

## **PART ONE**

### General Information

#### **1.1 SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY**

**MR ML FRANSMAN  
MINISTER OF LOCAL GOVERNMENT AND HOUSING**

In accordance with section 40(1)(d) of the Public Finance Management Act, 1999, the Public Service Act, 1994, the National Treasury Regulations and the Public Service Regulations, I hereby submit the Department of Local Government's Annual Report on financial statements, performance indicators and departmental activities for the 2003/04 financial year.

Please note that in terms of section 65(1)(a) of the Public Finance Management Act, 1999 you are required to table the report in the Provincial Parliament by 31 August 2004. It is, however, important to note that in terms of section 65(2)(a) of the Public Finance Management Act, 1999, you are required to provide a written explanation to the Provincial Parliament if you are unable to table the report within six months of the end of the relevant financial year, i.e. by 30 September 2004.

**MJ BREWIS  
ACCOUNTING OFFICER: LOCAL GOVERNMENT**

**DATE:**

## 1.2 INTRODUCTION BY THE HEAD OF THE DEPARTMENT

The Department is responsible for the monitoring, supporting and regulating of local government in the Western Cape to promote effective local government.

The Department of Local Government consists of three line function components, viz the directorates of Local Government Institutional Services, Developmental Local Government and Local Government Monitoring and Support. For the period under review the Department was accountable to the former Minister of Local Government, Mr JJ Dowry.

The Department of Housing rendered an agency service to the Department in respect of the departmental finance and human resource functions.

The transformation of local government as provided for in national legislation remained a large part of the agenda during 2003/04. The Department continued playing an important facilitating and supporting role through interpretation, advice and the distribution of guiding documents and draft policies. Formal liaison structures played a very important role in this process. The Provincial Advisory Forum (political) and the supporting technical structure were fully utilised for this purpose. Transformation questionnaires served as a useful tool to keep up to speed and plan support initiatives.

The Department embarked on a restructuring process in order to align its line functions to its 2003/04 Strategic Plan and to arrive at a functional and efficient organisational structure that is able to give effect to the goals and objectives contained in the plan.

The strategic plan focused on 10 goals:

- Building appropriate organisational skills and capabilities
- Providing sound administration
- Creating effective human resource and financial management capacity for the department
- Shaping provincial strategy in respect of local government
- Providing leadership in building developmental local government
- Ensuring local government sustainability
- Facilitating excellent intergovernmental relationships
- Enabling legislative clarity
- Facilitating a constructive management of the prevailing political dynamics
- Facilitate and support the creation of an effective disaster management system

The Department also started to address its key challenge for 2003/04, which was to effect the paradigm shift from being a delivery agent for national, to a pro-active leader in ensuring successful municipalities through partnerships and co-responsibility.

A decision was taken during the previous financial year to change the type of municipality in all the municipalities in the Province to that of the mayoral executive system combined with the ward-participatory system. This required amendment to the Local Government: Municipal Structures Act, 1998 which made it possible to execute mid-stream changes to the type of municipality. The mayoral executive system combined with the ward-participatory system was subsequently implemented at municipalities during June 2003.

In order to give proper effect to the implementation of the above systems, the Department in co-operation with organised local government in the Province held a workshop during September 2003 for key councillors and senior officials.

The 2003/04 year has seen continued attempts to address the division of powers and functions between the provincial and local spheres of government. Municipalities were supported with the development of their performance management systems, as well as to improve and align the content of integrated development plans with the budgets and strategic plans of provincial departments. A management development programme was designed and presented in four courses on management, with the previously disadvantaged groups as target. A document on public participation in the local government sphere was developed which will be rolled-out to municipalities. The Urban renewal programme (URP) and Integrated sustainable rural development programme (ISRDP) were managed very successfully, with the Central Karoo ISRDP Node being recognised as the most successful rural node. Business plans were also drafted for both programmes.

The first Vuna Awards were awarded to Beaufort West Municipality (first), Matzikama Municipality (second) and Theewaterskloof Municipality (third). A study was also initiated to investigate the levying of sustainable taxes on agricultural land.

The viability of municipalities was monitored on an ongoing basis and four reports were submitted to the Head of the Department and Minister. Eight management support programmes were implemented at identified municipalities, including two comprehensive interventions at Witzenberg and Kannaland municipalities. An investigation into various aspects with regard to the provision of free basic services was completed and as a result of this a comprehensive presentation was made to the national Department of Provincial and Local Government (DPLG) to revise the equitable share formula. Support was also given to municipalities with the implementation of free basic electricity by means of technical guidance at three workshops where all stakeholders, including Eskom, DPLG and WECLOGO were present. District municipalities were supported with the Consolidated Municipal Infrastructure Programme (CMIP) and 185 projects to the value of R183,76 million were completed. CMIP capacity building workshops were

held in all five districts and various courses relating to municipal infrastructure were presented.

The Western Cape has survived several major emergency and disastrous events namely the Muldersvlei train accident, Montagu Floods, Sealand shipping incident and multiple major fires in informal settlements. The newly promulgated Disaster Management Act has shown to be a challenge for all spheres of Government. The Provincial Government Western Cape has again shown to be the leader in the field of Disaster Management with the implementation of the Disaster Management Information Management Software programme, which has been provided to all 30 Municipalities, the Provincial departments and Security Forces in the Province. The Premier successfully launched this system, which is a first for South Africa, on 29 July 2003.

### **1.3 INFORMATION ON THE MINISTRY**

Mr Dowry was the Minister of Local Government for the full term under review. The Minister focused his attention on strengthening his relationship with municipalities through personal contact, visits to municipalities and also structures such as the Provincial Advisory Forum.

Three principles in the Constitution determine the relationship between the National, provincial and local spheres of government, namely distinctiveness, interdependence and interrelatedness and from this the department derives its role to regulate, support, monitor and co-ordinate the 30 municipalities in the Western Cape.

During the 2003/04 financial year Minister Dowry, accompanied by officials of the Department and the Ministry, paid official visits to Brazil and Canada. The purpose of the visit to Brazil was to learn from our Brazilian counterparts at the level of provincial and local government regarding the provision of municipal infrastructure, local economic development, integrated planning and public participation processes. In Canada the Minister and his delegates attended the 13<sup>th</sup> World Conference on Disaster Management held in Toronto, Ontario. The theme of the conference was “The Changing Face of Disaster Management – New Threats, New Approaches”. This conference provided an opportunity to exchange ideas and information on issues relating to emergency management trends, best practices and lessons learned.

Highlights of the Local Government calendar year were:

- The Co-operative Governance Summit on developmental government, co-operative government and the division of powers and functions, hosted during November 2003 in Stellenbosch. The summit was chaired by the Minister and addressed by the Premier, Mr MCJ van Schalkwyk and the Minister of Finance, Mr E Rasool. The summit was held to pave the way for continued co-operation between the provincial and local spheres of government.

- During March 2004 the Western Cape Integrated Development and Planning conference was hosted in Worcester. In the Minister's opening address he emphasised the importance of the theme, which is mainly to strengthen partnerships for intergovernmental planning and implementation.

#### **1.4 VISION STATEMENT**

Successful municipalities.

#### **1.5 MISSION STATEMENT**

To ensure municipal success and sustainability.

#### **1.6 LEGISLATIVE MANDATE**

- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- Constitution of the Republic of South Africa (Act 108 of 1996)
- Civil Protection Act, 1977 (Act 67 of 1977)
- Civil Protection Ordinance, 1977 (Ordinance 8 of 1977)
- Compensation for Occupational Injuries and Diseased Act, 1993 (Act 130 of 1993)
- Constitution of the Western Cape, 1 of 1998
- Determination of Types of Municipalities Act, 2000
- Disaster Management Act, 2002 (Act 57 of 2002)
- Division of Revenue Act, 2003 (Act 7 of 2003)
- Employment Equity Act, 1998 (Act 55 of 1998)
- Fire Brigade Services Act, 1987 (Act 99 of 1987)
- Labour Relations Act, 1995 (Act 66 of 1995)
- Local Authorities (Audit) Ordinance, 1938 (Ordinance 17 of 1938)
- Local Authorities (Investment of funds) Ordinance, 1935 (Ordinance 23 of 1935)
- Local Government Demarcation Act, 1998 (Act 27 of 1998)
- Local Government Transition Act, 1993 (Act 209 of 1993)
- Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- Municipal Ordinance, 1974 (Ordinance 20 of 1974)
- National Archives of South Africa Act, 1996 (Act 43 of 1996)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
- Property Valuation Ordinance, 1993 (Ordinance 14 of 1993)
- Protected Disclosures Act, 2000 (Act 26 of 2000)

- Public Finance Management Act, 1999 (Act 1 of 1999) (as amended by Act 29 of 1999) and the National Treasury Regulations
- Public Service Act, 1994 (Proc. 103 of 1994) and Public Service Regulations of 2000
- Regional Services Councils Act, 1985 (Act 109 of 1985)
- Rural Areas Act, 1987 (Act 9 of 1987)
- Skills Development Act, 1998 (Act 97 of 1998)
- Skills Levy Act, 1999 (Act 90 of 1999)
- Tobacco Products Control Act, (No.83 of 1993)
- Transformation of Certain Rural Areas Act, 1998 (Act 9 of 1998)
- Valuation Ordinance, 1944 (Ordinance 26 of 1944)