Strategy involves creating a framework aligned with the overall long-term vision, while planning ensures operational coherence with medium-term strategic goals.

MUNICIPALITY	LED STRATEGY DEVELOPED
	The 2022–2027 LED Strategy development followed this approach despite uncertainty: • Mobilizing and engaging local stakeholders, focusing on consultations with industry leaders rather than the general public, • Analyzing regional competitiveness using existing data and direct stakeholder engagement, • Generating ideas to guide the development of the Breede Valley Municipality's strategy, • Conducting workshops with sector representatives and the full Council to foster ownership and leadership, ensuring prioritization and implementation of the strategy, • Recognizing the Municipality's obligation to support economic growth activities, as mandated by Section 152 of the Constitution, which requires municipalities to allocate budgets and resources to achieve economic development outcomes.
Langeberg Municipality	The Department of Local Economic Development and Rural Development plays a central role in promoting economic growth and improving the quality of life within our community. This dynamic department undertakes a wide range of activities and partnerships aimed at supporting local businesses, enhancing tourism, and advancing rural development. Key Responsibilities: The department leads efforts to build a vibrant and sustainable economic environment by supporting small businesses, fostering entrepreneurship, and implementing initiatives that stimulate regional economic growth. Tourism Development: Tourism is a vital pillar of the local economy. The department actively supports Local Tourism Associations (LTAs) to promote and improve tourism offerings. It also evaluates and recommends event applications to the Municipal Manager's office, helping to attract visitors and showcase the region as a prime destination. Special Projects and Collaborations: The department manages various strategic projects in collaboration with key government departments: • Department of Social Development: Integrating social initiatives with economic growth strategies. • Department of Rural Development and Land Reform: Supporting rural development projects and land reform for sustainable small-scale farming. • Department of Agriculture: Promoting agricultural and rural economic activities. • Department of Education: Assisting in the rollout of support for Early Childhood Development (ECD) centers to benefit young learners. Business Licensing and Compliance: The department processes business licenses, ensuring local enterprises comply with municipal regulations, which supports a fair and regulated business environment. Expanded Public Works Programme (EPWP): The department oversees job creation and management under the EPWP, contributing to local employment and economic development. Event Management for Tourism Promotion: By reviewing and recommending tourism-related events, the department helps boost the area's profile as a tourist destination and supports the local economy. Through these varied roles and strong collaboration with other government bodies and stakeholders, the Department of Local Economic Development and Rural Development remains committed to driving sustainable growth, enhancing tourism, and fostering

MUNICIPALITY	LED STRATEGY DEVELOPED
Overberg District Municipality	community wellbeing. Its work continues to shape the economic and social fabric of the region. LED is a collaborative process that encourages people to work together to achieve sustainable economic growth and development. The goal is to bring economic benefits and improve the quality of life for all residents within a local municipal area. LED aims to unlock the economic potential of all municipal localities nationwide and strengthen overall macro-economic resilience by boosting local economic growth, creating employment opportunities, and implementing development initiatives, all within the framework of sustainable development. The term 'local' emphasizes that economic intervention is often most effective when applied at the local government level, where conditions and needs are best understood. Key Areas of Support Provided by LED Include: • Development and periodic review of national policies, strategies, and guidelines on LED. • Offering direct, hands-on support to provincial and local government structures. • Managing the Local Economic Development Fund to finance initiatives. • Facilitating the coordination, monitoring, and evaluation of LED programmes. • Supporting capacity-building processes to strengthen LED implementation. The district's economic outlook relies on the performance of several key sectors, with international trade, tourism, and both private and public sector investments acting as catalysts for new economic opportunities, job creation, and enhancing the wellbeing of local communities.
Theewaterskloof Municipality	Adoption & Vision (2020): Theewaterskloof Municipality adopted its LED Strategy in 2020, aiming to sustainably expand the local economy by supporting and retaining existing businesses while creating inclusive opportunities within priority sectors aligned with the region's unique natural characteristics. • Strategic Pillars: ○ Business support and retention ○ Agricultural development ○ Tourism expansion and development, including events administration. ○ Enterprise support ○ Implementation of employment fund programmes ○ Investment promotion Enterprise Development Unit (EDU): The EDU focuses on Enterprise and Supplier Development (ESD) to foster the growth of small Black-owned businesses through: • Business awareness campaigns • Structured training programmes • Support services to help entrepreneurs maximize potential, profitability, and growth. 2023/2024 Performance Highlights: The EDU strengthened its support to local businesses and entrepreneurs by collaborating with multiple partners, including: • Small Enterprise Development Agency (Seda) • B-BBEE Commission • Western Cape Department of Infrastructure • Western Cape Department of Environmental Affairs & Development Planning • Caledon Informal Traders Association (CITA) • Villiersdorp Informal Traders • Standard Bank

MUNICIPALITY	LED STRATEGY DEVELOPED
Overstrand Municipality	- Klipheuwel Wind Farm. Through these partnerships, a range of financial and non-financial support programmes were delivered, enhancing local entrepreneurial capacity and business sustainability. Support to SMMEs and Compliance: - The LED department has actively assisted SMMEs in navigating compliance requirements, resulting in a notable increase in fully compliant businesses. - Compliance enhances business credibility, access to funding, and promotes a stable business environment. Training & Skills Development Initiatives: - SEDA Business Training & Business Pitching: - Collaborated with SEDA and Grootbos Foundation to support 25 youth entrepreneurs with equipment and materials valued at R15,000 each to kickstart businesses. - Cobra Plumbing Training: - Trained 100 participants on plumbing skills aimed at reducing community water wastage and enabling income opportunities through service provision. - Supply Chain Management (SCM) Supplier Day Workshops: - Conducted workshops across the Overstrand area to enhance understanding and collaboration between the municipality and suppliers on procurement policies. Challenges & Areas for Improvement: - Red Tape & Ease of Doing Business: - No current review of municipal by-laws and policies to create a more business-friendly environment. - Internal Collaboration: - LED functions appear isolated from other municipal directorates, lacking integration into broader municipal practices. - Private Sector Engagement: - Local businesses tend to act as lobbyists rather than active collaborators in local economic development. - Socio-Economic Factors: - High poverty rates and in-migration of low and semi-skilled workers create challenges for sustainable growth. - Procurement Environment: - Shared growth is hampered by low GDP per capita relative to the district, perpetuating poverty cycles. Strategic Response: - The LED Strategy has been reviewed in alignment with updated socio-economic data and the current economic environment. - The full impact of recent economic downturns and recessions is anticipated to manifest in the coming years, shaping future LED priorities.
Cape Agulhas Municipality	Core Purpose: - LED aims to enhance the vibrancy and sustainability of local economies, which in turn improves living conditions for the majority of residents. - It is not directly about working with the poor; that falls under social development. Instead, LED focuses on leveraging business growth and economic participation to reduce poverty indirectly. Municipal Role: - The municipality acts as a facilitator, creating a conducive environment for business development and unlocking opportunities for broad participation across all sectors of society. - Successful LED requires active inclusion and partnership with the private sector, the key driver of local economies. Without

MUNICIPALITY	LED STRATEGY DEVELOPED
	private sector involvement, municipal LED efforts cannot be effective. Challenges: • Economic development is strongly affected by macro-environmental factors beyond local control, such as loadshedding, which negatively impacts business operations and municipal services. • Limited municipal resources due to these challenges restrict the ability to invest heavily in LED and tourism initiatives. Ongoing Efforts: • Despite constraints, the municipality continually explores new ideas, funding sources, and partnerships to mitigate the effects of the challenging economic environment and drive local economic growth.
Swellendam Municipality	Mandate and Strategic Focus: • Local government is constitutionally mandated to promote social and economic development through aligned administration, budgeting, and planning processes. • Strategic facilitation services, based in the Municipal Manager's office, cover economic development, land release and town planning, tourism and events, and coordination of strategic developments. Tourism Growth and Development Strategy (2019-2025): • Adopted on 31 October 2019, this strategy guides Swellendam's integrated tourism development efforts for six years (2019–2025). • Emphasizes destination marketing, visitor services, industry services, and a revamped visitor and membership programme. • Strong partnerships with the private sector, NGOs, and government entities bolster procurement planning and sustainable economic delivery. Economic Performance and Growth Drivers: • Between 2014 and 2018, Swellendam's GDP grew on average by 2.5% per annum. • The tertiary sector led growth with an average of 3.2%, followed by the secondary sector at 2.5%. • Key economic growth drivers during this period were: ◦ Finance, insurance, real estate, and business services (4.9%) ◦ Manufacturing (3.6%) ◦ Construction, wholesale and retail trade, catering and accommodation, and community, social and personal services (each about 2.6%) • The primary sector (agriculture, forestry, fishing) contracted by 1.1% annually, continuing a decline estimated at 10.1% contraction in 2019, negatively impacting overall growth. Outlook: • The finance, insurance, real estate, and business services sector remains the strongest contributor, with a growth rate significantly above the municipal average, driving future economic development prospects.
Garden Route District Municipality	Vision: The Municipality aims to cultivate a diverse, sustainable, and shared regional economy through innovation and partnerships, driving employment, business opportunities, and improved quality of life for all residents. Current Context and Strategic Framework Revised Risk Profile & Outlook: • The district's risk context and medium to long-term outlook have been updated using the best available data, forming

MUNICIPALITY	LED STRATEGY DEVELOPED
	the foundation for the Garden Route Growth and Development Strategy. Seven Regional Priorities (Thematic Focus Areas): • A Water Secure Future — Ensuring sustainable water resources. • A Circular Economy — Promoting resource efficiency and waste reduction. • Resilient Agriculture — Strengthening agriculture to withstand economic and environmental challenges. • Sustainable Tourism — Leveraging natural and cultural assets while ensuring ecological preservation. • Supporting Wellbeing and Resilience — Enhancing social health and community strength. • A Connected Economy: Transport and Rural-Urban Integration — Improving connectivity and economic integration. ◦ These priorities were identified through research, policy analysis, and extensive stakeholder engagement. ◦ The strategy aligns with existing frameworks like the Regional Spatial Implementation Framework (RSIF). Importance of the Coastal Economy: • The Garden Route's extensive coastline is a vital source of integrated economic development but also presents social and ecological risks. • The coastal economy impacts all seven priority areas. Cross-Cutting Core Principles • People-Oriented: Inclusivity, job creation, safety, and crime prevention are central to all initiatives. • Valuing Cultural and Ecological Heritage: Conservation and celebration of the region's unique people, places, and natural systems. • A Partnering Approach: Inclusive collaboration involving all relevant stakeholders. • Innovation and Responsiveness: Adoption of novel solutions to address complex and evolving challenges. • Sustainability and Resilience: Balancing short-term growth with long-term ecological and climate considerations. • Good Governance: Emphasizing transparency, accountability, effective management, and governance to attract investment. • Working Within What Is Possible: Realistic planning that considers current constraints and available resources. • Managing Connectivity and Change: Addressing interdependencies locally, nationally, and internationally, especially highlighted by lessons from the COVID-19 pandemic. These priorities and principles are critical for guiding and operationalizing the district's growth and development activities, ensuring that the Garden Route evolves sustainably and resiliently in the years ahead.
Kannaland Municipality	LED and Tourism Strategy Updates: • The LED and Tourism Strategy was updated in 2021/2022 and integrated into the 2022-2027 IDP with amendments. • A platform for continuous interaction has been established to foster collaboration among business sectors, political leadership, administration, and the community. • The Kannaland Business Chambers are regularly engaged on development issues, and their inputs are incorporated into the IDP. Progress is reported at bi-annual community stakeholder participation engagements. EPWP Phase 4:

MUNICIPALITY	LED STRATEGY DEVELOPED
	• Objective: Provide work opportunities and income support to poor and unemployed residents via labor-intensive projects. • Several projects have been approved by Council and the municipality successfully achieved set targets. Participation in Garden Route Skills Mecca (GRSM) Program: • Kannaland actively participates in the GRSM, which supports access to funding for district-wide training programs. • Youth from the community were identified to participate in training programs during 2022/23, including: ○ Home Based Care ○ Law Enforcement • Training combines theoretical learning with practical placements at various public and private organizations. Stakeholder Engagement and Skills Development: • Beyond formal quarterly Task Team and Forum meetings, ongoing interactions between the GRSM team and local stakeholders continue to: ○ Assess skills needs. ○ Develop capacity to prepare proposals. ○ Implement projects aligned with the Garden Route District Municipality Growth and Development Strategy.
Hessequa Municipality	Establishment of the LED Forum Given the legislative and policy context for LED, the involvement of civil society and citizens in planning and implementation is crucial to the success of any initiative. This underscores the need to establish a pivotal, representative LED Forum that brings together the primary stakeholders in the LED process to take ownership of Hessequa's developmental agenda. Purpose of the LED Forum: • To create a platform for continuous dialogue among all stakeholders, residents, private organizations, government entities, NGOs, CBOs, and traditional authorities within the locality. • To share information and experiences, pool resources, and collaboratively solve problems encountered during the implementation of LED projects. • To foster constructive discussions on economic policies affecting the municipality, involving government, private sector, NGOs, and academia. • To contribute solutions by making recommendations to decision-makers in both executive and legislative branches, as well as business associations and economic media. The Kwanokuthula Corridor Precinct Project (R2.1 Million) This project forms part of the broader Kwanokuthula Corridor Precinct initiative aimed at integrated development for previously disadvantaged individuals (PDIs) and underserved communities. It focuses on: • Creating a safe neighbourhood and providing economic, social, and recreational opportunities. • Delivering socio-economic facilities within a low-income, underserved area. The community is actively engaged in overcoming challenges such as substance abuse and other anti-social behaviors affecting youth. Key components include: • Developing an activity node with recreational facilities, such as a Five-A-Side soccer field, located near existing municipal amenities. • Providing constructive activities to engage youth and prevent their involvement in negative behaviors.

MUNICIPALITY	LED STRATEGY DEVELOPED
Mossel Bay Municipality	- Offering a social and recreational environment that caters to all age groups, promoting community cohesion and wellbeing. Overview The Economic Development & Tourism Department operates within the Planning & Economic Development Directorate. While the department is housed under this directorate, all municipal directorates contribute to economic development efforts across the municipality. Key Responsibilities: - Economic Development Infrastructure Development and Facility Management - Small, Medium, and Micro Enterprise (SMME) Development - Tourism Development - Investment Promotion - International Relations LED Strategy An LED Strategy has been developed and is currently being implemented through a detailed implementation plan. This strategy guides the municipality's economic growth and sustainability efforts. Tourism Development and Marketing The tourism function is outsourced to Mossel Bay Tourism, which manages tourism activities for the municipality. The Local Tourism Organisation (LTO) primarily focuses on marketing the Mossel Bay Municipal Area as a premier tourism destination. A flagship initiative was the launch of the ICONIC Mossel Bay Brand, designed to attract visitors and position Mossel Bay as both an attractive place to live and a top leisure destination. Outcome: The ICONIC Mossel Bay Campaign has been a tremendous success, with reports showing that the tourism sector is booming once again, contributing significantly to the local economy.
George Municipality	Developmental Mandate of Local Government: As the sphere of government closest to the people, local government holds a constitutional mandate to adopt a developmental approach when implementing policies. Through LED, the municipality can directly or indirectly create jobs and sustainably alleviate poverty by maximizing economic growth via integrated service delivery. Economic Context and Challenges George Municipality faces evolving economic realities, marked by waves of recovery tempered by setbacks such as loadshedding. These challenges require targeted, locally relevant strategies, with particular emphasis on rural areas like Haarlem, Uniondale, and Touwsranteen. Critical development needs include: - Economic infrastructure improvements - Access to basic socio-economic services - Expanding opportunities for all residents Education and skills development are fundamental for sustainable growth. However, the municipality recognizes ongoing challenges including the quality of education and the skills mismatch between the workforce and job market demands. To address this, bespoke skills development programs are prioritized. Strategic Focus and Partnerships George Municipality is committed to: - Creating an enabling environment for economic growth - Attracting investment - Fostering entrepreneurship - Building economic resilience The Municipality is in the process of developing an Integrated Growth and Development Strategy and Implementation Plan.

MUNICIPALITY	LED STRATEGY DEVELOPED
	This is achieved through collaboration with diverse stakeholders including government bodies, the private sector, NGOs, and community organizations. These partnerships enable resource sharing, knowledge exchange, and joint economic development projects. Economic Profile The George economy is diverse, with strong sectors including: • Finance (32.2% of GDP) • Trade (16.8%) • Manufacturing (14.8%) The wider municipal area thrives in agriculture, focusing on mixed farming and non-perennial crops. The economy's value was estimated at R22.8 billion (MERO, 2023-2024). Key Initiatives and Interventions George Municipality pursues a two-pronged strategy to boost economic development: ◦ SMME Capacity Building: Creating a conducive environment for small and medium-sized enterprises to thrive. ◦ Sector-Specific and Collaborative Initiatives: Supporting targeted sectors and fostering joint projects. Some flagship initiatives include: • The Start-Up Tribe Online Entrepreneurship Academy • George Skills Indaba • Financial Literacy and Micro Enterprise (Flame) Programme • Socio-Economic and Enterprise Development (SEED) Programme • Supplier Open Day • NHBRC Technical Training Contractor Development • Global Entrepreneurship Week (GEW) These programs aim to nurture entrepreneurship, enhance skills, and stimulate economic participation. The Municipality has also established an Agricultural Desk to support the local agricultural industry. The Western Cape Department of Agriculture is supporting the municipality to roll out support to local farmers.
Oudtshoorn Municipality	Oudtshoorn's long-term economic strategy builds on its current strengths in learning and teaching, agriculture, tourism, and industrial development. The Vision 2030 strategy focuses on expanding these sectors while promoting inclusive growth through targeted development objectives: Key Development Objectives: • Create business opportunities: Maximize production and service provision opportunities for existing and new businesses. • Leadership: Maintain and strengthen leadership positions in training, agriculture, and tourism sectors. • Regeneration of disadvantaged areas: Achieve economic prosperity across all wards, with a focus on previously disadvantaged communities by implementing ward-specific regeneration strategies. • Promote BEE and SMME development: Enhance Black Economic Empowerment and Small, Medium, and Micro-sized Enterprises via innovative initiatives and strategies. Strategic Land Use and Development • Identifying and utilizing strategically located pockets of land (municipal, public agency, and private-owned) for integrated mixed-use development that benefits all societal sectors is vital for the LED program. • Oudtshoorn's economy is rapidly diversifying, creating potential for larger investments in ecotourism,

MUNICIPALITY	LED STRATEGY DEVELOPED
	manufacturing, and the development of a regional airport hub. • The municipality prioritizes “getting the basics right” by ensuring reliable delivery of essential services—water, sanitation, electricity, roads, and street lighting—while fostering adequate settlements and housing. Ambitious Infrastructure and Settlement Goals Oudtshoorn aims to develop sustainable infrastructure and integrated human settlements to: • Increase population density through socially diverse residential developments. • Transform townships into safe, vibrant neighbourhoods. • Promote local economic development including commercial, industrial, tourism, arts, and crafts sectors. • Expand educational and training opportunities. • Support environmental rehabilitation and beautification of public and natural spaces. • Improve public transport infrastructure. • Use strategic land parcels for commercial and residential development to boost the town’s tax base. • Leverage the aerodrome as a catalyst for economic growth. Key Projects and Investments • Airport Development: Long-term lease agreement with a service provider to manage and develop the airport, expected to bring direct and indirect benefits until 2033. • McDonald’s Construction: Supported under the Business Incentives Scheme; expected to create part-time and full-time jobs starting 2024. • Agri Klein Karoo Lifestyle Shop: New retail outlet opening in Oudtshoorn, supported by business incentives, expected to create full-time jobs and help alleviate poverty. • Logistics and Storage Investment: Council support through business incentives for new logistics facilities. • Pepperwood Housing Development: Middle- and high-income residential project that will expand the tax base and provide affordable housing, supported by council incentives. • Randemeyer Mall: Retail development due for completion in 2025, further establishing Oudtshoorn as an attractive investment location, supported by business incentives. • Informal Traders: In 2023, all informal traders received contracts and designated trading spaces, formalizing and supporting this sector.
Bitou Municipality	The LED and Tourism Unit is responsible for growing the Bitou economy by: • Enabling Small, Medium, and Micro-sized Enterprises (SMMEs) • Creating a conducive environment for business operations • Sustaining continuous economic growth Key Economic Drivers: • Tourism: Primary revenue source and major job creator • Agriculture • Marine economy • Eco-education • Environment and adventure-driven sports Capacity Building & Support • The Head of FAO South Africa, Dr. Ahmadu, highlighted support available for farmers and communities in sustainable management. • Bitou Municipality has requested funding and technical assistance to review its LED Strategy 2010 and implementation plan.

MUNICIPALITY	LED STRATEGY DEVELOPED
	- Request includes support for short-term relief projects in the municipal area: - Harkerville Agri Forestry Project (Kwanokuthula Farmers Association) - Kranshoek Small Holders Farmers - Van Huyseoord Farm Mining Sector Contributions to LED - According to the Department of Minerals and Energy, quarries must contribute to local economic development by addressing community challenges in the IDP. Projects earmarked for 2024/2025: - Robberg Quarry: - Upgrade Kranshoek Sport Fields - Repair main gate. - Upgrade ablution facilities. - Repair boundary wall holes. - Kurland Brick: - Support Happy Kids Creche with: - Boundary walls - Kitchen construction - Ablution facilities Youth and Informal Business Support - A programme launched by the Executive Mayor on June 16th (Qolweni celebration) targets informal youth businesses and young entrepreneurs running home or rented-space businesses. - The programme's goal: non-financial support to help informal business owners maximize their potential. - No direct funding will be given, but small equipment will be procured for participants as business boosters.
Knysna Municipality	Key Functional Areas: Business Support & Development - SMME Incubator Programme - Training and capacity-building sessions across municipal areas - Management of informal trade permitting - Focused on enabling poor communities to access entrepreneurial opportunities. Trade & Investment Promotion - Business retention and expansion support - Exporter development and promotion - Industry cluster support - Marketing and promotion of the municipal area to domestic and foreign investors
Central Karoo District Municipality	Investment Promotion: - WESGRO assisted CKDM with developing an Investment Profile aimed at attracting investment into the region. Small Town Regeneration: - CKDM hosts an Integrated Small Town Regeneration Summit to address local economic development challenges across its municipalities. Entrepreneur Empowerment: - Conducts SMME Workshops to equip upcoming and existing entrepreneurs with skills and knowledge needed to start and grow businesses. Economic Development Forum: - Established a Regional Economic and Tourism Working Group where LED and tourism matters are discussed regularly. LED Strategy:

MUNICIPALITY	LED STRATEGY DEVELOPED
	- The District's LED Strategy is a sector plan within the IDP designed to support pro-poor economic growth and job creation through: - New business creation - Infrastructure improvements - Attracting inward investment - Strengthening LED capacity - Encouraging local procurement - Skills development and knowledge improvement - The LED Strategy is set for review in the new financial year, after developing and integrating LED strategies from the local municipalities into the district-wide strategy.
Laingsburg Municipality	Need for TVET and Skills Development in Laingsburg Unemployed Youth Training: There is a clear need to identify relevant skills training for unemployed youth to improve their employability. - Southern Cape College Buy-in: Engagement and collaboration with Southern Cape College are essential to facilitate training and capacity building aligned with local economic needs. - SANRAL Project: Training programs identified through the SANRAL Project focus on teaching 56 entrepreneurs construction skills, boosting small business development in this sector. - Empowerment of Women: Through the RWF (Rural Women's Foundation) Project, women receive training in catering and baking, promoting entrepreneurship and economic inclusion. Challenges: The office coordinating these initiatives lacks a dedicated budget and depends heavily on often unavailable or unreliable data, which hampers effective planning. LED Strategic Areas & Economic Development Interventions Economic Development & Investment: - The LED strategy mandates providing strategic guidance on economic matters in partnership with stakeholders. - Key interventions include: - Identifying suitable land for development via the Spatial Development Framework (SDF) and Land Use Planning Act. - Creating an enabling environment for investors to develop businesses and facilities. - Establishing markets for investment and updating the SDF to align infrastructure (roads, services) with growth needs. Transport and Services: - Upgrading inner-town transport routes to handle increased traffic. - Upgrading public facilities (taxi ranks, toilets, assembly points) to improve safety and dignity. Human Resource Development: - Identifying community education and training center needs. - Developing learnerships and training programs for youth and unemployed people. - Encouraging employers to foster self-development opportunities. - Collaborating with CET (Community Education and Training) and Higher Education departments to expand skills development. Integrated Human Settlement: - Enhancing land use integration to improve access to social and economic services for disadvantaged groups.

MUNICIPALITY	LED STRATEGY DEVELOPED
	- Supporting suitable housing for first-time buyers and middle-income earners to leverage homeownership as an economic asset. - Ensuring growth plans comply with SDF and Land Use Planning Act principles. Additional Economic Opportunities Identified - Green Energy Program: Introduces new opportunities for small to medium business development in the renewable energy sector. - SANSA Project in Matjiesfontein: Supports previously disadvantaged communities through township tourism, SMME development, and entrepreneurship.
Prince Albert Municipality	Agriculture & Subsistence Farming - Community gardens and subsistence farming are actively practiced on Treintjiesrivier and commonage lands. - Several emerging farmers engage in small-scale subsistence agriculture on these lands. - Continuous support is provided to these farmers by multiple stakeholders, including the Department of Agriculture, Land Reform and Rural Development, and the Support Centre for Land Change. Rural Development Management - In December 2024, the Municipality partnered with the Department of Agriculture to inspect and count livestock at Treintjiesrivier Farm and Prince Albert Commonage. - Similar inspections are planned for Klaarstroom and Leeu-Gamka in 2025. Employment and Infrastructure - The EPWP created 113 employment opportunities. - All municipal capital infrastructure projects utilize labor-intensive methods to maximize job creation. Tourism and Business Development - Efforts are underway to establish Prince Albert as a film destination to boost local economic activity. - Entrepreneurial areas in Klaarstroom (Poort Pouri) and Leeu-Gamka have been upgraded, with lease agreements signed, though some lessees have yet to commence business operations. Continuous engagement between the Municipality and lessees is maintained. Business Support Structures - The Swartberg Business Chamber was founded in 2023, fostering local business collaboration and advocacy. - The Municipality allocated Grant-In-Aid funding in 2023/2024 to six civil society organizations to support economic and community-enhancing projects. SMME Development and Engagement - The first SMME Open Day and Expo was held in April 2023, involving stakeholders like SEDA, ABSA, NYDA, CKDM, and others. - The event aimed to educate, inspire, and empower small businesses on marketing, sustainability, management, funding access, and addressing social challenges like drugs and crime. - Ongoing communication with SMMEs about LED opportunities across government spheres is actively maintained.
Beaufort West Municipality	Objective: To develop a new LED strategy that provides a comprehensive planning framework for Beaufort West, aimed at: Promoting sustainable economic growth

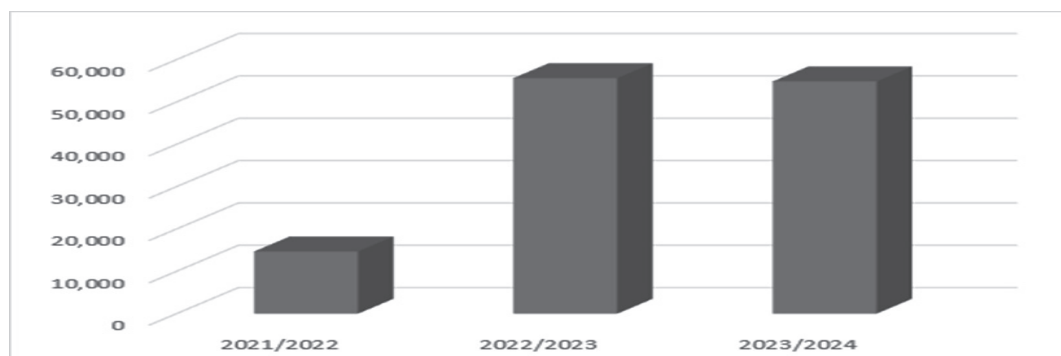
MUNICIPALITY	LED STRATEGY DEVELOPED
	- Facilitating job creation - Addressing poverty in the municipal area Purpose of the LED Strategy: - To analyze and integrate available economic data for Beaufort West in a coordinated manner. - To identify and package economic opportunities that can diversify and broaden the local economy. - To produce an implementation framework guiding how the local economic potential can be harnessed for positive impacts. Current Status: - No active private sector LED projects currently underway in the municipality. - In the 2023/24 financial year, the municipality called for development proposals through an open bidding process for: - A tuck shop with overnight accommodation (excluding fuel sales) - Development of a private hospital - Development of a private airport Job Creation Initiatives: - The municipality participated in inter-sectoral job creation programs during 2023/24, including: - EPWP - Community Work Programme (CWP)

Source: Municipal Annual Reports 2023/24

5.2 Job Opportunities

- The EPWP is a government initiative aimed at providing short-term employment opportunities to unemployed individuals, thereby enhancing their well-being and restoring dignity.
- The graph below illustrates that there has been a significant decrease in the number of employment opportunities created through the EPWP at municipalities from the year 2020/21 to 2022/23, with a significant increase in opportunities created in 2022/23 as the country gradually recovered from lockdown in 2020/21.

Graph 19: Job Opportunities (EPWP)



Source: Municipal Annual Reports 2023/24

- The City of Cape Town continues to dominate the EPWP job creation efforts with the highest number of opportunities in both years, increasing slightly from 43,230 in 2022/2023 to 43,962 in 2023/2024.
- Most municipalities saw a decline in EPWP job creation from 2022/2023 to 2023/2024. However, a few municipalities showed significant improvement, indicating successful local implementation or increased focus on EPWP.
- Municipalities with notable decreases in the number of EPWP jobs:
 - **Mossel Bay:** from 1,211 to 338
 - **George:** from 415 to 225
 - **Bitou:** from 492 to 264
 - **Drakenstein:** from 1,380 to 1,039
 - **Overstrand:** from 1,059 to 902
 - **Garden Route DM:** from 482 to 118
 - **Cederberg:** from 457 to 160
- Municipalities with notable Increases in their EPWP job creation efforts:
 - **Stellenbosch:** from 1,449 to 1,695
 - **Langeberg:** from 105 to 672
 - **Laingsburg:** from 200 to 458
 - **Cape Agulhas:** from 378 to 453
 - **Hessequa:** from 268 to 351
 - **Cape Winelands:** from 390 to 550
- Witzenberg and Knysna remained relatively stable with minimal changes, while Swartland, Oudtshoorn, and Prince Albert showed moderate decreases. Kannaland and Central Karoo showed a recovery with moderate increases.

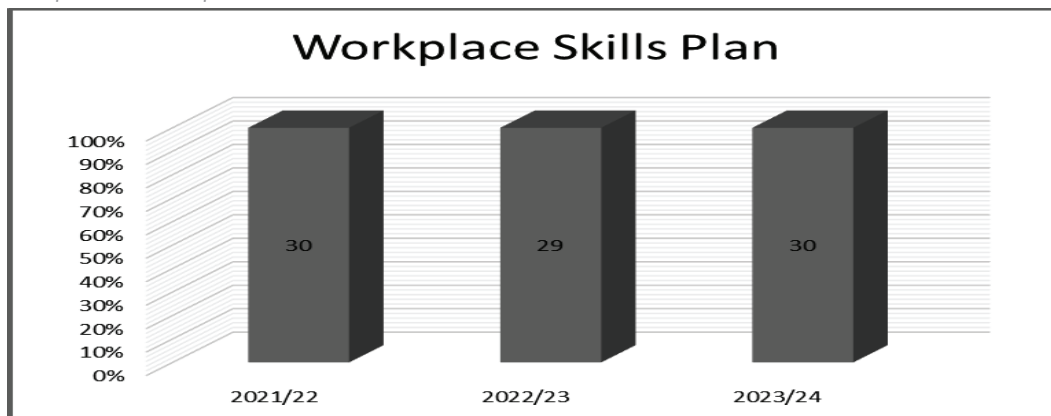
5.3 Capacity Building

- Capacity Building in municipalities refers to the process of enhancing and developing the skills, abilities, systems and resources required for local governments to perform its functions efficiently and deliver quality services to communities.
- This process can include various areas such as human resource development, institutional strengthening, financial management, infrastructure and technology upgrades, community engagement and participation, as well as policy development and strategic planning.
- Although the 1998 White Paper on Local Government does not explicitly use the term “capacity building,” it highlights several key areas essential for strengthening municipal capacity. It stresses the need to structure municipal institutions in a way that

makes them more accountable, effective, and responsive. It also recognises the importance of having skilled personnel and promotes the development of municipal staff through training programs. Moreover, the White Paper underlines the value of involving communities in decision-making processes, calling for mechanisms that foster stronger relationships between municipalities and the public.

- The MSA outlines specific provisions that directly support municipal capacity building. The Act defines "capacity" in terms of administrative and financial management capabilities, as well as infrastructure that enables municipalities to manage local affairs and generate revenue independently. It requires the development and implementation of human resource policies aimed at staff development and training. Additionally, the Act mandates the creation of municipal structures that enable the effective execution of their duties. Financial management is another focus area, with municipalities required to establish sound budgeting, auditing, and financial control systems. The Act also emphasizes the role of community participation as a critical component of accountable and responsive service delivery. Furthermore, Chapter 5 of the Act provides a framework for cooperation and coordination among the various spheres of government, which is vital for effective capacity building and service delivery.
- The Skills Development Act, No. 97 of 1998 aims at enhancing the skills of the South African workforce and promoting employment. In the context of local government, it directly supports capacity building in municipalities as both a strategic and operational requirement for improved governance and more effective service delivery.
- As key providers of essential services, municipalities rely heavily on a skilled workforce. Enhancing employee skills leads to improved delivery of social services and increased institutional efficiency. This Act obliges municipalities to invest in staff development, compile and submit Workplace Skills Plans (WSPs), and actively participate in initiatives led by the Local Government Sector Education and Training Authority (LGSETA).
- In addition, municipalities are required to utilise the Skills Development Levy to fund training and development programs aimed at building internal capacity. These efforts contribute not only to individual professional growth but also to strengthening the overall capability of the municipality to meet its service delivery mandates.
- According to the graphs below, all municipalities have complied with the requirements for submitting WSPs.

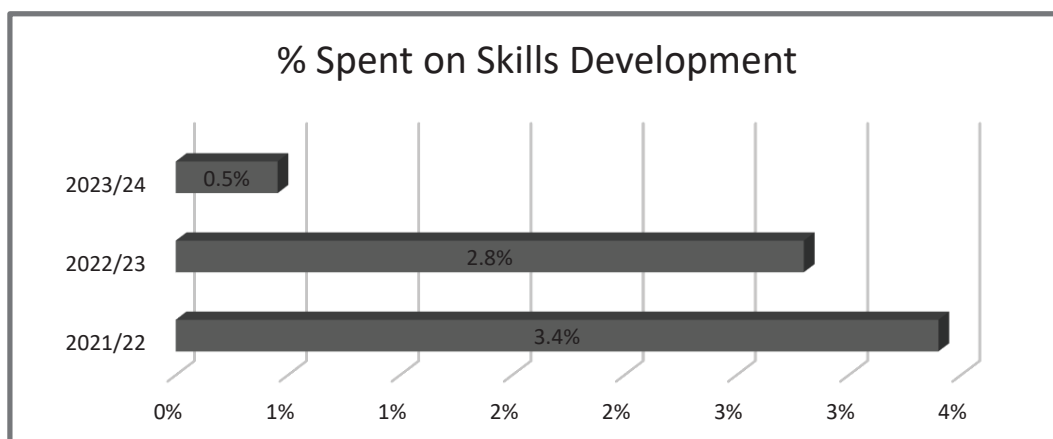
Graph 20: Workplace Skills Plan



Source: Municipal Annual Reports 2023/24

- While compliance has remained consistently high over the years, there was a significant decline in the actual implementation of skills development initiatives in the 2023/24 financial year. This drop in implementation appears to be directly linked to a reduction in training expenditure.

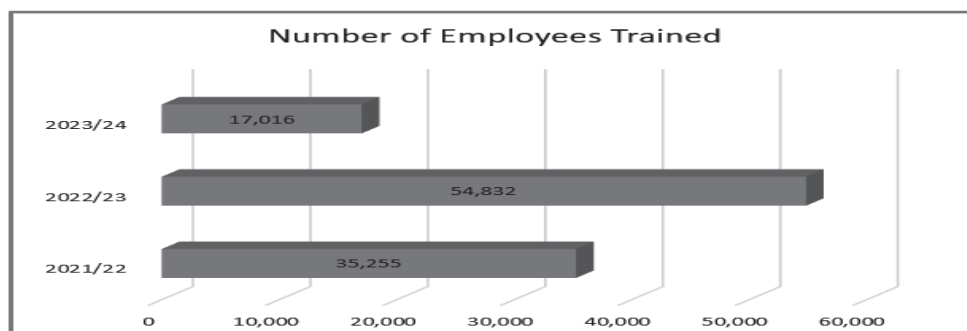
Graph 21: Percentage spent on skills development



Source: Municipal Annual Reports 2023/24

- As spending fell to 0.5%, there was a corresponding sharp decline in the number of employees trained. Possible contributing factors to this trend include budget cuts, administrative delays, and structural changes within municipalities.

Graph 22: Number of employees trained



Source: Municipal Annual Reports 2023/24

- To address the decline in training implementation despite consistent compliance with WSP requirements, it is essential to enhance delegation and oversight mechanisms across municipalities by ensuring the full adoption of delegation systems and codes of conduct. Leadership gaps must be addressed through the urgent filling of vacant senior management posts, which are critical for operational stability and driving strategic initiatives.
- To sustain momentum in employee development, municipalities should restore the minimum requirement of allocating 3% of their budgets to skills development.
- Stronger oversight is needed to ensure that approved WSPs are not only submitted but also effectively implemented, resulting in real training outcomes and improved institutional capacity.
- DLG however implemented a range of capacity building initiatives during the 2023/24 financial year, aimed at strengthening the skills, knowledge and effectiveness of municipal councillors and officials.
 - DLG facilitated the Councillor Seasonal School in collaboration with the Hanns Seidel Foundation (Foundation), focusing on institutional collaboration and ethics in local government.
 - The Foundation also partnered with DLG to provide mentoring and coaching to middle managers, ensuring continued professional growth for municipal officials.
 - In the area of Municipal Governance, several workshops and training sessions were conducted across municipalities including Cederberg, Langeberg, Saldanha Bay, and Hessequa. These sessions addressed key themes such as ethics, roles and responsibilities, the Code of Conduct. All training was provided by departmental officials, ensuring consistent delivery and knowledge sharing across municipalities.
 - To strengthen Public Participation, the DLG facilitated Ward Committee refresher training in Oudtshoorn, Saldanha Bay, Laingsburg and Prince Albert. This training was designed to empower municipal officials with a clear understanding of their roles and responsibilities in order to improve the effectiveness and functionality of ward committees.
 - DLG also provided training regarding advanced Service Delivery Integration by providing training to officials on a range of key administrative systems and processes. These included the e-Procurement system (Department of the Premier), rental housing disputes (Department of Infrastructure), UIF continuation of benefits (Department of Employment and Labour), tourist guide permits (Department of Economic Development and Tourism), NPO funding applications (Department of Social Development), and public operating licenses (Western

Cape Mobility Department). This interdepartmental collaboration equipped officials to better support communities by facilitating access to services.

- Within Integrated Development Planning, workshops were conducted on standard operating procedures and templates to strengthen planning instruments, including District Frameworks, process plans, time schedules of key deadlines, and annual IDP review and amendment processes. In addition, IDP managers were capacitated to develop comprehensive time schedules of key deadlines, enhancing the quality and consistency of annual IDP reviews across municipalities.
- Collectively, these initiatives reflect the Department's commitment to promoting ethical governance, effective public participation, efficient service delivery, and strengthened planning capacity within municipalities. By leveraging partnerships with external institutions and provincial departments, the Department was able to deliver these programmes at minimal cost, while maximising the impact on both councillors and officials.

CHAPTER 6: SUPPORTING MUNICIPALITIES

- The provincial government remains committed to strengthening intergovernmental relations between the province and its municipalities. We view cooperation as a key enabler to promote and enhance both vertical and horizontal co-planning, co-budgeting, and co-implementation within shared geographic spaces. To support this, provincial departments have implemented targeted and practical approaches to provide municipalities with focused support aimed at improving their operations and service delivery.

6.1 DLG Support Plans

- To enable good governance and service delivery, DLG in consultation with its key stakeholders address challenges identified by municipalities through different types of support plans.
- The table below outlines the support plans implemented at the listed municipalities:

Table 9: Nature of Support Plans implemented at Western Cape municipalities

MUNICIPALITY	NATURE OF SUPPORT PLAN
Beaufort West Municipality	Section 154 Support Plan
Prince Albert Municipality	Operational Support Plan
Laingsburg Municipality	Operational Support Plan
Kannaland Municipality	Section 154 Support Plan
Knysna Municipality	Section 154 Support Plan
Theewaterskloof Municipality	Section 154 Support Plan
Swellendam Municipality	Operational Support Plan
Breede Valley Municipality	Operational Support Plan
Witzenberg Municipality	Operational Support Plan
Overberg Municipality	Operational Support Plan
Langeberg Municipality	Operational Support Plan
Matzikama Municipality	Operational Support Plan
Cederberg Municipality	Operational Support Plan

6.2 Technical Integrated Municipal Engagement

- The 2023/24 TIME process provided an opportunity to municipalities and the WCG to jointly review municipal performance and to proactively identify governance and service delivery risks and challenges in the 2023/24 financial.
- The TIME process is a joint initiative by the PT, DLG, DEA&DP and municipalities within the Western Cape and provides the platform to deliberate and agree on a collective response to the challenges and risks identified in a municipal area or discipline.

- The key elements of the TIME process are the Integrated Municipal Governance Assessment, Mid-year Budget and Performance Assessment, 2023/24 Medium Term Revenue and Expenditure Framework (MTREF) budget readiness, and the 2022/23 Municipal Audit Outcomes.
- The strategic focus for the 2023/24 TIME engagements (engagements) was "Governing for Service Delivery and Growth."
- The engagements followed a risk-based approach as informed by the transversal high impact risks identified by the Chief Risk Officers (CRO)/Chief Audit Executives (CAE) Forum from each of the five districts within the WC and the TIME assessment reports. As a result, the following three (3) transversal high impact risks were identified for discussion at the engagements:
 - Ageing Infrastructure compromising service delivery;
 - Effects of Climate Change; and
 - Financial Sustainability.
- The engagement format followed a two-pronged approach, namely:
 - Individual municipal responses to risks and challenges identified i.t.o Infrastructure Delivery, Effects of Climate Change and Financial Sustainability and identifying areas of collaboration.
 - WCG providing guidance on transversal district governance and performance challenges, and risks in relation to the TIME assessment reports issued.
- The engagements took place from 15 to the 22 February 2024 in the respective districts. Resolutions taken at the engagements together with the individual TIME reports, informs the compilation of municipal action plans and identification of WCG transversal support initiatives.
- The following is a high-level overview of the key findings relating to the 2023/24 TIME assessment reports and engagements with municipalities.

6.2.1 KEY TRANSVERSAL CHALLENGES AND RISKS IDENTIFIED

- The 2023/24 TIME process elaborated on key transversal challenges and risks facing municipalities.

Infrastructure Delivery

- An ageing infrastructure network (wastewater, water reticulation, electricity and roads):

- Rapidly increasing population and densification increasing the demand for services. This requires the updating of Master Plans and Quarterly Municipal Infrastructure Planning sessions.
- Increased incidences of floods and fires damaging municipal infrastructure.
- Loadshedding impacting on the functioning and safeguarding of municipal infrastructure such as refilling of water reservoirs during high levels loadshedding. This requires exploring alternative energy solution opportunities for municipalities and prioritisation of procurement of additional standby generators through the Municipal Infrastructure Grant.
- Depleted landfill airspace and an increase in illegal dumping.
- Limited and lack of Computerised Maintenance Management System (CMMS), Geographic Information System (GIS) and Telemetry system.

Effects of Climate Change

- Effects of Climate Change in relation to water security and disaster:
 - Extreme weather conditions increasing incidences of floods, droughts and biodiversity loss due to fires.
 - Negative effects of climate change on water security due to regular heat waves, more frequent and longer dry spells and reduced seasonal rainfall.
 - Negative effects of climate change on the coastal environment resulting in coastal flooding and erosion.
 - Limited disaster management capacity including inadequate fire services (vehicles, equipment and staff) to respond to increased incidences.

Financial Sustainability

- Municipalities are experiencing growing revenue and expenditure pressures due to the current economic and fiscal context:
 - Loss of revenue due to loadshedding and customers buying less due to lower demand because of moving to alternative energy sources.
 - Reduction of surpluses generated on electricity that was previously used to subsidise other services. Municipalities will have to move to fully fund these from general revenues like property rates.
 - Reduction in national and provincial grants to municipalities.
 - Risks of unspent grants remain due to slow spending (on both National and Provincial grants). Roll-overs are less likely to be approved in future.
 - Disaster management funding to be reviewed i.t.o grant allocation criteria and conditions and enabling more proactive support.
 - Tariffs are not fully cost reflective and require remodelling in many cases.

- Insufficient operational and maintenance budgets leading to premature failure of water supply/ water treatment infrastructure.

Governance challenges and risks

- Challenges are experienced in filling senior management vacancies (especially critical posts such as Technical Directors, and CFOs).
- Increased instability in some councils has been observed which has transcended into the administrations and has impacted on service delivery.
- Awareness was raised regarding an increase in cyber-attacks on municipalities and government entities and the ICT controls that are required to be implemented.
- A lack of consolidated procurement activities across municipalities for the same or similar needs. In the Strategic Integrated Municipal Engagement (SIME) 2024 process feedback on the analysis of procurement plans will feed into strategic procurement focus for the 2024/25 financial year.
- Municipal External Audit Process transversal risks:
 - VAT treatment of payments for services provided by municipalities as part of the provincial functions carried out in municipal areas.
 - A difference of opinion in the interpretation of the Preferential Procurement Regulations (PPR), 2022, relating to application of the preferential procurement goals overall; and the application of the PPRs to transactions below R30 000, resulting in findings of material non-compliance and irregular expenditure.
- Although there has been progress on the implementation of mSCOA, challenges with the credibility of data reported remain. PT provides detailed feedback to municipalities on corrections that are needed, and Municipal Managers' and CFOs have been requested to prioritise mSCOA improvements and review progress regularly, including developing action plans indicating specific timelines to resolve issues identified that can be monitored by municipal management and PT.
- Non-financial Performance
 - Non-alignment between approved Service Delivery Budget Improvement Plan (SDBIP) and performance reports that may result in the under-achievement of Key Performance Indicators (KPIs).
 - At mid-year, the measurement of less than half of the SDBIP targets could be measured, making it difficult to gauge overall performance.
 - Some KPIs do not adhere to the smart principles with unrealistic targets and without considering previous performance.

- The under-expenditure on capital projects is concerning as these are directly aligned to service delivery performance.
- The need to implement and institutionalise combined assurance to drive continuous improvements in internal control systems and address internal control deficiencies.

6.2.2 MUNICIPAL RESPONSES

- At the engagements municipalities presented their individual municipal response to their risks and challenges i.t.o Infrastructure Delivery, Effects of Climate Change and Financial Sustainability and identified areas of collaboration.
- The existing Western Cape provincial strategies and plans implemented also assisted municipalities in responding to the transversal high impact risks. Examples Western Cape Climate Change Response Strategy: Vision 2050, Climate Change Municipal Support Programme, Western Cape Growth for Jobs Strategy 2035, Western Cape 15 Year Water Resilient Plan, Integrated Waste Management Plan, ICT support strategy incorporating the Corporate Governance of ICT and Cyber Security.
- Additionally, municipal action plans are being submitted on the technical governance and performance gaps identified in TIME reports.
- Challenges and risks pertaining to the budget and service delivery will be taken forward into the Strategic Integrated Municipal Engagements (SIME) process and other relevant structures.
- PT, DLG and DEA&DP will identify support initiatives in response to the key challenges and risks cognisant of municipal action plans, existing provincial strategies and plans and focus areas that will have significant impact i.t.o municipal governance and performance.
- These support initiatives will either be incorporated into a single integrated support plan per municipality or within Joint District Metropolitan Approach (JDMA) implementation plans. Both of these plans will be monitored i.t.o implementation via relevant processes.

6.3 Joint District and Metro Approach

- The JDMA was endorsed by the Premier's Coordinating Forum in June 2019 as a geographical and team based, citizen focused Joint District and Metro Approach with a single delivery/ implementation plan to provide developmental initiatives and government services. Following its endorsement at the Premier's Coordinating Forum and the Western Cape Cabinet meeting, the JDMA methodology has been successfully implemented to showcase collaboration across the different spheres of

government. The successful collaboration through the JDMA will be elaborated upon below.

6.3.1 INSTITUTIONALISATION OF THE JDMA

- Since 2018, the WCG has been using the JDMA to address challenges at a regional level.
- As part of institutionalising JDMA, each district established JDMA teams consisting of senior officials from the 13 WCG departments, district and local municipalities as well as national departments. Using these teams and other government stakeholders and partners, each district must follow a co-planning approach. A developed JDMA Implementation and Delivery Plan based on agreed priorities and projects must be identified by the local municipalities within each district and/or district municipality. The strength of the JDMA is based on sound collaboration and functional intergovernmental relations structures between the province and municipalities.
- The Provincial Cabinet endorsed the JDMA as the Western Cape's approach to the National District Development Model (DDM) and allocated a Provincial Minister and Head of Department to each District and the Metro. To institutionalise the JDMA in the Metro, the WCG and the City of Cape Town agreed to establish five committees, (i) Strategic Planning, (ii) Infrastructure Planning, (iii) Service Delivery, (iv) Disaster Management, and (v) Governance and Reporting. This committee system was adopted by the previous Metro Council, and discussions are ongoing to finalise the implementation.

6.3.2 JDMA Fundamental Principles

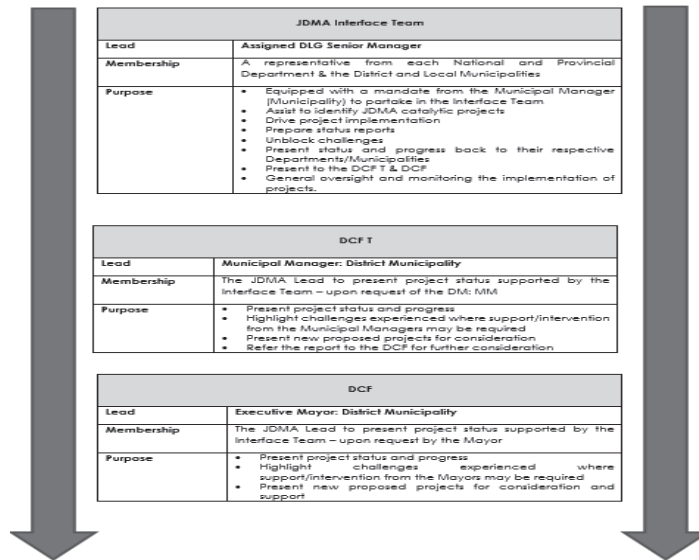
- Effective collaboration and coordination have laid a strong foundation for improved engagement protocols, joint planning, and systems change. Interface team leaders play a key role in managing cross-functional and multi-sectoral teams and projects. Intergovernmental structures at both provincial and municipal levels have become increasingly functional, enabling vertical and horizontal alignment. Provincial departments are actively involved in municipal forums, while districts and secondary cities contribute to provincial planning and budgeting processes. Additionally, catalytic projects have been identified to drive sustainable community development and enhance the well-being of citizens.

6.3.3 JDMA Process Map

- All JDMA structures have been established and are stable and functional. The Interface Teams have convened and have been preparing progress reports and presentations that are tabled to the DCF T and DCF regularly.

- The Provincial Structures have the following reporting structures:

Extract 4: JDMA Provincial Structures



6.3.4 Progress with the implementation of the JDMA in the five districts

- The JDMA has been instrumental in supporting the implementation of several key provincial initiatives. Notable projects include the Drought Response Plan in the Central Karoo, coordination of humanitarian support, management of COVID-19 hotspot responses across all five districts, and the rollout of the Western Cape Recovery Plan focusing on safety, jobs, and wellbeing. At the municipal level, all five districts have begun implementing projects identified in their respective JDMA Implementation Plans, with several initiatives already completed or currently underway. The table below provides details with regards to key initiatives and its progress.

Table 10: JDMA initiatives and progress

DISTRICT	KEY INITIATIVES
Cape Winelands District	- Shared Service Models: Four models have been developed and are in the process of being approved by the Cape Winelands District for Regional Tourism and Economic Growth; Environmental Management; Employee Assessment Centre and Vetting Services; Establishment of a Municipal Training Centre. - Waste Minimization Strategies: Organic Waste Diversion Plans have been compiled for the local municipalities and are being considered by the Department of Environmental Affairs and Development Planning. - District Economic Recovery Plan: Implementation is ongoing while further discussions are underway to understand the address of long-term unemployment challenges. - Profile Data Governance: District Data Forums are being established throughout the Province in line with the Provincial Data Forum.

DISTRICT	KEY INITIATIVES
	• Provision of Basic Services for Prioritised Informal Settlements (Drakenstein): The project has been completed with municipal funding and an additional R2 million co-funding from provincial grant funding. This project will be replaced with R1 million towards Solid Waste Transfer (Witzenberg), co-funded from the provincial grant. • Private sector support: Discussions for the continuation of SANTAM/SASRIA support are underway
West Coast District Municipality	• Expansion of Saldanha Harbour: R96 million investment to upgrade Saldanha and Pepper Bay Harbours - project is completed. • Youth Centre in Piketberg: Private sector, municipal and provincial funding secured for the Multi-purpose Youth Development and Skills Development Centre. The centre will also include a Thusong Service Centre for access to government services; as well as other services such as children aftercare facilities, counselling amenities, sport and recreational facilities. • De Hoop Development in Malmesbury: The project includes a spectrum of housing typologies i.e. opportunities for walk-ups, semi-detached and single houses, FLISP and UISP, and plots for General Residential Purposes and public spaces including roads. The project is being implemented in a phased approach and will be constructed over a couple of financial years subject to funding. Phase 1 comprising of 395 housing opportunities has been completed and Phase 2 comprises 1013 opportunities will be constructed during the 2025/26 financial year. • De Zwartland Werf Development: The first three projects (retail centre, private hospital, and motor showroom) are under construction. The retail centre is scheduled to be opened during October 2023, the showroom in December 2023 and the hospital in April 2024. • Vredenburg Urban Revitalization: ± R2 billion total completion target date is 2032. • The project aims to transform the legacy urban structure, fabric and character of the town. The funding model allows for financial cross-subsidisation to affordable housing precinct components. Most of the land has been acquired and agreements with other government stakeholders signed.
Central Karoo District Municipality	• Laingsburg - Matjiesfontein Clinic: The Municipality approached a wind farm private investor to contribute social funding towards the construction of the Matjiesfontein Clinic. The Department of Health and Wellness was approached to consider prioritising funding towards the operationalisation of the clinic once handed over. • Local Economic Development Project: The JDMA team along with Western Cape Economic Development Partnership and WESGRO prepared an Investment Readiness Assessment which was submitted to the local municipalities in the Central Karoo to measure their readiness in specific sectors with an economic growth potential. This project is currently ongoing and will feed into a District Economic Summit held by the District and its LMs.

DISTRICT	KEY INITIATIVES
	• Prince Albert - Eradication of Bucket Systems: The JDMA team facilitated the transfer of Transnet owned land (Leeu Gamka) to the Prince Albert Municipality in order to allocate funding towards the provision of dignified sanitation services. Water Services Infrastructure Grant funding has been secured in the 2023/24 financial year towards the implementation of the project. • Business Hub (Beehive): Building plans approved. • War on leaks: Work conducted in Prince Albert and Laingsburg completed end June 2023). • Alternative Energy Solutions (Solar Plant and Wind Farms): Selected pilot energy storage projects (including, Prince Albert), and pre-feasibility study conducted for Laingsburg. • FLISP and or GAP Housing: Funding allocated as part of the Department of Infrastructure Business Plan in outer years.
Garden Route District Municipality	• Skills Mecca: A Skills Mecca website is being developed as a central point of communication to close the gap between service providers, investors, and candidates with learning opportunities needs. Internal and external project teams (Skills Mecca Task Team and Skills Mecca Forum) led the project initiation, development, and currently buys with the implementation process and reports to the DCF Tech and DCF. • Human Settlements Level 1 accreditation: Integrated Human Settlements Strategic Plan developed, Municipal Accreditation Business Plan developed for approval, Social Housing partner appointed to develop Social Housing; and Human Settlements Sector Plan. • Regional Waste Management Facility: The construction tender was awarded in February 2023, and a Service Level Agreement was signed in April 2023. The commencement of the site establishment and construction is pending the issuing of a construction work permit issued which is envisaged by the end June 2023. • Investment Prospectus: Developed in 2020/21, contains regional catalytic investment opportunities of all eight municipalities in the district. • Growth and Development Strategy (GDS): Developed as part of an extensive consultation process in the district, supported by the Western Cape Economic Development Partnership. The GDS seven strategic priorities inform development in the district and have also been used as pillars of the JDMA Implementation Plan. Operational plans for each of the seven clusters have been developed through an extensive consultative process to ensure ease of implementation of projects.
Overberg District Municipality	• Shared Services: Various service delivery issues were identified for shared services to ensure economies of scale towards access to services – for example, a pound for use by three local municipalities. • Safe House Network: progress made with creating a network of safe houses across the district - two completed to date. Introducing drug rehabilitation outpatient programmes and gender-based violence prevention programmes in these facilities.

DISTRICT	KEY INITIATIVES
	• Upgrade of ablution facilities to improve human dignity: Funding allocated to the Overberg District for the upgrade of outside toilets in Railton and Genadendal through the JDMA Grant. • Asset management: Funding secured from the DBSA to support two municipalities with extensive programmes to improve the management and maintenance of assets. • Electrification of informal settlements: Investment in the electrification of informal settlements has had a significant positive impact on safety in these areas

CONCLUSION

The Western Cape Province remains committed to supporting its municipalities to enable good governance and ensuring resident-focused delivery of services. The Province's governance model, centred on impact and results, has proven essential in building a more integrated and agile response system, shaped by the lessons learned during the pandemic.

This report presents an objective overview of the key challenges, risks, and gaps that have emerged in municipalities since the pandemic. It also highlights the WCG's targeted support strategies designed to help municipalities effectively carry out their functions and responsibilities.

The WCG's focus on Jobs, Safety, and Well-being, remains central to efforts aimed at long-term economic growth and poverty reduction in the Province.

Moving forward, the Province will continue to implement the integrated management approach through the JDMA, ensuring that the needs of residents stay at the core of planning, service delivery, and decision-making in the post-pandemic landscape.



Photo by Tobias Reich on Unsplash

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